

March 27, 2001

The Honorable Mitchell E. Daniels, Jr.  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Daniels:

Pursuant to provisions of the Federal Election Campaign Act (FECA), the Federal Election Commission (FEC) herewith transmits its FY 2002 Budget Request of \$47,671,000 and 375 FTE for consideration by Congress. This budget request is submitted concurrently to the Office of Management and Budget. See 2 U.S.C. §437d(d).

While the FEC is aware of the general budgetary climate, and has striven to reach agreement with OMB on our budget request, we did not reach agreement for the FY 2002 request. Therefore, we must independently make a special appeal to pursue the staff and resources necessary to fulfill our statutory mission. And, depending upon the scope of campaign finance reform legislation under consideration, the FEC could face significant additional resource needs.

Our request is \$6,260,000 and 18 FTE greater than the amount included in the OMB's recommendation of \$41,411,000 and 357 FTE. The OMB budget for the FEC is inadequate to fund operations even at the Current Services level because no provision is made for increases in non-salary costs, and it fails to fully cover mandatory pay and health benefit increases. Our estimate of the cost of a true Current Services level for FY 2002 is \$42,797,500 for 357 FTE. In addition, by freezing non-salary cost levels, the OMB budget would foreclose the opportunity for the FEC to assist state and local election officials to develop operational standards to address a variety of election administration issues.

Our request represents a continuation of funding from FY 2001, as accurately adjusted to cover inflation, federal COLAs, and the cost of implementing our Information Technology (IT) Strategic Plan. In addition to such Current Services level, we are

requesting \$4,873,500 and 18 FTE for programmatic increases in FY 2002, which includes resources to enhance the Office of Election Administration (OEA) mission. These initiatives would enhance the existing and planned Voting Systems Standards (VSS) and address other election administration issues, including acquisition of new voting systems, administering elections, training election workers, ballot design, and public education.

Furthermore, this budget request will allow the FEC to build upon the many accomplishments made in the past several fiscal years. A number of initiatives were a direct response to the PricewaterhouseCoopers Technology and Performance Audit and Management Review of the FEC (“the PwC Audit”). Several other initiatives were undertaken by the Commission to improve productivity and better utilize resources or were in response to legislative requirements. Significant FEC successes include:

- **Mandatory Electronic Filing Program.** The first mandatory electronic filings were received for the monthly reports due on February 20, 2001. Of the 605 reports received for the February 20 filing, 440 reports were filed electronically. Only one committee required to file electronically submitted a paper report. More than 1,000 committees filed electronically during the 2000 election cycle under the voluntary electronic filing program.
- **Administrative Fine Program.** This program was implemented with the July Quarterly Reports due on July 15, 2000. As of March 12, 2001, the Commission has made public its final determination in 48 cases and has collected civil money penalties totaling \$63,230. In addition, the percentage of reports filed late in the later stages of the 1999-2000 election cycle decreased when compared with the two previous election cycles. For example, 11% of the 2000 Year-End Reports were filed late, while 24% were filed late for the 1998 and 22% for the 1996 Year-End reporting periods.
- **Campaign Cycle Reporting.** The new rules became effective for the reporting periods beginning after December 31, 2000. Corresponding revisions to the reporting forms went into effect at the beginning of this year. These new rules simplify candidate committee record-keeping and increase the usefulness of the disclosure database.
- **Implementation of a state filing waiver program.** This program allows state election offices to apply for and receive a waiver for maintaining paper copies of reports at state offices, by making the FEC reports available online. The FEC provides states with surplus computer equipment. This program relieves state offices of filing and maintenance burdens, relieves committees of duplicative state filing, and maintains or increases the level of state disclosure. The new rules to implement this program took effect on June 7, 2000. To date, 47 states or similar jurisdictions have been granted a filing waiver and are therefore included in the program.

- Development of a pilot Alternative Dispute Resolution (ADR) program. This program promotes compliance with the FECA by encouraging settlements for eligible respondents in lieu of the traditional enforcement or litigation processes. The program began on October 1, 2000. As of March 1, 2001, the ADR Office concluded eight agreements based on seven complaints filed with the Commission. Settlements were obtained in an average of 91 days from the time matters were referred to the ADR Office. Civil penalties from the eight agreements totaled approximately \$17,800.
- Establishment of a program to allow the agency to focus more resources on the Title 2 audit-for-cause program. Commencing with the audits of the 2000 cycle candidate committees, we plan to conduct 40-45 Title 2 “for cause” audits per election cycle as opposed to an average of 20-25 over the three election cycles from 1992-1996. While we increased the Title 2 audits in the 1998 cycle, the 2000 cycle represents the first time the FEC has a true “stand alone” Title 2 audit capability that will not lose most of its resources to the statutory Title 26 audits during presidential election cycles.
- Implementation of the Case Management System (CMS) in OGC, after completing an extensive design and development process, making the system operational. This included extensive training and input of legacy data into the system. The CMS will now provide case tracking, case management, and time reporting for OGC programs.
- Over the last several years the Commission has embarked on an effort to improve timeliness of enforcement actions, and to increase the percentage of the caseload actively worked. To augment its traditional enforcement efforts, the Commission has implemented an ADR Program, an administrative fine program, case management, and an Enforcement Priority System (EPS). The goal of all initiatives has been to focus limited enforcement resources on the more substantive cases, to increase the percentage of cases activated, and to improve the ratio of cases closed with substantive Commission action compared to those dismissed with no action. As a result there were significant improvements in enforcement in recent FY’s: Over 50 percent of cases were activated (FY 1998-2000), an improvement over the average of 40 percent from FY 1995-1997; the ratio of active to inactive pending cases on average improved to over 50 percent in FY 1999; and, a dramatic increase in cases closed with substantive action, from roughly 40 percent in FY 1999 to approximately 75 percent in FY 2000.
- The Commission successfully completed revisions to the FEC regulations to permit the institution of the voluntary, then the mandatory, electronic filing program; the administrative fine program; election cycle reporting; state filing waiver program; and the coordination rules.

- Migration of the FEC legacy databases to new, Y2K compliant technology through a newly procured IT contract for basic IT services.
- Continuation of the migration of FEC IT systems to a client server environment, and building the technological foundation for the client server system.

The Commission also transmits its FY 1999-2000 Performance Report, its revised FY 2001-2007 Information Technology Strategic Plan, its FY 2001-2007 Strategic Plan, and its FY 2002 Performance Plan, in accordance with the Government Performance and Results Act (GPRA). In addition, included in the submission is our most recent status report to Congress on the PricewaterhouseCoopers recommendations. The foregoing summarizes the FEC FY 2002 budget request. I urge you to consult our more detailed Budget Justification. It contains several charts depicting how our budget request would be allocated and how it compares with previous years.

Again, the Commission strongly urges the full support of our FY 2002 budget request. We are ready to answer any questions you may have and to work with you in securing sufficient funding for the Commission in FY 2002.

Sincerely,

Danny L. McDonald  
Chairman

Enclosure

# FEC FY 2002 Budget Request

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**FEDERAL ELECTION COMMISSION**

**CONGRESSIONAL JUSTIFICATION  
BUDGET REQUEST FOR FY 2002**

**PRESENTED TO THE  
UNITED STATES CONGRESS**

**PURSUANT TO GPRA AND OMB A-11**

**MARCH 27, 2001**

**Concurrently submitted to OMB  
pursuant to  
2 U.S.C. §437d(d)**

## EXECUTIVE SUMMARY

The Federal Election Commission (FEC) submits a budget request of \$47,671,000 and 375 FTE for FY 2002, an increase of \$7,261,100 (18%) and an increase of 18 FTE (5%) over our FY 2001 appropriation of \$40,410,900 and 357 FTE. This request represents a continuation of the FY 2001 funding level, as adjusted for inflation and salary and benefits increases, supplemented by programmatic increases.

The FEC did not reach agreement with OMB with regard to the FY 2002 request for the FEC. Our request is \$6,260,000 and 18 FTE greater than the amount included in the OMB budget: \$41,411,000 and 357 FTE. The OMB budget for the FEC is inadequate to fund operations at a Current Services level because no provision is made for increases in non-salary costs, and the proposal does not fully cover increases due to mandatory pay and health benefit increases. The OMB budget would require significant reductions in staff or programs or a combination of both that would affect our disclosure and enforcement programs and would jeopardize support for congressionally-mandated legislative programs and initiatives the FEC must implement.

In addition, the FEC must be prepared to implement any campaign finance reform enacted. Depending on the scope of campaign finance legislation, the FEC could face significant additional resource needs. Further, the OMB budget would foreclose the opportunity for the FEC to assist state and local election officials to develop operational standards to address a variety of election administration issues, including acquisition of new voting systems, administering elections, training election workers, ballot design, and public education.

The FEC appealed the OMB passback, seeking to reach agreement at a level of \$45,339,500 and 363 FTE that consisted of a Current Services Budget of \$42,797,500 and 357 FTE and a supplemental request for \$2,542,000 and 6 FTE for the FEC Office of Election Administration (OEA.) The budget presented in the appeal of the passback would support FEC core programs, and in response to the numerous calls for reform of election administration, the supplemental request would provide for an enhanced program of federal assistance to state and local elections officials charged with administering federal elections. OMB denied the FEC appeal. Pursuant to our authority as a concurrent submission agency, the Commission is submitting its budget request to Congress. The FEC budget request includes several items in addition to the Current Services funding and the OEA enhancements.

The FEC requires at least a FY 2002 Current Services budget of \$42,797,500 to support 357 FTE. As a personnel intensive regulatory agency, 69% of the Current Services budget is allocated to salaries and benefits. The remaining funds are allocated to: information technology (IT) initiatives and operations (10%), rent (9%), programmatic support of educational outreach, informational, audit, compliance, enforcement and election administration programs (6%), and telephones, equipment, supplies, postage and printing (6%).

In addition to the Current Services level, the Commission is requesting \$4,873,500 and 18 FTE for programmatic increases in FY 2002. The increases from our FY 2001 appropriation include:

- \$2,542,000 and 6 FTE for the OEA to increase federal assistance to state and local elections officials charged with administering federal elections to further update and enhance the Voting Systems Standards (VSS), to develop operational standards for elections administration, and to identify needs and resource requirements of state and local election officials
- \$425,000 for 5 additional FTE for the Data Systems Development Division to complete and support current and future IT initiatives
- \$440,000 for 4 additional Executive Assistants to enable each Commissioner, not just the Chairman and Vice Chairman, to have an additional position
- \$700,000 to acquire one additional floor in the current FEC building to house the additional staff requested and better support existing staff
- \$250,000 to increase the capability to use data mining to expand comprehensive, automated review of reports to review patterns of behavior that may extend to more than one filer
- \$200,000 to implement a Human Resources automated system as a supplement to the finance and accounting system installed in FY 2001
- \$190,000 to upgrade the analyst grade levels in the Reports Analysis Division (RAD) as part of the further automation and increased scope of the review process
- \$126,000 for 3 additional FTE in the Personnel, Information, and Alternative Dispute Resolution divisions to enhance the disclosure, compliance and support functions at the FEC by replacing temporary clerical staff with permanent staff

The funding level contained in this budget request will enable the Commission to:

- Complete the 2000 Presidential audits within two years of the election
- Conduct 40-45 Title 2 “for cause” audits per election cycle as opposed to 20-25 in the previous election cycles
- Maintain a timely and enhanced campaign finance disclosure program

- Ensure that significant efforts are made to enforce the disclosure provisions of the FECA
- Complete the revision of the Voting Systems Standards and develop new operational standards for the administration of elections
- Continue the Administrative Fine and Alternative Dispute Resolution programs
- Continue to improve the disclosure process by granting of waivers for state filings to participating state elections offices, including making IT equipment available to participating state offices and further automation of the reports review process
- Complete implementation of the PricewaterhouseCoopers audit recommendations
- Develop and maintain IT capabilities:
  - \* support the mandatory electronic filing program
  - \* complete the conversion to a client server environment
  - \* implement a Commission-wide document management system
  - \* maintain the FEC website, and
  - \* support the case management system.

**Difference Between FY 2001 Appropriation and FY 2002 Request**

	<b>FY 2001 Appropriation</b>	<b>\$40,410,900</b>
+	Increase in pay	\$ 1,581,500
+	Increase in rent	\$ 140,000
+	Increase in overhead	\$ 412,783
+	Increase in IT Initiatives	\$ 10,317
+	Increase in legal document imaging and indexing	\$ 145,000
+	Increase in Mandated Transit Subsidy	\$ 97,000
	Subtotal for changes to FY 2001 for FY 2002 Current Services level:	\$ 2,386,600
=	<b>Current Services Budget for FY 2002</b>	<b>\$42,797,500</b>
+	6 FTE and enhanced OEA Elections Administration program	\$ 2,542,000
+	5 FTE for Data Systems staff for IT Programs	\$ 425,000
+	4 FTE for Commissioners' staff	\$ 440,000
+	Obtain additional space in building	\$ 700,000
+	Data Mining and enhanced automated review	\$ 250,000
+	Implement HR package for finance and accounting system	\$ 200,000
+	Upgrade RAD staff for reports review program	\$ 190,000

+	3 FTE for staff in Personnel, Information, and ADR	\$ 126,500
	Subtotal for programmatic initiatives in FY 2002	\$ 4,873,500
=	<b>FY 2002 Request</b>	<b>\$47,671,000</b>

## **Mission**

The FY 2002 budget request will enable the FEC to perform its statutory mission and meet its program goals and objectives. The FEC budget justification is structured to reflect its mission to administer and enforce the three main components of the Federal Election Campaign Act of 1971, as amended (FECA):

- the disclosure of campaign finance information
- the contribution limitations and prohibitions, and
- the public financing of Presidential elections

Additionally, the Commission has the mandated responsibility to compile information and review procedures related to the administration of federal elections.

## **Programs, Objectives and Goals (See p.16)**

To accomplish its mission, the FEC has established six major programs. For each program, the Commission has defined objectives and goals that are provided in the full discussion (p. 7 to 33). The programs are listed below, followed by the dollar amount and FTE needed to achieve the objectives and goals under the FY 2002 Budget:

- Promoting Disclosure (core) - \$8,851,216 and 108.5 FTE (p. 18-20)
- Obtaining Compliance with the Federal Election Campaign Act (core) - \$10,693,869 and 106.5 FTE (p. 20-23)
- Administering the Public Financing of Presidential Elections (core) - \$3,553,588 and 38 FTE (p. 24)
- Election Administration (core) - \$3,258,500 and 11 FTE (p. 25-26)
- Special IT Projects (management) - \$5,578,000 and 13.5 FTE (p. 26-31)
- Commission Policy and Administration (management) - \$15,735,827 and 97.5 FTE (p. 31-33)

## **Internal IT Enhancements (See p. 26)**

The budget request funds IT initiatives as outlined in the (IT) Strategic Plan (Appendix B), including the following areas:

- Client/server environment development and conversion
- Document management system development
- Enhanced automated review of disclosure reports
- Computer security
- Case Management and related tracking systems
- Financial management and human resources IT systems
- Website enhancement

**Electronic Filing** (See p. 28)

By 1998, the FEC implemented the voluntary electronic filing system for use by any political committee, other than Senate committees and the national parties' Senate campaign committees that are required by law to file their reports with the Secretary of the Senate, and therefore, cannot participate in the FEC electronic filing program. The voluntary program was successful, with over 1,000 committees filing reports electronically in the 2000 election cycle.

On September 29, 1999, the President signed the FY 2000 Treasury General Government Appropriations Act that mandated electronic filing in the 2002 election cycle for political committees reaching a certain threshold, excluding Senate committees and the national parties' Senate campaign committees. The provision was effective for reporting periods beginning after December 31, 2000. Mandatory electronic filing began in February 2001 with the filing of the monthly reports due on February 20, 2001.

Educational and outreach efforts by the Commission have been successful, as the first results indicate a high compliance with the mandatory electronic filing requirements. So far, only one committee that met the activity threshold filed a paper report rather than submitting an electronic filing.

Full realization of the potential of mandatory electronic filing will require the funding of several of our programmatic requests for FY 2002. These initiatives include the enhanced automated review/data mining project and the upgrades of the Reports Analysis Division (RAD) staff engaged in the automated review process.

By the 2004 election cycle, based upon our experiences with the 2002 cycle and the results of the RAD business process review, as well as the data mining project, the FEC expects to realize the full benefits of both electronic filing and the IT enhancements in the document processing and reports review programs.

**Point of Entry** (See p. 30)

The IT Enhancements will support implementation and operation of an enhanced document imaging system. The updated imaging system and the new client server infrastructure will enhance both the external user interface with the disclosure process and FEC internal processing and use of in-house documents.

## **FEDERAL ELECTION COMMISSION FY 2002 BUDGET REQUEST**

The Federal Election Commission (FEC) submits a budget request of \$41,671,000 and 375 FTE for FY 2002, an increase of \$7,260,100 (18%) and an increase of 18 FTE (5%) over our FY 2001 appropriation.<sup>1</sup> This request represents a continuation of the FY 2001 funding level, as adjusted for inflation and salary and benefits increases, supplemented by programmatic increases. (See list below, p. 7-8.)

The FEC requires a FY 2002 Current Services budget of \$42,797,500 to support 357 FTE. As a personnel intensive regulatory agency, 69% of the Current Services budget is allocated to salaries and benefits. The remaining funds are allocated to: information technology (IT) initiatives and operations (10%), rent (9%), programmatic support of educational outreach, informational, audit, compliance, enforcement and election administration programs (6%), and telephones, equipment, supplies, postage and printing (6%).

In addition to the Current Services level, the Commission is requesting \$4,873,500 and 18 FTE for programmatic increases in FY 2002. The increases from our FY 2001 appropriation include:

- \$2,542,000 and 6 FTE for the OEA to increase federal assistance to state and local elections officials charged with administering federal elections to further update and enhance the Voting Systems Standards (VSS), to develop operational standards for elections administration, and to identify needs and resource requirements of state and local election officials
- \$425,000 for 5 additional FTE for the Data Systems Development Division to complete and support current and future IT initiatives
- \$440,000 for 4 additional Executive Assistants, to enable each Commissioner, not just the Chairman and Vice Chairman to have an additional position
- \$700,000 to acquire one additional floor in the current FEC building to house the additional staff requested and better support existing staff

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<sup>1</sup> The Commission's FY 2001 appropriation of \$40,500,000 was reduced by the across the board rescission of .22% or \$89,100, for a total of \$40,410,900. The president's budget added \$1 million for pay increases to the final FY 2001 appropriation for a FY 2002 FEC budget of \$41,411,000 and 357 FTE. Our request is composed of our Current Services estimate of \$42,797,500 supplemented by several initiatives. The increases requested bring our total request to \$47,671,000 and 375 FTE. Our Current Services funds 357 FTE, an increase from the 352 FTE originally authorized for FY 2001 due to legislatively mandated programs not funded in our original FY 2001 budget request.

- \$250,000 to increase the capability to use data mining to facilitate comprehensive, automated review of reports to review patterns of behavior that may extend to more than one filer
- \$200,000 to implement a Human Resources automated system as a supplement to the finance and accounting system installed in FY 2001
- \$190,000 to upgrade the analyst grade levels in the Reports Analysis Division (RAD) as part of the further automation and increased scope of the review process
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- Complete the 2000 Presidential audits within two years of the election
- Conduct 40-45 Title 2 “for cause” audits per election cycle as opposed to 20-25 in the previous election cycles
- Maintain a timely and enhanced campaign finance disclosure program
- Ensure that significant efforts are made to enforce the disclosure provisions of the FECA
- Complete the revision of the Voting Systems Standards and develop operational standards for the administration of elections
- Continue the Administrative Fine and Alternative Dispute Resolution programs
- Continue to improve the disclosure process by granting of waivers for state filings to participating state elections offices, including making IT equipment available to participating state offices and further automation of the reports review process
- Complete implementation of the PricewaterhouseCoopers audit recommendations
- Develop and maintain IT capabilities:
  - \* support the mandatory electronic filing program
  - \* complete the conversion to a client server environment
  - \* implement a Commission-wide document management system
  - \* maintain the FEC website, and
  - \* support the case management system.

## **Difference Between FY 2001 Appropriation and FY 2002 Request**

The FEC FY 2002 request of \$47,671,000 and 375 FTE is \$7,260,100 more than the FY 2001 appropriation. This 18% increase is attributable to \$4,873,500 for program initiatives and \$2,386,600 for increases in pay and benefits costs, GSA rent, and overhead (See Table 1, p. 12.)

This is \$6,260,000 greater than the proposed FEC Budget for FY 2002 in the OMB Budget of \$41,411,000 and 357 FTE. The FEC appealed the OMB passback, seeking to reach agreement at a level of \$45,339,500 and 363 FTE that consisted of a Current Services Budget of \$42,797,500 and 357 FTE and a supplemental request for \$2,542,000 and 6 FTE for the FEC Office of Election Administration (OEA.) The budget presented in the appeal of the passback would support FEC core programs, and in response to the numerous calls for reform of election administration, the supplemental request would provide for an enhanced program of federal assistance to state and local elections officials charged with administering federal elections.

The OMB budget does not support the level of funding necessary to maintain the FEC's programs and does not provide sufficient staff to allow us to achieve our mission. The continuing increase in total financial activity in federal elections and the prospect of significant campaign and electoral reforms require robust and vigorous disclosure and enforcement programs. Without at least our Current Services level of \$42,797,500 and 357 FTE, the FEC cannot support the costs of our programs.

The OMB budget would require significant reductions in staff or programs or a combination of both that would affect our disclosure and enforcement programs and would jeopardize support for congressionally-mandated legislative programs and initiatives the FEC must implement. In addition, the FEC must be prepared to implement any campaign finance reform enacted. Depending on the scope of campaign finance legislation, the FEC could face significant additional resource needs. Further, the OMB budget would foreclose the opportunity for the FEC to assist state and local election officials to develop operational standards to address a variety of election administration issues, including acquisition of new voting systems, administering elections, ballot design, and public education.

OMB denied the FEC appeal. Pursuant to our authority as a concurrent submission agency, the Commission is submitting its budget request to Congress. The FEC budget request includes several items in addition to the Current Services funding and the OEA enhancements.

FEC has been operating for several fiscal years under Congressional earmarks that set aside \$4 to \$5 million each year for IT initiatives to implement legislative mandates, including mandatory electronic filing, faster disclosure requirements, and an administrative fine program to accelerate enforcement against late and non-filers under the FECA. The FEC requires funding above the Current Services level to ensure that these IT projects, as well as other IT initiatives are fully implemented and operational. It does not make sound management sense to delay or

eliminate projects that have taken 5 to 6 years to develop and implement just as they reach fruition. Many of these projects are scheduled to provide productivity benefits in FY 2002 and 2003. Full realization of the multiyear investments in the IT infrastructure requires the funding we have requested at the full \$47,671,000 and 375 FTE level.

The FEC has included an additional \$2,542,000 and 6 FTE for the Office of Election Administration (OEA) in our request. This is in addition to the supplemental request for \$3,000,000 and 3 FTE in FY 2001. Currently, the OEA is the only federal office directly assisting and supporting state and local election officials through the development of the updated technical Voting System Standards (VSS) and ongoing outreach efforts. The FY 2002 request and the FY 2001 supplemental request represent a comprehensive effort to update and expand the existing technical voting systems standards, develop management standards for the operation and maintenance of voting machinery, and complete a detailed census of existing voting machinery throughout the United States. The results of this effort will: improve election administration; provide the Administration and the Congress with an objective measure of the scope of the problem; estimate the cost to remedy inadequacies of the current election system; and establish criteria to be used to design a federal grant program, should one be enacted to aid state and local election officials.

Tables 1, 2 and 3 provide greater detail about the increases from FY 2001 to FY 2002.

**TABLE 1 FEC FY 2001 TO FY 2002: SUMMARY DIFFERENCES  
(CURRENT SERVICES AND FULL LEVELS FOR FY 2002)**

<b>FY 2002 3/01/01</b>	<b>FY 2001</b>	<b>FROM 2001</b>	<b>FY 2002</b>	<b>FROM BASE</b>	<b>FY 2002</b>
<b>OBJECT CLASS</b>	<b>357 FTE</b>	<b>INCREMENT</b>	<b>BASE 357</b>	<b>INCREMENT</b>	<b>375 FTE</b>
SALARIES AND BENEFITS	27,075,000	245,500	27,320,500	1,693,500	29,014,000
2002 WIG INCREASES	-	384,000	384,000	-	384,000
2001 COLA	-	219,000	219,000	-	219,000
2002 COLA	-	715,000	715,000	-	715,000
TRANSIT SUBSIDY	215,000	97,000	312,000	-	312,000
OVERTIME	177,000	(7,000)	170,000	-	170,000
CASH AWARDS	260,000	25,000	285,000	-	285,000
OTHER	30,000	-	30,000	-	30,000
<b>PERSONNEL</b>	<b>27,757,000</b>	<b>1,678,500</b>	<b>29,435,500</b>	<b>1,693,500</b>	<b>31,129,000</b>
IT PROJECTS	4,056,683	10,317	4,067,000	450,000	4,517,000
GSA RENT	3,500,000	140,000	3,640,000	100,000	3,740,000
DOJ DOCUMENT IMAGING	105,000	145,000	250,000	-	250,000
OBTAIN 5TH FLOOR	-	-	-	700,000	700,000
OEA ELECT. ADMIN.	-	-	-	1,890,000	1,890,000
OTHER NON-PERS.	4,992,217	412,783	5,405,000	40,000	5,445,000
<b>NON-PERSONNEL</b>	<b>12,653,900</b>	<b>708,100</b>	<b>13,362,000</b>	<b>3,180,000</b>	<b>16,542,000</b>
<b>TOTAL FEC</b>	<b>40,410,900</b>	<b>2,386,600</b>	<b>42,797,500</b>	<b>4,873,500</b>	<b>47,671,000</b>

**TABLE 2: FEC STAFFING HISTORY**

30-Jan	FEC HISTORICAL FTE							
	FY 97	FY 98	FY 99	FY 2000	FY 2000	FY 2001	FY 2002	FY 2002
	ACTUAL	ACTUAL	ACTUAL	MPLAN	ACTUAL	MPLAN	C SERVICE	FULL REQ.
	30-Sep	30-Sep	30-Sep	351.5 FTE	30-Sep	357 FTE	357 FTE	375 FTE
COMMISSIONERS	15.6	15.2	17.6	20.0	18.4	20.0	20.0	24.0
STAFF DIRECTOR	24.0	23.4	22.9	24.0	24.7	26.0	26.0	27.0
ADMINISTRATION	19.5	18.5	20.4	21.0	22.2	22.0	22.0	22.0
AUDIT	33.6	31.8	34.3	43.0	40.0	40.0	40.0	40.0
INFORMATION	12.9	12.2	11.9	13.0	12.8	12.0	12.0	13.0
GENERAL COUNSEL	92.8	99.4	107.8	118.0	113.3	118.0	118.0	118.0
OEA	4.8	4.8	4.9	5.0	4.9	5.0	5.0	11.0
DATA SYSTEMS	37.9	40.6	46.1	47.5	46.5	48.0	48.0	53.0
PUBLIC DISCLOSURE	12.5	13.5	13.3	14.0	13.4	14.0	14.0	14.0
REPORTS ANALYSIS	39.0	39.6	38.9	42.0	42.1	44.0	44.0	44.0
I.G. OFFICE	4.0	3.7	4.0	4.0	4.0	4.0	4.0	4.0
ADR					0.4	2.0	2.0	3.0
OAR					0.4	2.0	2.0	2.0
<b>TOTAL</b>	<b>296.6</b>	<b>302.7</b>	<b>322.1</b>	<b>351.5</b>	<b>343.1</b>	<b>357.0</b>	<b>357.0</b>	<b>375.0</b>

TABLE 3 FEC FY 2001 TO FY 2002: DETAILED DIFFERENCES

FY 2002 BUDGET 12-Feb-01 OBJECT CLASS	HOUSE FY 2001 HOUSE APP	FEC FY 2001 REQUEST	M PLAN FY 2001 357 FTE	FY 2002 REQUEST: 375 FTE			
				INCREASE	CURR SERV	INCREASE	FULL
				TO FY 2002	357 FTE	TO 375 FTE	375 FTE
SALARIES/BENF	27,186,000	27,186,000	27,290,000	1,660,500	28,950,500	1,693,500	30,644,000
OVERTIME	154,000	160,000	177,000	(7,000)	170,000	-	170,000
WITNESSES	5,000	5,000	5,000	-	5,000	-	5,000
CASH AWARDS	230,000	230,000	260,000	25,000	285,000	-	285,000
OTHER	25,000	25,000	25,000	-	25,000	-	25,000
<b>PERSONNEL</b>	<b>27,600,000</b>	<b>27,606,000</b>	<b>27,757,000</b>	<b>1,678,500</b>	<b>29,435,500</b>	<b>1,693,500</b>	<b>31,129,000</b>
21.01 TRAVEL	436,500	451,500	441,500	75,500	517,000	40,000	557,000
22.01 TRANS/THGS	34,000	34,000	66,000	(13,000)	53,000	5,000	58,000
23.11 GSA SPACE	3,645,000	3,645,000	3,500,000	140,000	3,640,000	100,000	3,740,000
23.21 COM. SPACE	30,000	30,000	44,000	3,500	47,500	5,000	52,500
23.31 EQUIP RENT	191,500	191,500	160,000	17,000	177,000	5,000	182,000
23.32 TELE LOCAL	135,000	135,000	150,000	10,000	160,000	-	160,000
23.33 LDIST/TELEG	33,000	33,000	46,000	14,000	60,000	-	60,000
23.34 TELE INTCTY	50,000	50,000	70,000	5,000	75,000	-	75,000
23.35 POSTAGE	180,000	180,000	175,000	5,000	180,000	25,000	205,000
24.01 PRINTING	354,500	369,500	353,500	7,500	361,000	40,000	401,000
24.02 MICROFILM	28,000	28,000	22,000	3,000	25,000	-	25,000
25.11 TRAINING	132,000	132,000	213,000	77,000	290,000	-	290,000
25.12 ADMIN EXP	104,000	104,000	108,500	173,000	281,500	10,000	291,500
25.13 DEP/TRANSC	76,000	76,000	74,000	18,000	92,000	-	92,000
25.21 CONTRACTS	2,029,000	2,153,000	2,647,500	(364,500)	2,283,000	2,200,000	4,483,000
25.23 REPAIR/MAIN	10,000	10,000	5,000	5,000	10,000	-	10,000
25.24 TUITION	5,000	5,000	5,000	-	5,000	-	5,000
25.31 FED AGENCY	696,000	796,000	414,000	(69,000)	345,000	700,000	1,045,000
25.41 FACIL MAINT	50,000	50,000	124,000	(14,000)	110,000	-	110,000
25.71 EQUIP/MAINT	236,500	236,500	327,500	560,500	888,000	-	888,000
25.72 SFT/HRDWRE	3,225,000	3,225,000	2,499,060	(198,560)	2,300,500	-	2,300,500
26.01 SUPPLIES	337,500	337,500	363,500	(13,000)	350,500	-	350,500
26.02 PUBS	193,000	193,000	192,500	50,500	243,000	-	243,000
26.03 PUBS SERV	198,500	198,500	222,500	15,500	238,000	-	238,000
31.01 EQP PURCH	230,000	230,000	429,840	200,160	630,000	50,000	680,000
<b>NON-PERSONNEL</b>	<b>12,640,000</b>	<b>12,894,000</b>	<b>12,653,900</b>	<b>708,100</b>	<b>13,362,000</b>	<b>3,180,000</b>	<b>16,542,000</b>
<b>TOTAL FEC</b>	<b>40,240,000</b>	<b>40,500,000</b>	<b>40,410,900</b>	<b>2,386,600</b>	<b>42,797,500</b>	<b>4,873,500</b>	<b>47,671,000</b>

### FEC Staffing and Workloads

FY 2002 represents the peak primary and pre-general election activity of the 2002 election cycle. The general election, as well as most of the post-general election disclosure and enforcement work, will occur early in FY 2003. The 2000 elections broke all records for total financial activity in federal elections. The FEC believes this record level of financial activity will continue for the 2002 elections.

Despite large increases in Commission workloads because of increasing federal election related campaign finance activity, the FEC has been relying on management initiatives and information technology advancements to improve productivity rather than adding staff. Total disbursements in federal elections have increased by over 1000% since 1976: from \$300 million to over \$3.5 billion in the 2000 cycle. This has translated into workload increases such as a 27%

increase in documents filed since 1984 and an increase of 400% in the number of transactions entered into the database since the 1984 election cycle with minimal increases in the staff processing and reviewing the reports.

As a result of the dramatic increase in activity, our limited resources dictate that we audit and investigate a relatively small number of committees. With approximately 8,000 committees filing reports each election cycle, the FEC audits about 45 committees per cycle, or about .6% of the filing universe. With an average active caseload of between 100 to 150 enforcement cases in any given month, approximately 50% of the complaints received by the FEC are activated.

The Commission has attempted to maximize the effectiveness of the compliance and enforcement programs through the increased use of technology and with management initiatives to better focus the limited resources available. Due to the modest size of many of our compliance and enforcement programs, any reduction in staffing below our Current Services base will jeopardize our basic mission and objectives.

We expect new record levels of campaign finance activity for the congressional election in the 2002 election cycle. The FEC anticipates close to \$3 billion in total disbursements for federal campaigns, from some 8,000 committees, filing over 80,000 reports in the 2002 election cycle, and generating 2 million itemized transactions in the FEC Disclosure Database.

Additional future efficiencies to be realized from the mandatory electronic filing program will help keep staffing needs at current levels in the disclosure program. The Commission has managed new records for total campaign finance activity in presidential and congressional elections each election cycle since 1992, with limited staff increases. Our request for FY 2002 only provides for additional staff and resources for the OEA, additional staff for the IT programs, four additional staff for the Commissioners, and three positions for the ADR program, informational and HR support functions.

Despite the prospect of continuing increases in record amounts of campaign finance activity in federal elections, the FEC has requested no additional resources for the compliance and enforcement programs. Given the expected volume of money involved in the 2002 election cycle, we believe that the FEC request for FY 2002 is fully supported and is a modest one.

## **Budgetary History**

Table 4A provides an historical view of the FEC budget, allocated among its organizational units. Table 4B is an historical summary of the FEC budget, by object class.

TABLE 4A: COMMISSION ORGANIZATIONAL UNITS						
FY 1997-2002						
DIVISION/OFFICE	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
01-Mar-01	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ENACTED	FEC REQUEST
	306.9 FTE	302.7 FTE	322.1 FTE	343 FTE	357 FTE	375 FTE
COMMISSIONERS	\$ 1,612,216	\$ 1,657,033	\$ 1,959,391	\$ 2,198,783	\$ 2,372,500	\$ 2,913,500
STAFF DIRECTOR	\$ 1,915,353	\$ 1,979,493	\$ 2,109,166	\$ 2,293,691	\$ 2,933,000	\$ 3,469,500
SDO/CS/ADR/OAR	781,676	847,853	975,815	1,156,848	1,658,500	2,061,000
PLANNING/BUDGET	168,702	148,505	117,879	124,253	199,000	222,000
PERSONNEL	465,775	444,399	460,973	439,733	475,500	556,000
PRESS	407,964	446,999	489,233	471,451	482,000	505,000
EEO	91,236	91,737	65,260	101,401	118,000	125,500
ADMINISTRATION	\$ 4,831,900	\$ 5,261,672	\$ 6,933,574	\$ 6,671,251	\$ 6,652,717	\$ 7,767,500
AUDIT	\$ 2,369,213	\$ 2,294,643	\$ 2,505,010	\$ 3,142,326	\$ 3,257,000	\$ 3,426,500
INFORMATION	\$ 965,088	\$ 984,001	\$ 962,716	\$ 1,059,900	\$ 1,097,000	\$ 1,242,500
GENERAL COUNSEL	\$ 7,789,351	\$ 8,839,611	\$ 9,782,429	\$ 10,213,174	\$ 10,905,500	\$ 11,689,500
OEA	\$ 523,963	\$ 530,507	\$ 759,662	\$ 590,128	\$ 804,000	\$ 3,258,500
DATA SYSTEMS	\$ 2,746,688	\$ 2,753,863	\$ 3,317,844	\$ 3,363,794	\$ 3,905,000	\$ 3,990,500
PUBLIC DISCLOSURE	\$ 733,837	\$ 806,102	\$ 812,399	\$ 836,118	\$ 918,500	\$ 985,000
RAD	\$ 1,805,860	\$ 1,856,679	\$ 1,946,126	\$ 2,186,245	\$ 2,260,000	\$ 2,675,000
IG	\$ 268,200	\$ 276,464	\$ 319,507	\$ 348,773	\$ 366,500	\$ 390,000
CASH AWARDS	\$ -	\$ -	\$ -	\$ -	\$ 260,000	\$ 285,000
IT/EF/INTERNET	\$ 2,581,725	\$ 2,935,915	\$ 4,360,604	\$ 5,370,882	\$ 4,679,183	\$ 5,578,000
LAPSE	\$ 21,606	\$ 724,017	\$ 1,022,572	\$ 2,935		
TOTAL	\$ 28,165,000	\$ 30,900,000	\$ 36,791,000	\$ 38,278,000	\$ 40,410,900	\$ 47,671,000
BUDGETS FOR THE SDO COMPONENTS ARE SUBTOTALS OF THE SDO TOTAL.						

Note: Cash Awards are allocated to the Divisions/Offices of the recipients as they were awarded in prior years, but the FY 2001 and 2002 totals are depicted for the entire Commission on a separate line as they have not been awarded yet for those two years. The table on the next page shows the total cash award budget for the Commission in prior years.

<b>TABLE 4B: OBJECT CLASS SUMMARY</b>						
<b>OBJECT CLASS</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000 *</b>	<b>FY 2001</b>	<b>FY 2002</b>
01-Mar-01	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PLANNED	FEC REQUEST
	Sep-97	Sep-98	Sep-99	Sep-00	357 FTE	375 FTE
SALARIES AND BENEFITS	19,089,170	20,261,967	22,235,004	25,098,185	27,290,000	30,644,000
OVERTIME	130,514	144,654	192,035	192,248	177,000	170,000
WITNESSES	1,569	600	-	2,249	5,000	5,000
CASH AWARDS	187,158	181,995	230,357	227,223	260,000	285,000
OTHER	27,000	6,000	31,360	10,737	25,000	25,000
<b>TOTAL PERSONNEL</b>	<b>19,435,411</b>	<b>20,595,216</b>	<b>22,688,756</b>	<b>25,530,642</b>	<b>27,757,000</b>	<b>31,129,000</b>
21.01 TRAVEL	248,074	164,027	232,492	455,977	441,500	557,000
22.01 TRANS. OF THINGS	23,312	31,511	100,510	244,862	66,000	58,000
23.11 GSA SPACE	2,514,448	2,484,470	3,086,301	3,354,593	3,500,000	3,740,000
23.21 COMMERCIAL SPACE	24,000	25,000	28,670	43,743	44,000	52,500
23.31 EQUIPMENT RENTAL	185,934	101,117	166,278	151,160	160,000	182,000
23.32 TELEPHONE LOCAL	172,940	223,534	216,199	146,738	150,000	160,000
23.33 LONG DIST./TELEG.	29,070	19,769	25,725	28,684	46,000	60,000
23.34 TELEPHONE INTERCY.	51,050	37,500	38,874	52,573	70,000	75,000
23.35 POSTAGE	204,730	217,163	179,647	174,977	175,000	205,000
24.01 PRINTING	238,920	260,578	220,533	274,291	353,500	401,000
24.02 MICROFILM PRINTS	20,833	16,664	22,644	19,500	22,000	25,000
25.11 TRAINING	58,791	95,251	218,368	90,761	213,000	290,000
25.12 ADMIN. EXPENSES	45,116	122,398	162,092	127,339	108,500	291,500
25.13 DEPOSITIONS/TRANS.	55,633	41,323	37,819	69,662	74,000	92,000
25.21 CONTRACTS/OTHER	2,432,487	2,162,292	2,746,609	2,811,604	2,647,500	4,483,000
25.23 OTHER REP./MAINT.	4,400	3,261	3,176	3,893	5,000	10,000
25.24 TUITION	3,080	1,333	-	2,497	5,000	5,000
25.31 FED. AGENCY SERV.	523,216	1,102,782	1,472,788	646,597	414,000	1,045,000
25.41 FACIL. MAINT.	49,720	145,273	144,502	332,887	124,000	110,000
25.71 EQUIP. REP./MAINT.	198,055	216,982	210,190	236,783	857,500	888,000
25.72 SOFT/HARDWARE	351,948	381,710	2,094,899	2,053,512	1,969,060	2,300,500
26.01 SUPPLIES AND MAT.	307,364	345,497	298,194	380,646	357,500	350,500
26.02 PUBLICATIONS	137,338	142,463	187,396	191,968	203,500	243,000
26.03 PUBLICATIONS SERV.	116,887	107,890	179,919	210,924	217,500	238,000
31.01 EQUIP. PURCHASES	710,637	1,130,979	1,005,847	638,252	429,840	680,000
NON-PERSONNEL TOTAL	8,707,983	9,580,767	13,079,672	12,744,423	12,653,900	16,542,000
LAPSE END OF FY	21,606	724,017	1,022,572	2,935		
TOTAL FEC	28,165,000	30,900,000	36,791,000	38,278,000	40,410,900	47,671,000

Note: cash awards for prior FY's are actual as awarded; the FY 2000 and 2001 totals are budgeted amounts.

## **Program/Objective Analysis<sup>2</sup>**

### **Mission**

The FEC budget is based on the agency's fundamental mission to administer and to enforce the three main components of the Federal Election Campaign Act of 1971, as amended (FECA):

- the disclosure of campaign finance information
- contribution limits and prohibitions, and
- the public financing of Presidential elections<sup>3</sup>

Additionally, following the mandate of the statute, the Commission's mission includes serving as a clearinghouse for the compilation of information and review of procedures with respect to the administration of federal elections.

### **Programs**

To accomplish this mission, the Commission has established six major core and management programs.

The core programs are:

- Promoting Disclosure
- Obtaining Compliance with the Federal Election Campaign Act (FECA)
- Administering the Public Financing of Presidential Elections, and
- Election Administration

The management programs are:

- Special IT/Electronic Filing Projects, and
- Commission Policy and Administration

Within each of the core programs, the Commission has defined specific objectives. To achieve these objectives, the Commission must accomplish certain goals. To the extent that the agency succeeds in reaching these goals and objectives, it will fulfill its fundamental mission. The core and management programs in are described below in terms of their objectives and related goals, and a series of tables supplement the explanation.

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<sup>2</sup> This analysis is based on the Commission's Strategic Plan and FY 2002 Performance Plan, submitted under the Government Performance and Results Act (GPRA). For more information on the Strategic Plan and the Performance Plan, see Appendices C and D.

<sup>3</sup> Public funding of Presidential elections has three components: matching funds for qualified Presidential primary candidates; public grants for the Presidential nominees of major and minor parties; and public grants to major parties to run their national Presidential nominating conventions.

## Overview of FEC Programs

Tables 5A, 5B, and 5C provide an overview of the FEC budget, by program. Table 5A shows the total dollars budgeted for each program; Table 5B distinguishes between personnel and non-personnel costs; and Table 5C shows the personnel (FTE) for each program. Tables 5A and 5C indicate what percentage of the total budget request each program represents.

<b>TABLE 5A: COMMISSION BUDGET BY PROGRAM COSTS</b>						
<b>FY 2000-2002</b>						
PROGRAM	FY 2000		FY 2001		FY 2002	
	\$	FEC %	\$	FEC %	\$	FEC %
PROMOTE DISCLOSURE	\$ 7,660,623	20%	\$ 8,119,509	20%	\$ 8,851,216	19%
OBTAIN COMPLIANCE	\$ 9,392,448	25%	\$ 9,384,882	23%	\$ 10,693,869	22%
PUBLIC FINANCING	\$ 2,339,323	6%	\$ 3,767,641	9%	\$ 3,553,588	7%
ELECTIONS ADMIN.	\$ 590,128	2%	\$ 804,000	2%	\$ 3,258,500	7%
IT/EF PROJECTS	\$ 5,370,882	14%	\$ 4,679,183	12%	\$ 5,578,000	12%
COMM. POLICY/ADMIN.	\$ 12,921,660	34%	\$ 13,655,685	34%	\$ 15,735,827	33%
COMMISSION TOTAL	\$ 38,275,065		\$ 40,410,900		\$ 47,671,000	

<b>TABLE 5B: COMMISSION BUDGET BY PROGRAM COSTS</b>									
<b>FY 2000-2002</b>									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
PROMOTE DISCLOSURE	\$ 6,498,184	\$ 6,814,857	\$ 7,468,915	\$ 1,162,439	\$ 1,304,653	\$ 1,382,301	\$ 7,660,623	\$ 8,119,509	\$ 8,851,216
OBTAIN COMPLIANCE	\$ 8,368,216	\$ 8,311,169	\$ 9,199,596	\$ 1,024,232	\$ 1,073,712	\$ 1,494,273	\$ 9,392,448	\$ 9,384,882	\$ 10,693,869
PUBLIC FINANCING	\$ 2,019,951	\$ 3,371,735	\$ 3,149,405	\$ 319,372	\$ 395,905	\$ 404,183	\$ 2,339,323	\$ 3,767,641	\$ 3,553,588
ELECTIONS ADMIN.	\$ 451,475	\$ 471,500	\$ 1,047,000	\$ 138,653	\$ 332,500	\$ 2,211,500	\$ 590,128	\$ 804,000	\$ 3,258,500
IT/EF PROJECTS	\$ 930,198	\$ 622,500	\$ 1,061,000	\$ 4,440,684	\$ 4,056,683	\$ 4,517,000	\$ 5,370,882	\$ 4,679,183	\$ 5,578,000
COMM. POLICY/ADMIN.	\$ 7,262,617	\$ 8,165,239	\$ 9,203,083	\$ 5,659,042	\$ 5,490,447	\$ 6,532,743	\$ 12,921,660	\$ 13,655,685	\$ 15,735,827
COMMISSION TOTAL	\$ 25,530,642	\$ 27,757,000	\$ 31,129,000	\$ 12,744,423	\$ 12,653,900	\$ 16,542,000	\$ 38,275,065	\$ 40,410,900	\$ 47,671,000

<b>TABLE 5C: COMMISSION BUDGET BY PROGRAM FTE</b>						
<b>FY 2000-2002</b>						
PROGRAM	FY 2000		FY 2001		FY 2002	
	FTE	FEC %	FTE	FEC %	FTE	FEC %
PROMOTE DISCLOSURE	104.1	30%	107.5	30%	108.5	29%
OBTAIN COMPLIANCE	104.4	30%	100.5	28%	106.5	28%
PUBLIC FINANCING	26.4	8%	43.0	12%	38.0	10%
ELECTIONS ADMIN.	4.9	1%	5.0	1%	11.0	3%
IT/EF PROJECTS	13.6	4%	8.5	2%	13.5	4%
COMM. POLICY/ADMIN.	89.7	26%	92.5	26%	97.5	26%
COMMISSION TOTAL	343.1		357.0		375.0	

## **Program I: Disclosure (Core Program)**

### **Objectives**

With regard to the Disclosure Program, the Federal Election Commission seeks to:

- Review and process the financial reports filed by political committees accurately and timely.
- Make the reports and data readily accessible to the public, the media and the regulated community.
- Educate the public, the media and the regulated community about the legal requirements pertaining to disclosure, contributions limits and prohibitions, and the public financing of Presidential elections—the core elements of federal election campaign finance law.

### **Goals**

To achieve the above objectives, the FEC will strive to accomplish the goals listed below. More quantitative performance measures are included in the pertinent sections of the FEC Strategic Plan and FY 2002 Performance Plan attached to this justification in Appendices C and D.

#### *Review and Processing of Reports*

To achieve the accurate and timely review and processing of all reports, the Commission will:

- Facilitate the electronic filing of reports by all political committees reaching a certain threshold, excluding Senate committees and the national parties' Senate campaign committees.
- Continue to meet the 48-hour deadline for placing reports filed by political committees on the public record.
- Review all reports filed for accuracy and complete disclosure.
- Review 60 percent of reports within 90 days of receipt at the FEC.
- Encourage filers to voluntarily correct the public record by requesting additional information.
- Code and enter into the FEC database the information contained in 95 percent of reports within 45 days of receipt at the FEC. (For the 2000 cycle to date, 95% of all reports have been entered within 44 days of receipt at the Commission; for the 1998 cycle it was 27 days.) This is a pre-electronic filing goal that will be adjusted after our experience with the 2002 cycle reports under mandatory electronic filing.

*Public Disclosure and Dissemination of Campaign Finance Data*

To ensure that campaign finance data are widely distributed, the FEC will:

- Provide the public with Internet access to its disclosure database and digital images of the reports (except those of Senate candidates).
- Operate a Public Records Office where reports and data are available in paper, microfilm and digital images (scanned from original reports) and where the public can access the disclosure database.
- Operate a Press Office to assist the media in the wide disclosure and dissemination of campaign finance data.
- Compile and release comprehensive statistical information based on the reports filed by political committees (e.g., using the Internet and news releases).

*Education About the Law*

To ensure that the public, the media and the campaign community fully understand the federal election law, and that information about the law is readily available, the FEC will:

- Operate a toll-free line and maintain a well-informed staff to answer phone inquiries about the FEC and federal election law.
- Produce educational and information brochures and booklets to supplement the FEC Annual Reports.
- Make FEC publications available to the public through the FEC Website, an automated fax service, and the U.S. mail.
- Conduct technical workshops on the law throughout the country.
- Provide policy guidance through the timely release of Advisory Opinions.
- Review and revise FEC regulations to clarify federal election law.

**Summary**

The resources needed to meet the objectives and goals of the Disclosure Program in FY 2002 are summarized in Tables 6A and 6B.

OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
PUBLIC DISCLOSURE	\$ 672,572	\$ 743,500	\$ 769,000	\$ 163,546	\$ 175,000	\$ 216,000	\$ 836,118	\$ 918,500	\$ 985,000
DATA SYSTEMS	\$ 1,196,947	\$ 1,432,785	\$ 1,486,215	\$ 612,444	\$ 665,500	\$ 657,250	\$ 1,809,390	\$ 2,098,285	\$ 2,143,465
INFORMATION	\$ 825,537	\$ 830,500	\$ 952,000	\$ 234,363	\$ 266,500	\$ 290,500	\$ 1,059,900	\$ 1,097,000	\$ 1,242,500
PRESS OFFICE	\$ 429,208	\$ 442,000	\$ 462,000	\$ 42,243	\$ 40,000	\$ 43,000	\$ 471,451	\$ 482,000	\$ 505,000
OGC POLICY/REGS/AOS	\$ 1,349,957	\$ 1,462,072	\$ 1,540,013	\$ 88,942	\$ 94,653	\$ 108,051	\$ 1,438,899	\$ 1,556,725	\$ 1,648,064
REPORTS ANALYSIS	\$ 2,023,964	\$ 1,904,000	\$ 2,259,688	\$ 20,901	\$ 63,000	\$ 67,500	\$ 2,044,865	\$ 1,967,000	\$ 2,327,188
PROGRAM TOTAL	\$ 6,498,184	\$ 6,814,857	\$ 7,468,915	\$ 1,162,439	\$ 1,304,653	\$ 1,382,301	\$ 7,660,623	\$ 8,119,509	\$ 8,851,216
COMMISSION PERCENT	25%	25%	24%	9%	10%	8%	20%	20%	19%

<b>TABLE 6B: DISCLOSURE PROGRAM FTE</b>						
<b>FY 2000-2002</b>						
OFFICE/DIVISION	FY 2000		FY 2001		FY 2002	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
PUBLIC DISCLOSURE	13.4	100%	14.0	100%	14.0	100%
DATA SYSTEMS	17.5	53%	21.0	53%	21.0	53%
INFORMATION	12.8	100%	12.0	100%	13.0	100%
PRESS OFFICE	4.8	100%	5.0	100%	5.0	100%
OGC POLICY/REGS/AO'S	16.0	14%	17.0	14%	17.0	14%
REPORTS ANALYSIS	39.6	94%	38.5	88%	38.5	88%
PROGRAM TOTAL	104.1		107.5		108.5	
COMMISSION PERCENT	30%		30%		29%	

## **Program II: Compliance (Core Program)**

### **Objectives**

The compliance program is based on the premise that the FEC's first responsibility is to foster a willingness, on the part of the regulated community, to voluntarily comply with the law's reporting requirements, fundraising restrictions and public funding statutes. The FEC encourages voluntary compliance through education (described under the Disclosure Program, p. 19). To buttress its educational efforts, the Commission carries out a Compliance Program with the following objectives:

- Conduct desk audits (reviews) of every report;
- Audit those committees whose reports fail to meet threshold requirements for substantial compliance with the FECA; and
- Enforce the law, in a timely and fair manner, against persons who violate the law.

### **Goals**

For each of these objectives, the Commission defines the following goals:

#### *Desk Audits*

The Commission will:

- Conduct a desk audit of every report and encourage the regulated community to clarify the public record when information is inaccurate or incomplete.
- Refer filers who fail to comply with the FECA disclosure requirements or contribution limitations or restrictions, and who fail to voluntarily correct their reports, for an audit and/or enforcement action, if necessary.

## *Audits*

In those cases where reports indicate that committees have failed to meet the threshold requirements for substantial compliance with the FECA, and have failed to voluntarily correct errors or omissions on their reports, the Commission will conduct 40-45 audits “for cause” for the 2002 election cycle, pursuant to 2 U.S.C. §438(b).

The Commission’s budget contains the resources added in FY 2001 to establish a “stand alone” Title 2 Audit “For Cause” Program (a PwC recommendation.) A total of three FTE (two FTE’s allows the Audit Division to hire eight part-time student interns; one FTE is for a permanent auditor position) will enable the FEC to conduct approximately 40-45 Title 2 audits per cycle as opposed to the previous 20-25 per cycle. These part-time staff also will assist the auditors in performing Title 26 audits of Presidential committees that receive public funds. This proposal, along with other procedural changes, will allow the Commission to maintain the Title 2 audit program even during presidential election cycles. In contrast, over the last four cycles (1991-92 through 1997-98) an average of 9 authorized and 12 non-authorized committees have been slated for audit. This budget also will allow the Commission to meet its goal of completing the Title 26 Presidential audits within two years after the 2000 elections.

## *Enforcement*

Because the majority (63% since 1995) of the Commission’s caseload arises from complaints filed by parties outside the agency, the total caseload figure is not singularly affected by the number of FTE in enforcement. The number of FTE affects the proportion of the total enforcement caseload that can be handled substantively, as well as the proportion of the caseload that is active vs. inactive. (A substantive finding is a finding based on the merits of the matter [other than dismissal], including findings of “no reason to believe the FECA has been violated.”)<sup>4</sup>

In past budget requests, the Commission has asked for additional resources for its compliance program. The Commission is not seeking additional staff resources, above 357 FTE, for its compliance programs in this budget request. Instead, OGC expects to maintain current performance levels. It is important to note, however, that maintaining staffing levels in OGC from FY 2000 and 2001 will limit the Commission’s capability to handle new major cases that may arise from the 2002 cycle.

To reach the objective of enforcing the law in a timely and fair way, the Commission plans to:

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<sup>4</sup> There is a significant difference between mere “dismissal” and a finding of “no reason to believe” the law has been violated. A finding of “no reason to believe” reflects affirmative Commission action based on its consideration of the merits of the particular matter. A dismissal, on the other hand, usually reflects action by the Commission based on an application of the Enforcement Priority System criteria to a particular case to determine whether the case merits the use of the Commission’s limited resources.

- Maintain a monthly average active caseload of at least 45 percent of the total caseload.
- Close an estimated 225 cases. The Commission will close 45 percent of those cases through substantive Commission action.
- Initiate from 12 to 15 civil actions under 2 U.S.C. 437g(a)(6) to enforce the FECA.
- Maintain the Enforcement Priority System (EPS),<sup>5</sup> a system through which the Commission identifies and assigns the more significant enforcement cases to staff, disposes of the less significant cases rapidly, and manages limited staff resources.
- Conclude some or all of the major cases involving complex legal issues<sup>6</sup>—including those remaining from earlier election cycles (1996 and 1998) and those stemming from the 2000 cycle.

### *Administrative Fine Program and ADR*

The Commission undertook two compliance initiatives in FY 2000 and 2001 to maximize the use of limited enforcement resources. Based on a legislative mandate, the FEC implemented an administrative fine program in July 2000 to reduce the OGC staff resources required to enforce timely filing of disclosure reports. Since the inception of the program, 48 cases have been placed on the public record, and civil money penalties totaling \$63,230 have been collected. There are many additional cases in various stages of the administrative fine process. The administrative fine program frees Commission resources for more complex, substantive enforcement actions.

The Commission also implemented an alternative dispute resolution (ADR) program in FY 2001. The ADR program is designed to promote compliance with the federal election law by encouraging settlements outside the traditional enforcement or litigation processes. The program aims to expedite resolution of enforcement matters and to reduce the cost of processing complaints, and therefore, enhance overall FEC enforcement. Since the inception of the program in October 2000, seven matters have been settled in the ADR process. This program also frees Commission resources for other, more significant enforcement matters.

### **Summary**

Since 1995, with the institution of the Enforcement Priority System (EPS), the Commission's enforcement workload has averaged about 240 total cases per month, with about 100 of those cases actively being worked on. In each election cycle, the FEC has averaged about 200 complaints and about 125-150 internal referrals. Historically, the FEC has closed about 40% of its cases with some form of substantive action, dismissing the others without formal action either due to staleness or lack of substantive issues. From FY 1998-2000, the Commission was

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<sup>5</sup> Under EPS, OGC evaluates enforcement cases based on carefully crafted, Commission-approved criteria to determine the relative significance of the allegations. EPS is a tool to match the seriousness of a particular case to the resources available to undertake an investigation of the matter.

<sup>6</sup> Examples of complex legal issues include possible "soft money" abuse, claims of improper coordination or express advocacy, and alleged laundered and/or foreign contributions.

able to increase the number of cases activated to over 50% of the incoming cases, and the average active to inactive caseload percentages improved to over 50% in FY 1999-2000. In addition, the number of cases dismissed, or closed without substantive Commission action, dropped significantly from an average of about 60% (FY 1995-1999) to 25% in FY 2000. This was accomplished without a major increase in authorized staff.

The FEC anticipates that the ADR and administrative fine programs will continue to enable the Commission to assign enforcement resources to more complex, substantive matters. The ultimate goals of the ADR and administrative fine programs, the Case Management system, and other information technology enhancements are to speed up the resolution of cases and to increase the number of cases closed with substantive Commission action.

The resources needed to meet the objectives and goals of the Compliance Program in FY 2001 are summarized in Tables 7A and 7B. We are requesting resources to maintain current performance levels; no additional resources are sought for the compliance program.

OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
REPORTS ANALYSIS	\$ 127,775	\$ 272,000	\$ 322,813	\$ 13,605	\$ 21,000	\$ 25,000	\$ 141,380	\$ 293,000	\$ 347,813
DATA SYSTEMS	\$ 68,397	\$ 136,456	\$ 247,703	\$ 278,384	\$ 302,500	\$ 298,750	\$ 346,780	\$ 438,956	\$ 546,453
AUDIT	\$ 1,842,533	\$ 1,017,394	\$ 1,338,113	\$ 207,834	\$ 81,844	\$ 118,150	\$ 2,050,368	\$ 1,099,238	\$ 1,456,263
OGC ENFORCEMENT	\$ 4,404,234	\$ 4,687,231	\$ 4,937,100	\$ 290,174	\$ 298,445	\$ 346,398	\$ 4,694,409	\$ 4,985,676	\$ 5,283,498
OGC LITIGATION	\$ 1,375,269	\$ 1,462,072	\$ 1,540,013	\$ 90,610	\$ 94,653	\$ 108,051	\$ 1,465,879	\$ 1,556,725	\$ 1,648,064
OGC PFESP *	\$ 464,048	\$ 344,017	\$ 362,356	\$ 30,574	\$ 22,271	\$ 25,424	\$ 494,622	\$ 366,288	\$ 387,780
LEGAL DOCUMENT INDEX **	\$ -	\$ -	\$ -	\$ 23,969	\$ 105,000	\$ 250,000	\$ 23,969	\$ 105,000	\$ 250,000
ADR	\$ 46,597	\$ 215,000	\$ 265,500	\$ 64,112	\$ 93,000	\$ 227,500	\$ 110,709	\$ 308,000	\$ 493,000
OAR	\$ 39,363	\$ 177,000	\$ 186,000	\$ 24,970	\$ 55,000	\$ 95,000	\$ 64,333	\$ 232,000	\$ 281,000
<b>PROGRAM TOTAL</b>	<b>\$ 8,368,216</b>	<b>\$ 8,311,169</b>	<b>\$ 9,199,596</b>	<b>\$ 1,024,232</b>	<b>\$ 1,073,712</b>	<b>\$ 1,494,273</b>	<b>\$ 9,392,448</b>	<b>\$ 9,384,882</b>	<b>\$ 10,693,869</b>
<b>COMMISSION PERCENT</b>	<b>33%</b>	<b>30%</b>	<b>30%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>25%</b>	<b>23%</b>	<b>22%</b>

OFFICE/DIVISION	FY 2000		FY 2001		FY 2002	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
REPORTS ANALYSIS	2.5	6%	5.5	13%	5.5	13%
DATA SYSTEMS	1.0	3%	2.0	5%	3.5	9%
AUDIT	26.1	65%	13.5	34%	17.0	43%
OGC ENFORCEMENT	52.2	46%	54.5	46%	54.5	46%
OGC LITIGATION	16.3	14%	17.0	14%	17.0	14%
OGC PFESP *	5.5	5%	4.0	3%	4.0	3%
LEGAL DOCUMENT INDEX **						
ADR	0.4	100%	2.0	100%	3.0	100%
OAR	0.4	100%	2.0	100%	2.0	100%
<b>PROGRAM TOTAL</b>	<b>104.4</b>		<b>100.5</b>		<b>106.5</b>	
<b>COMMISSION PERCENT</b>	<b>30%</b>		<b>28%</b>		<b>28%</b>	

\*Office of General Counsel’s Public Financing, Ethics, and Special Projects staff

\*\* Contract for legal document imaging and indexing

**Program III: Public Financing (Core Program)**

**Objectives**

Under the Public Financing Program, the Commission seeks to:

- Certify timely the eligibility of Presidential candidates and committees for payments.
- Ensure timely U.S. Treasury payments to certified committees.
- Promote public trust by ensuring that all public monies are accounted for and expended in compliance with the FECA.

**Goals**

To reach the objectives described above, the Commission will:

- Complete all public funding audits within two years of the 2000 Presidential general election.
- Successfully resolve all enforcement cases within the statutory time limits.
- Process the certifications quickly and accurately. (The bulk of these were completed during FY 2000.)

**Summary**

For FY 2002, the resources needed to implement the public financing program in the 2000 election cycle are summarized in Tables 8A and 8B.

OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
AUDIT	\$ 981,273	\$ 1,997,106	\$ 1,810,388	\$ 110,686	\$ 160,656	\$ 159,850	\$ 1,091,958	\$ 2,157,763	\$ 1,970,238
DATA SYSTEMS	\$ 68,397	\$ 170,570	\$ 70,772	\$ 144,759	\$ 157,300	\$ 155,350	\$ 213,156	\$ 327,870	\$ 226,122
OGC PFESP	\$ 970,261	\$ 1,204,059	\$ 1,268,246	\$ 63,927	\$ 77,949	\$ 88,983	\$ 1,034,209	\$ 1,282,008	\$ 1,357,229
PROGRAM TOTAL	\$ 2,019,931	\$ 3,371,735	\$ 3,149,405	\$ 319,372	\$ 395,905	\$ 404,163	\$ 2,539,323	\$ 3,767,641	\$ 3,553,589
COMMISSION PERCENT	0%	12%	10%	3%	3%	2%	0%	9%	7%

<b>TABLE 8B: PUBLIC FINANCING PROGRAM FTE</b>						
<b>FY 2000-2002</b>						
OFFICE/DIVISION	FY 2000		FY 2001		FY 2002	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
AUDIT	13.9	35%	26.5	66%	23.0	58%
DATA SYSTEMS	1.0	3%	2.5	6%	1.0	3%
OGC PFESP	11.5	10%	14.0	12%	14.0	12%
PROGRAM TOTAL	26.4		43.0		38.0	
COMMISSION PERCENT	8%		12%		10%	

**Program IV: Election Administration (Core Program)**

**Objectives**

Through the FEC Office of Election Administration, the agency will:

- Carry out its statutory responsibilities under the National Voter Registration Act (NVRA) to help improve the national level of voter registration.
- Carry out its responsibility with respect to the Voting Accessibility Act.
- Help ensure that state and local election officials receive informational and educational assistance in administering federal elections in an efficient and effective manner.
- Foster public confidence in the fairness and reliability of the polling process in federal elections.

**Goals**

To realize the objectives described above the Commission, through the Office of Election Administration, will:

- Grant and oversee research contracts on issues of concern to election administrators.
- Assist state election officials in implementing the NVRA, collect data on the impact of that law on election administration, and report to Congress thereon by June 30, 2002.
- Serve as an on-call resource to election officials with immediate needs for technical and legal information.
- Help state and local election officials adapt to changing technology and legal requirements.
- Complete the Voting Systems Standards (VSS) update, originally issued in 1990; revision initiated in FY 1999 (\$250,000 authorized in FY 2001 for a total multiyear cost of \$450,000 for this project).

- Develop elections management standards to complement the technical VSS, to assist state and local elections administrators improve the management and conduct of federal elections in 2002 and future elections.
- Develop a compendium of best practices for elections administrators to assist in managing elections, and to handle recounts, contested elections, and protests.
- Develop a comprehensive database of existing elections systems to provide an accurate estimate of the cost to upgrade the quality of elections systems in the United States.
- Provide Congress with the data and information to determine the criteria and cost of a grant program to assist states in improving elections systems and their management.

## Summary

Resources needed to reach these goals in FY 2001 are summarized in Table 9A and 9B. These tables depict the supplemental appropriation request for the OEA in FY 2001 and the major initiative for the OEA requested for FY 2002.

OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
ELECTIONS ADMIN.	\$ 451,475	\$ 471,500	\$ 495,000	\$ 198,853	\$ 392,500	\$ 221,500	\$ 590,128	\$ 804,000	\$ 716,500
<b>FY 2001 SUPPLEMENTAL</b>		<b>\$ 262,000</b>			<b>\$ 2,738,000</b>			<b>\$ 3,000,000</b>	
FY 2002 ELEC. ADMIN. ENH.			\$ 552,000			\$ 1,990,000			\$ 2,542,000
<b>PROGRAM TOTAL</b>	<b>\$ 451,475</b>	<b>\$ 733,500</b>	<b>\$ 1,047,000</b>	<b>\$ 198,853</b>	<b>\$ 3,130,500</b>	<b>\$ 2,211,500</b>	<b>\$ 590,128</b>	<b>\$ 804,000</b>	<b>\$ 2,258,500</b>
COMMISSION PERCENT	2%	2%	3%	1%	3%	13%	2%	2%	7%

OFFICE/DIVISION	FY 2000		FY 2001		FY 2002	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
ELECTIONS ADMIN.	4.9	100%	5.0	100%	5.0	45%
<b>FY 2001 SUPPLEMENTAL</b>			3.0			
FY 2002 ELEC. ADMIN. ENH.					6.0	55%
<b>PROGRAM TOTAL</b>	<b>4.9</b>		<b>5.0</b>		<b>11.0</b>	
COMMISSION PERCENT	1%		1%		3%	

## Program V: IT and Electronic Filing Projects (Management Program)

The Commission will allocate \$5,578,000 of its FY 2002 budget request to fund enhanced IT initiatives and the electronic filing program. This amount, which is provided for in the FEC's IT Strategic Plan,<sup>7</sup> represents an increase of \$898,817 (19%) from the FY 2001 IT budget of \$4,679,183. This funding will enable the FEC to continue the installation of the new client/server

<sup>7</sup> The FEC's IT Strategic Plan is a running five-year plan, reviewed and updated annually. (See Appendix B.)

infrastructure, meet its statutory responsibilities under mandatory electronic filing, and undertake additional initiatives to further enhance the IT systems at the FEC.

### **Internal IT Enhancements**

Under the FY 2002 Budget Request, the agency will continue to implement and expand upon the IT enhancements initiated in previous years, including IT initiatives in the following areas:

- Computer Security
- Document Management
- Client/Server Development and Conversion

#### *Computer Security*

Under the FY 2002 budget, the agency will conduct a risk analysis and will further enhance the security processes protecting the agency's computer operations, particularly those operations that are Web-based.

#### *Document Management*

Document management involves several components:

- Migration of approximately 4 million pages of financial reports stored in a legacy imaging system to a new imaging system
- Organizing and storing documents (i.e., integrating internal electronic documents with images of other material)
- Reviewing documents and developing search and retrieval methods for all materials

The process involves scanning images of documents into the computer and then organizing the imaged documents so they can be easily retrieved and reviewed. In conjunction with the client/server development, the process will benefit both external users and the FEC internal users.

#### *Client/Server Environment: Development and Data Conversion*

For many years, the Commission relied on a terminal-based computer system. Under this system, one central location served as the site where all data were stored and where all processing occurred. In 1995, the Commission took its first steps to migrate from a terminal-based system to a Client/Server environment.

In FY 2002, the Commission will continue the transition from the terminal-based model to the new Client/Server-based system, with the continued conversion of the disclosure database to the new environment. The migration of the disclosure database involves the restructuring of

several million data records and the conversion of thousands of programs used to store, retrieve and display information contained in the FEC database.

In addition to creating a more efficient systems environment that conforms to accepted industry standards, this project will allow the FEC to enhance the disclosure functions on the Website by improving search capabilities and providing more flexible data retrieval options. This client/server environment will be the foundation for the portal development project scheduled to begin in FY 2003.

Also included in FY 2002 is completion of the migration of the finance and accounting system, with future work on the Human Resources (personnel) systems and other management systems such as budget, planning, MIS, etc. Other internal documents and systems will be converted over to the client server environment in FY 2002 and FY 2003 and beyond.

#### *Additional Staff for IT Projects*

The FY 2002 Request includes five additional FTE for Data Systems staff for the IT projects. The original IT Strategic Plan envisioned 8.5 FTE for the three major IT initiatives. In recent FYs, however, the Data Systems Division has been allocating 12 to 14 FTE annually to the IT projects, at the expense of other data programs and projects. Without the five additional FTE, Data Systems will have severe difficulties in meeting the time frames in the IT Strategic Plan at the FY 2002 Current Services level and will not be able to begin the other projects envisioned in the full FY 2002 request and in future FYs.

### **Electronic Filing**

#### *Progress to Date*

By 1998, the FEC electronic filing system was implemented, and has been optional for any political committee, other than Senate committees and the national parties' Senate campaign committees.<sup>8</sup> The mandatory electronic filing provision in the FY 2000 Treasury and General Government Appropriations bill required the FEC to establish thresholds for mandatory electronic filing for committees effective for the 2002 election cycle. The rulemaking was implemented by December 2000. The FEC has the capacity to handle all electronically filed reports. To initiate the program, the FEC:

- Established the structure of the program.

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<sup>8</sup> Senate committees and the national parties' Senate campaign committees are required by law to file their reports with the Secretary of the Senate. Consequently, these committees are unable to participate at this time in the FEC's electronic filing program.

- Established the mechanisms by which committees electronically file their reports: by diskette, by modem and through the Internet.
- Established the infrastructure to both receive and validate the reports filed.
- Implemented a system for automatically placing the electronic data:
  - \* In the FEC database and
  - \* In an image format resembling an FEC form so that individuals, using a computer, can read simulated pages of reports.

### *Future Efforts*

During FYs 2000 and 2001, the FEC continued to develop incentives to encourage committees to voluntarily file their reports electronically, and in the 2000 election cycle more than 1,000 committees filed their reports electronically. Now that we are in a mandatory environment, the FEC will continue to review the electronic filing procedures to improve the process, including:

- Analyzing the strengths and weaknesses of the FEC experience to date with the electronic filing program;
- Evaluating and modifying the software developed and implemented for the program;
- Evaluating and expanding the Commission's program for training committees in the use of the software;
- Evaluating and modifying methods for educating the filing community about electronic filing; and
- Continue to work with private software companies to integrate electronic filing features into their commercial products.

Development of new processes to improve internal document flow in the mandatory electronic filing environment will continue into FY 2001 and FY 2002, as well. This will enable internal FEC users to integrate electronic filings into processes such as reports review, audits, and enforcement. Spending on this initiative during FY 2002 also includes funds for on-going operation and maintenance of the electronic filing system during the 2002 election cycle.

### *Data Input*

The FEC will continue to manually input the data taken from reports filed by Senate committees and committees that do not meet the established threshold and choose not to file electronically. As an alternative to manual input, the FEC is reviewing other alternatives, such as Optical Character Recognition (OCR) technology and will further investigate the possibility of instituting this type of technology in FY 2003.

### *Automated Review/Data Mining*

The FY 2002 IT funding includes resources to engage in a business process review of RAD review procedures to further enhance the ability to automate the review process. Also

included is funding to undertake efforts to engage in data mining to establish patterns of behavior by multiple filers, to enhance the review and compliance programs. A total of \$269,000 is included for the RAD business process review, and \$250,000 for the data mining project.

## **Y2K**

The Commission was confident that all FEC processes were Y2K compliant, and there were no Y2K incidents.

## **Past IT Initiatives**

The Commission has been working on electronic filing and a series of other IT enhancements since 1995. These initiatives have clearly benefited the American taxpayer by significantly improving the FEC's disclosure services while holding to a minimum the need for additional staff to provide these services. This is in the face of record setting levels of campaign finance activity on the federal level in every election cycle since 1992.

### *Response to Growing Demand for Information*

Enhanced information technology has enabled the FEC to respond to a growing demand for information—and to deliver the information faster—without additional staff. Through the FEC automated fax system and the Internet, the public can instantaneously access FEC forms, publications and campaign finance data.

### *Larger Audience Using Data*

Additionally, the new technology has broadened the audience for existing services. In the past, for example, a limited community of campaign finance specialists accessed the FEC database through the Direct Access Program (DAP), a fee-for-service program.<sup>9</sup> The agency has now made it possible for these same experts—and the public as a whole—to access the data cost-free on the Internet. During FY 2001, the agency will continue its conversion from the DAP to the FEC website.

### *Point of Entry Completed*

The Commission successfully completed its Point-of-Entry initiative in 2000. Under this program, all political committees (except Senate committees and the national parties' Senate campaign committees<sup>10</sup>) file their reports with the Commission (either on paper or electronically). The Commission then scans the documents to make images that are available for review on FEC computers and on the Website. Images of Senate documents are electronically

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<sup>9</sup> While used primarily by the campaign finance community, the Direct Access Program has always been available to the public.

<sup>10</sup> Senate committees and the national parties' Senate campaign committees are required by law to file their reports with the Secretary of the Senate. Consequently, these committees are unable to participate at this time in the FEC's electronic filing program.

transmitted to the FEC and automatically added to the FEC imaging database. Electronically filed documents are imaged and retrievable from the Website, in the same format as if filed on paper, for calendar years 1993 through the present cycle.

*Lower Costs*

The FEC successfully contracted for some of its IT initiatives at a lower cost than initially anticipated. The design of the electronic filing system came in under budget. Similarly, the initial cost of developing a system to provide images of reports available to the public through the FEC Website was nearly 37 percent lower than the amount Congress appropriated for the initiative.

**Summary: Electronic Filing and IT Enhancements**

The total request for IT enhancements and electronic filing in FY 2002 is \$5,578,000. Tables 10A and 10B summarize the costs contained in the FY 2002 budget. The IT Strategic Plan discusses the initiatives planned for FY 2003 and beyond. The major new initiative scheduled to begin in FY 2003 with completion in FY 2007, is the portal development project that will integrate the IT systems into a web-based access environment for both external and internal users.

<b>TABLE 10A: COMPUTERIZATION INITIATIVES COSTS</b>									
<b>FY 2000-2002</b>									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
ADP ENHANCEMENTS	\$ 711,328	\$ 389,500	\$ 826,000	\$ 3,165,359	\$ 2,962,683	\$ 3,341,000	\$ 3,876,687	\$ 3,352,183	\$ 4,167,000
ELECTRONIC FILING	\$ 143,634	\$ 151,500	\$ 156,000	\$ 1,096,089	\$ 1,032,500	\$ 1,078,000	\$ 1,239,723	\$ 1,184,000	\$ 1,234,000
PT. OF ENTRY/INTERNET	\$ 75,237	\$ 81,500	\$ 79,000	\$ 179,236	\$ 61,500	\$ 98,000	\$ 254,473	\$ 143,000	\$ 177,000
PROGRAM TOTAL	\$ 930,198	\$ 622,500	\$ 1,061,000	\$ 4,440,684	\$ 4,056,683	\$ 4,517,000	\$ 5,370,882	\$ 4,679,183	\$ 5,578,000
COMMISSION PERCENT	4%	2%	3%	35%	32%	27%	14%	12%	12%

<b>TABLE 10B: COMPUTERIZATION INITIATIVES FTE</b>						
<b>FY 2000-2002</b>						
PROJECT	FY 2000		FY 2001		FY 2002	
	FTE	PROJ. %	FTE	PROJ. %	FTE	PROJ. %
ADP ENHANCEMENTS	10.4	76%	5.0	59%	10.0	74%
ELECTRONIC FILING	2.1	15%	2.5	29%	2.5	19%
PT. OF ENTRY/INTERNET	1.1	8%	1.0	12%	1.0	7%
PROGRAM TOTAL	13.6		8.5		13.5	
COMMISSION PERCENT	4%		2%		4%	

**Program VI: Commission Policy and Administration (Management Program)**

Tables 11A and 11B depict the costs and corresponding FTE for central policy guidance, management and staff support for all Commission operations that do not otherwise fit under the previously identified programs. Besides the offices of the six Commissioners and the Secretariat, this budget category includes all basic administrative overhead, such as rent, phones, postage, etc., and support functions, such as management, budget, accounting and personnel. Direct support costs for program-related items, such as travel, training, printing, etc., are allocated to specific Commission objectives and programs.

The only significant requests for additional resources other than to cover inflation in this program are the four FTE for additional Executive Assistants for the Commissioner offices beyond the Chairman and the Vice Chairman offices, and \$700,000 to acquire additional space at 999 E Street, where the FEC is located. Currently, the OEA is located at 800 North Capitol Street.

This request would enable the FEC to bring back the OEA and would provide additional space for the 18 FTE requested in our FY 2002 full request. There is no additional room at 999 E Street in our present space. Thus, the Commission is requesting the funds to acquire one additional floor at our present location. The OEA was left at 800 North Capitol Street in the event that the additional funding requested in our FY 2001 Supplemental and the FY 2002 request for the elections administration programs was approved. There is additional space at 800 North Capitol Street for the OEA to expand its staff.

#### **Additional FTE for Commissioners' Offices (See p. 7)**

It is important to note that, at present, only the Chairman and Vice Chairman are allocated a second Executive Assistant (EA). Providing each of the other four Commissioners with an additional EA will enable them to meet the increased demands that have been placed on their offices.

The second EA would ensure that each Commissioner has a consistent staffing level to provide legal guidance to the Commissioner relating to ongoing compliance (enforcement, litigation, and audit) and the referral processes for those compliance activities. The second EA would assist with the many new administrative tasks the Commission is undertaking. These include the implementation of the PwC recommendations and other task forces and projects separate from PwC. For example, the Commissioners' offices are directly involved with working groups relating to:

- the alternative dispute resolution (ADR) Program;
- Case Management (a computerized resource management system);
- PC Docs (a computer-based document management system);
- Electronic filing;
- Title 2 "Audit for Cause" Program (streamlining and broadening the audit process);
- Audit Workflow and Tracking Steering Committee (a computerized resource management system);
- the Finance Committee;
- the Regulations Committee; and
- the Litigation Committee

TABLE 11A: COMMISSION POLICY AND ADMIN. PROGRAM COSTS									
FY 2000-2002									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
COMMISSIONERS	\$ 2,135,328	\$ 2,344,500	\$ 2,837,500	\$ 63,455	\$ 28,000	\$ 76,000	\$ 2,198,783	\$ 2,372,500	\$ 2,913,500
STAFF DIRECTOR	\$ 1,507,965	\$ 1,716,500	\$ 1,959,500	\$ 139,233	\$ 194,500	\$ 231,000	\$ 1,647,198	\$ 1,911,000	\$ 2,190,500
ADMINISTRATIVE	\$ 1,366,967	\$ 1,545,500	\$ 1,713,500	\$ 5,304,284	\$ 5,107,217	\$ 6,054,000	\$ 6,671,251	\$ 6,652,717	\$ 7,767,500
IG OFFICE	\$ 340,245	\$ 354,500	\$ 375,000	\$ 8,528	\$ 12,000	\$ 15,000	\$ 348,773	\$ 366,500	\$ 390,000
DATA SYSTEMS	\$ 916,519	\$ 955,190	\$ 990,810	\$ 77,947	\$ 84,700	\$ 83,650	\$ 994,466	\$ 1,039,890	\$ 1,074,460
OGC GENERAL COUNSEL	\$ 995,593	\$ 989,049	\$ 1,041,773	\$ 65,595	\$ 64,030	\$ 73,093	\$ 1,061,188	\$ 1,053,078	\$ 1,114,867
CASH AWARDS		\$ 260,000	\$ 285,000					\$ 260,000	\$ 285,000
PROGRAM TOTAL	\$ 7,262,617	\$ 8,165,239	\$ 9,203,083	\$ 5,659,042	\$ 5,490,447	\$ 6,532,743	\$ 12,921,660	\$ 13,655,685	\$ 15,735,827
COMMISSION PERCENT	28%	29%	30%	44%	43%	39%	34%	34%	33%

TABLE 11B: COMMISSION POLICY AND ADMIN. PROGRAM FTE						
FY 2000-2002						
OFFICE/DIVISION	FY 2000		FY 2001		FY 2002	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
COMMISSIONERS	18.4	100%	20.0	100%	24.0	100%
STAFF DIRECTOR	19.9	100%	21.0	100%	22.0	100%
ADMINISTRATIVE	22.2	100%	22.0	100%	22.0	100%
IG OFFICE	4.0	100%	4.0	100%	4.0	100%
DATA SYSTEMS	13.4	41%	14.0	35%	14.0	33%
OGC GENERAL COUNSEL	11.8	10%	11.5	10%	11.5	10%
CASH AWARDS	0.0		0.0		0.0	
PROGRAM TOTAL	89.7		92.5		97.5	
COMMISSION PERCENT	26%		26%		26%	

**APPENDIX A:**  
**FEDERAL ELECTION COMMISSION**  
**FY 1999-2000 PERFORMANCE REPORT**  
**PURSUANT TO THE GPRA**  
**March 2001**

**Submitted to Congress/OMB**

**FEDERAL ELECTION COMMISSION**

# **FY 1999-2000 PERFORMANCE REPORT**

## **SUMMARY**

The Federal Election Commission (FEC) submits its FY 1999-2000 Performance Report pursuant to the requirements of the Government Performance and Results Act (GPRA.) Pursuant to the provisions of the Federal Election Campaign Act (FECA) and the GPRA, this report has been concurrently submitted to the Congress and the President (OMB.) This Performance Report documents the performance of the FEC in meeting our mission requirements and achieving our program objectives during FY 1999 and 2000. The FEC accomplishments are addressed within the context of our Strategic Plan and our FY 1999 and 2000 Performance Plans, with a review of performance against the mission statement and the objectives and goals identified in the FEC Performance Plans.

The FEC highlights the importance of the funding the FEC has received to support our programs, particularly the annual earmarked funds to carryout the IT initiatives. This funding has been key to the modernization and enhancement of our IT systems. The funding has allowed the FEC to accomplish its mission and achieve its program objectives despite record levels of campaign finance activity in each successive election cycle.

## **BACKGROUND**

The FEC is a personnel intensive regulatory agency, with 70% of our annual appropriations expended on salaries and benefits. Of the remaining 30%, 10% is allocated to GSA rent costs; 10% to legislatively earmarked IT projects, 6% to support programs, including the Office of Election Administration (OEA), audits, compliance, enforcement, disclosure and informational outreach programs; and 5% for overhead support costs such as phones, postage, equipment and supplies.

### **FY 2000 Appropriation**

During FY 2000 the Commission expended its appropriation of \$38,278,000 (\$38,152,000 plus \$270,000 carried over from FY 1999, less a rescission of \$144,000) to support 343.1 FTE and in a manner designed to maximize the effectiveness and efficiency of our programs. A total of \$5,370,882 was expended on earmarked IT programs during the FY; this included \$4,440,684 for hardware, software, contracts, supplies and equipment and \$930,198 for 13.6 FTE.

### **FY 1999 Appropriation**

During FY 1999 the Commission expended its appropriation of \$36,791,000 (\$36,650,000 plus \$350,000 carried over from FY 1998, less a rescission of \$59,000) to support of 322.1 FTE and in a manner designed to maximize the effectiveness and efficiency of our programs. A total of \$4,360,604 was expended on earmarked IT programs during the FY; this included \$3,615,739 for hardware, software, contracts, supplies and equipment and \$744,865 for 12.0 FTE.

In addition, the final \$1.12 million of our FY 1999 appropriation was congressionally earmarked specifically for compliance related initiatives, which were to focus on improving FEC enforcement and compliance programs without adding additional staff resources.

### **1998 PriceWaterhouseCoopers Review and FEC Initiatives**

During FY 1998, the FEC was the subject of an extensive review by PricewaterhouseCoopers (PwC), performed under a contract with the GAO as mandated by Congress. The results of that review were generally very favorable for the Commission's operations. Nevertheless, the Commission has made significant progress in implementing many of the PwC recommendations.

Furthermore, the Commission has begun several additional initiatives. Many of the projects are IT initiatives described in the IT Strategic Plan that have been funded with earmarked funds since FY 1996. Others projects are the result of the need to maximize limited resources and in response to legislative mandates included in our FY 1999 and FY 2000 appropriation language.

### **FY 1999-2000 Accomplishments**

The FEC initiated several projects that continued into FY 2000 from FY 1999. Significant successes included:

Operation of the full scale, voluntary electronic filing program that allows filers to file electronically at the FEC by disk, by modem, or on the Internet, and makes images of reports filed available on the FEC disclosure system. Over 1,000 filers voluntarily filed electronically during the 2000 election cycle.

Implementation of the mandatory electronic filing system for the 2002 election cycle was completed in FY 2001, and the system received the first mandatory electronic filings in February 2001.

Upgrade and enhancement of the FEC web site by making images of all disclosure documents filed at the FEC, both electronic and paper, available for viewing over the Internet and expanding the variety of items available on the FEC web site, including Advisory Opinions, budget requests, and the FEC Strategic Plan and Performance Plans.

The FEC's website now receives millions of visits each fiscal year. The initial enhancement and upgrade was accomplished at a cost 37% less than projected by the GPO.

Implementation of the Case Management system in OGC, after completing an extensive design and development process. This included extensive training and input of legacy data into the system. The Case Management system will now provide case tracking, case management, and time reporting for OGC programs. Data from the Case Management system will be used to produce MIS and budget and planning data for OGC programs. Much of the work was accomplished in FY 1999-2000, with full implementation in FY 2001.

Migration of the FEC legacy databases to new, Y2K compliant technology through a newly procured IT contract for basic IT services, accomplished in FY 1999 and 2000. In addition, FEC remediation efforts were successful, and no Y2K disruptions were experienced by FEC systems. A major accomplishment of the Data Systems Division in FY 1999 and 2000 was the preservation of a multitude of internally developed legacy IT systems and programs, which had to be prepared for the implementation of the new Y2K compliant mainframe IT system, and readied for the migration to the client server environment.

Development of an alternative dispute resolution (ADR) program to handle administrative complaints and Title 2 audit referrals to free enforcement and litigation resources for more complex, significant cases. The goal is to reduce the time and cost to resolve selected enforcement actions through negotiation and mediation (if necessary) outside of the complex and time consuming enforcement process. The first cases were resolved under this program in FY 2001, but the work establishing the program was accomplished in FY 1999-2000.

Implementation of an administrative fine program to free enforcement resources for more complex, substantive cases and to enhance disclosure by improving timely filing without resorting to the time consuming and costly enforcement process. Late and non-filers are now processed through the administrative fine program that began on July 14, 2000.

Initiation of a state waiver program to allow state election offices to apply for and receive a waiver for maintaining paper copies of reports at state offices by making the FEC reports available online. The FEC provided states with surplus computer equipment. To date, 47 states or similar jurisdictions participate in the program.

Established a contract to review document processing procedures and revise FEC disclosure reporting forms, to improve the efficiency of document processing for non-electronic filings. The results of this contract will be used in future efforts to improve

processing of those documents from filers not required to file electronically through the assessment of OCR document scanning.

Continued planning for the migration of FEC IT systems to a client/server environment. The strategy for the transition to the client/server system was accomplished in FY 1999-2000, concluding with the award of a contract to American Management Systems, Inc., to develop the client/server environment and convert the FEC disclosure system to the new system. The migration to the client/server in environment will occur in phases over the next several years.

Transferred in-house payroll processing to the National Finance Center and awarded a contract to PeopleSoft to implement in FY 2001 a new accounting and finance system that will operate in the client server environment.

The Audit Division increased the Title 2 Discretionary Audit program from 20-25 audits per election cycle to 40-45 audits per cycle. The expansion began in the 1998 cycle (evident in FY 1999 and 2000), and will continue into the 2000 election cycle. The FEC has implemented a Title 2 Audit program, per a PwC recommendation, which will “stand alone” and will be fully implemented in presidential election years. Beginning with the 2000 cycle, a combination of limited scope audits and additional part time intern staff will ensure that the full Title 2 Audit program will be completed as well as the statutory presidential audits for the 2000 cycle.

As a result of the ADR program, the administrative fine program, the Case Management System, and the OGC Enforcement Priority System (EPS), the FEC is improving timeliness of enforcement actions and increasing the percentage of the caseload actively worked on. Since FY 1995, the Commission has used the EPS to triage cases, dismiss those with a lower priority and eliminate stale cases. The goal of all the initiatives has been to focus limited enforcement resources on the more complex, substantive cases, to increase the percentage of cases activated, and to improve the ratio of cases closed with substantive action rather than dismissed with no action. As a result of efforts since FY 1995, but particularly since FY 1999 and 2000, there were some significant improvements in enforcement in FY 2000:

Over 50 percent of cases were activated FY 1998-2000, an improvement over the average of 35-40% from FY 1995-1997;

The ratio of active to inactive pending cases on average improved to over 50% in FY 1999;

A dramatic increase in cases closed with substantive action, from roughly 40% in FY 1999 to approximately 75% in FY 2000.

The OGC completed revisions to the FEC regulations in FY 1999-2000 to permit the institution of both the voluntary and the mandatory electronic filing programs, the administrative fine program, election cycle reporting, and the state filing waiver program.

## **Relation of Accomplishments to Mission and Objectives**

The mission of the FEC is to assure that the campaign finance process is fully disclosed and that the rules are effectively and fairly enforced, fostering the electorate's faith in the integrity of the nation's political process. As a result of the major improvement over the last 25 years in the reporting and the disclosure of campaign finances, the public has a better understanding of where and how federal candidates raise and spend their campaign monies.

The FEC accomplishments in FY 1999 and 2000 should improve the timeliness and increase the substantive action in enforcement cases and focus our limited resources on more complex, substantive cases. The next section relates the FEC accomplishments to our major programs and objectives, and the final section quantifies the workloads and results of our programs in FY 1999 and 2000 for the most recent election cycles.

## **Relationship of Accomplishments to Program Objectives**

### Disclosure Objectives

The objectives of disclosure are: to provide campaign finance reports for public view under the FECA (Title 2); to promote full, accurate, and timely disclosure of campaign finance activity in federal elections; and to provide information and policy guidance on the FECA to the public, press, and those required to comply with the FECA.

The desired outcome is that the public can make informed choices in the electoral process because of full disclosure of the sources of candidates' funding for campaigns.

The result of the FEC accomplishments is that information was made available to the public faster and in more flexible formats. In addition, the foundation has been established for future IT enhancements that will improve automated review of reports.

FEC accomplishments in FY 1999 and 2000 were:

- Expanded Web site
- Initiated IT enhancements (development of client/server environment and document management)
- Established voluntary and mandatory electronic filing systems

- Instituted state filing waiver program
- Updated FEC forms and processed filings of non-electronic filers
- Completed regulations for the administrative fine and state waiver programs

## Compliance Objectives

The objectives of compliance are: to enforce the disclosure and limitation provisions of the FECA (Title 2) and to encourage and obtain voluntary compliance with the FECA through timely and comprehensive enforcement of the FECA.

The desired outcome is the perception by the regulated community that disclosure reports must be accurately and timely filed and that enforcement of the FECA is timely and impartial.

The result of the FEC accomplishments was the establishment of programs to speed up and streamline enforcement of the filing requirements and to negotiate and settle some enforcement cases without resorting to the full enforcement process. In addition, the Case Management System was implemented, more enforcement cases were activated, the ratio of active to inactive cases was improved, more cases were closed with substantive action, and more audits were conducted.

FEC accomplishments in FY 1999 and 2000 were:

- Developed ADR program
- Implemented administrative fine program
- Installed case management system
- Expanded Title 2 Audit program
- Improved case activation and active to inactive case ratios; improved percentage of cases substantively closed versus dismissed

## Public Financing Objectives

The objective of the public financing program is to administer the public funding provisions of the FECA under Title 26 U.S.C. for qualified candidates in presidential elections.

The desired outcomes of the public funding program are to process timely and accurately requests for federal funds to qualified presidential candidates and to ensure impartial and timely enforcement of the FECA.

FEC accomplishments in FY 1999 and 2000 were:

- Meet two-year deadline to complete presidential audits

- Maintain a “stand alone” Title 2 audit program

### Election Administration Objectives

The objective of the election administration program is to assist state and local election officials charged with administering federal elections through operation of the Office of Election Administration (OEA.)

The desired outcomes of the election administration program are that the state and local election officials charged with administering federal elections are able to hold fair, efficient elections with public confidence in the integrity of the results and that election administrators comply with the Voting Accessibility and NVRA statutes.

FEC accomplishments in FY 1999 and 2000 were:

- Initiated update of the VSS to improve elections officials’ abilities to select certified voting equipment that meets the requirements for an accurate electoral process

### IT and Support Objectives

The objective, and the desired outcome, of the IT and support programs is to support the FEC staff in the meeting of the core objectives and the FEC mission

FEC accomplishments in FY 1999 and 2000 were:

- Transferred in-house payroll processing to the National Finance Center
- Developed strategy for transition to a client/server environment
- Initiated development of new accounting and finance system to operate in a client/server migration

### **FY 1999-2000 Workloads and Program Outputs**

The workloads experienced by the reports processing and review staff at the FEC were the highest ever experienced by the FEC in FY 1999 and 2000. While completing processing of the 1998 election cycle work, the staff also had to begin processing the 2000 election cycle work. The 2000 cycle set a record for total campaign finance activity, which the FEC measures through the total disbursements made by all candidates and committees in federal elections. We expect

that the final total disbursements for the 2000 cycle will exceed \$3.5 billion: a more than 1000% increase since the 1976 election cycle.

TOTAL DISBURSEMENTS IN FEDERAL ELECTIONS BY ELECTION CYCLE (PRESIDENTIAL/CONGRESSIONAL)				
ELECTION CYCLE (4 YEARS)	TOTAL DISBURSEMENTS \$ MILLIONS	% INCREASE PRIOR PRESID.	% INCREASE PRIOR CONG.	% INCREASE SINCE 1976
1976	<b>310</b>			
1978	<b>386</b>			24.5%
1980	<b>768</b>	147.7%		147.7%
1982	<b>795</b>		106.0%	156.5%
1984	<b>1,259</b>	63.9%		306.1%
1986	<b>1,094</b>		37.6%	252.9%
1988	<b>1,607</b>	27.6%		418.4%
1990	<b>1,115</b>		1.9%	259.7%
1992	<b>2,051</b>	27.6%		561.6%
1994	<b>1,708</b>		53.2%	451.0%
1996	<b>2,738</b>	33.5%		783.2%
1998	<b>2,021</b>		18.3%	551.9%
2000	<b>3,500</b>	27.8%		1029.0%

In terms of workloads, this translated to record numbers of documents filed and itemized transactions processed into the disclosure databases. Although over 1,000 filers voluntarily filed electronically, most of the work required FEC Data Systems staff to code and enter the data. The following tables compare documents filed and transactions processed (the 2000 cycle totals are projected based upon actual to date totals for most of the cycle) to previous election cycles:

DOCUMENTS AND TRANSACTIONS PROCESSED BY ELECTION CYCLE AVERAGE NUMBER OF ITEMIZED TRANSACTIONS PER DOCUMENT					
ELECTION CYCLE (4 YEARS)	DOCUMENTS FILED FORM 3	ITEMIZED TRANS. ENTERED	AVERAGE # OF TRANS. PER DOC.	% INCREASE SINCE PRIOR CYCLE	% INCREASE SINCE 1984 CYCLE
1984	70,056	507,461	7.24		
1986	70,110	528,761	7.54	4.1%	4.1%
1988	75,299	694,016	9.22	22.2%	27.2%
1990	73,324	769,474	10.49	13.9%	44.9%
1992	83,256	1,435,262	17.24	64.3%	138.0%
1994	81,214	1,382,696	17.03	-1.2%	135.0%
1996	85,914	1,976,524	23.01	35.1%	217.6%
1998	80,255	1,697,934	21.16	-8.0%	192.1%
2000	89,046	2,513,263	28.22	33.4%	289.6%

ITEMIZED TRANSACTIONS ENTERED INTO DATABASE BY ELECTION CYCLE (PRESIDENTIAL/CONGRESSIONAL)				
ELECTION CYCLE (4 YEARS)	ITEMIZED TRANS. ENTERED	% INCREASE PRIOR PRESID.	% INCREASE PRIOR CONG.	% INCREASE SINCE 1984
1984	507,461			
1986	528,761			4.2%
1988	694,016	36.8%		36.8%
1990	769,474		45.5%	51.6%
1992	1,435,262	106.8%		182.8%
1994	1,382,696		79.7%	172.5%
1996	1,976,524	37.7%		289.5%
1998	1,697,934		22.8%	234.6%
2000	2,513,263	27.2%		395.3%

The workload data show that the number of disclosure documents processed increased by 27% since the 1984 election cycle and that the increase in transactions processed increased by almost 400%. The result is an almost 300% increase in the amount of work to process an average document (measured on itemized transactions per document filed.) This affected the staff processing the documents and information in the Public Disclosure and Data Systems Divisions, as well as the staff reviewing the reports in Reports Analysis.

The success of the FEC in processing all this work is that it was performed with relatively static staffing levels: the staff processing and reviewing reports has not significantly increased since FY 1980. The table below shows that the work performed in FY 1999 and 2000 was the most for any FY for the data processing and review staffs.

ITEMIZED TRANSACTIONS ENTERED INTO DATABASE BY FISCAL YEAR			
FISCAL YEAR (ALL EC)	ITEMIZED TRANS. ENTERED	% INCREASE PRIOR FY	% INCREASE SINCE FY 1990
1990	400,507		
1991	403,165	0.7%	0.7%
1992	692,662	71.8%	72.9%
1993	716,448	3.4%	78.9%
1994	732,441	2.2%	82.9%
1995	799,131	9.1%	99.5%
1996	991,451	24.1%	147.5%
1997	978,411	-1.3%	144.3%
1998	865,297	-11.6%	116.1%
1999	996,633	15.2%	148.8%
2000	1,185,630	19.0%	196.0%

One result of this workload increase, without a corresponding increase in staff, is that the Reports Analysis Division (RAD) has experienced a significant increase in the number and complexity of reports to review over the last several election cycle, and therefore an increase in the backlog of unreviewed reports, as shown in the tables below. The FEC is enhancing the electronic review capabilities so that more of the review functions are automated, thus expediting the review process to reduce the backlog.

**TOTAL BACKLOG OF REPORTS UNREVIEWED  
(FORM 3 DISCLOSURE REPORTS)**

TOTAL DOCUMENTS	JANUARY POST-ELEC		JULY ELECTION YEAR	
REVIEW BACKLOG	BACKLOG	% REVIEWED	BACKLOG	% REVIEWED
<b>2000 DBASE</b>	28,415	59.05%	17,964	59.58%
<b>1998 DBASE</b>	13,276	81.01%	7,721	81.73%
<b>1996 DBASE</b>	22,676	68.03%	11,380	74.10%
<b>1994 DBASE</b>	17,173	75.12%	11,762	71.73%
<b>1992 DBASE</b>	24,457	64.78%	15,282	63.92%
<b>1990 DBASE</b>	15,432	75.43%	10,189	73.68%
<b>1988 DBASE</b>	14,129	78.16%	8,851	77.56%

**RAD STAFFING FY 1988-2000**

PROGRAM	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
REVIEW REPORTS	21.3	20.4	20.1	19.7	21.6	21.9	22.8	23.6	22.2	22.3	23.3	20.7	23.3
RFAIS	4.5	4.3	3.1	3.0	3.5	3.2	2.7	3.8	3.8	2.8	3.0	3.0	4.2
REFERRALS	2.9	4.6	3.2	4.4	2.0	4.3	3.2	3.2	1.1	2.6	1.0	3.3	1.0
<b>RAD TOTALS</b>	<b>39.7</b>	<b>39.4</b>	<b>36.3</b>	<b>38.5</b>	<b>38.9</b>	<b>40.4</b>	<b>40.9</b>	<b>42.6</b>	<b>40.2</b>	<b>40.1</b>	<b>41.0</b>	<b>40.6</b>	<b>43.2</b>

The Commission is not requesting additional staff for RAD in FY 2002 to resolve this backlog. We are requesting full funding of the IT projects to provide for a business process review of the RAD review program, and for enhancements of the automated review program with items such as data mining. These items are requested for FY 2002. We also expect to see some improvements from the IT enhancements in the migration to client server IT environment and electronic filing. Automated filing is being implemented in FY 2001, but the full enhancements and the full benefits may not be fully realized until the 2004 election cycle.

Electronic filing also will alleviate the impact of the rising workloads in document processing. While more data were processed, the size of the workloads did lead to a slight degradation in timeliness for data input. The FEC measures this in two ways: median days to process all documents and data, and days from document receipt until final processing for 95% of all documents filed in an election cycle data base. Both of these measures show significant improvement from the 1992 cycle until the 1998 cycle. However, despite some decline in timeliness, the 2000 data were processed within our target of 95% complete within 45 days of receipt. This was remarkable given the amount of data and the static staffing levels.

<b>TIMELINESS OF PROCESSING OF ITEMIZED DATA BY ELECTION CYCLE</b>				
<b>(FY 1987-2000)</b>				
<b>CYCLE</b> <b>(4 YEARS)</b>	<b>MEDIAN DAYS</b> <b>TO PROCESS</b> <b>ALL DATA</b>	<b>DAYS FROM</b> <b>RECEIPT TO</b> <b>95% COMPLETE</b>	<b>TOTAL</b> <b>DISBURSEMENTS</b> <b>IN CYCLE</b> <b>(\$MILLIONS)</b>	<b>TOTAL</b> <b>TRANSACTIONS</b> <b>IN CYCLE</b>
1988	<b>9</b>	<b>82</b>	1,607	694,016
1990	<b>7</b>	<b>34</b>	1,115	769,474
1992	<b>13</b>	<b>132</b>	2,051	1,435,262
1994	<b>14</b>	<b>69</b>	1,708	1,382,696
1996	<b>10</b>	<b>39</b>	2,738	1,976,524
1998	<b>9</b>	<b>27</b>	2,021	1,697,934
2000	<b>11</b>	<b>44</b>	3,500	2,513,263

For the enforcement programs, the Commission experienced some improvements in the total enforcement caseload that was actively being worked on, or activated. Since FY 1995 OGC has operated under the Enforcement Priority System, or EPS. Using this and the Central Enforcement Docket, cases are ranked and prioritized. The goals are to focus limited enforcement resources on the more substantive and meaningful cases, and to dismiss or drop the de minimis cases. Cases are dismissed with no formal action to eliminate stale cases that have not been worked on, and to dismiss cases which will never be activated under the EPS rankings.

OGC has striven to reach a more than 50% active to inactive caseload ratio and achieved this in FY 1999 and 2000. In addition, the goal has been to activate more cases of those retained and not dismissed, and to close more of the cases with substantive Commission action. This goal was met in FY 2000 when more than 70% of cases closed with substantive Commission action; previously since FY 1995, more than 50% of cases had been dismissed with no action.

<b>ENFORCEMENT SECTION AND PFESP</b>				
<b>MONTHLY AVERAGE NUMBER PENDING</b>				
<b>FISCAL</b> <b>YEAR</b>	<b>INACTIVE</b> <b>CASES</b>	<b>ACTIVE</b> <b>CASES</b>	<b>TOTAL</b> <b>CASES</b>	<b>PERCENT</b> <b>ACTIVE</b>
1995	174	145	319	45%
1996	122	125	247	51%
1997	217	102	319	32%
1998	107	93	200	47%
1999	79	117	196	60%
2000	98	102	200	51%

ENFORCEMENT SECTION AND PFESP						
FISCAL YEAR	CASES DISMISSED UNDER EPS	CASES DISMISSED/"OTHER"	CASES CLOSED IN FY	TOTAL CASES CLOSED	PERCENT CASES DISMISSED	PERCENT CASES CLOSED
1995	121	3	128	252	49%	51%
1996	131	2	96	229	58%	42%
1997	133	19	92	244	62%	38%
1998	145	-	68	213	68%	32%
1999	78	7	65	150	57%	43%
2000	25	8	107	140	24%	76%

HISTORICAL CASE DISPOSITION FY 1995-2000										
FY	DISMISS. NO FIND.	DISMISS. BY EPS	NO RTB CLOSED	RTB NO FA	NO PC CLOSED	PC NO FA	CONCIL. CLOSED	SENT TO LITIG.	FY TOTAL	SENT TO ADR
TOTALS	3	121	12	34	1	4	71	6	252	-
FY 1995	3	121	12	34	1	4	71	6	252	-
FY 1996	2	131	8	34	-	2	46	6	229	-
FY 1997	19	133	6	26	-	6	47	7	244	-
FY 1998	-	145	4	13	-	1	45	5	213	-
FY 1999	7	78	15	16	1	3	28	2	150	-
FY 2000	8	25	22	17	1	4	58	5	140	-

The future goal is to maintain the greater than 50% active ratio, activate 50% of cases incoming, and close more than 50% of cases with substantive Commission action. The institution of the ADR and administrative fine programs were designed to free OGC enforcement resources for the more complex, substantive cases and assist OGC in achieving these goals in the future.

This look at workloads experienced in FY 1999 and 2000 depicts the accomplishments in the disclosure and compliance programs at the FEC. It also highlights the importance of the FEC FY 2002 Budget Request, and the need to fully fund our IT programs at the requested level. Without the improvements to be realized from the IT enhancements, the Commission will not be able to cope with increasing workloads due to increasing levels of campaign finance activity, particularly without increases in staff.



**APPENDIX B:  
FEDERAL ELECTION COMMISSION  
IT STRATEGIC PLAN FY 2001-2007**

**IT PERFORMANCE PLANS BY PROJECT FY 2001-2007**

**Submitted to Congress/OMB**

# **FEDERAL ELECTION COMMISSION**

## **IT STRATEGIC PLAN FY 2001-2007**

### **IT Performance Plans By Project FY 2001-2007**

In 1995, the Federal Election Commission (FEC) initiated a 5-year program to reengineer its automated systems infrastructure through a modernization program. Three major initiatives were launched: information technology (IT) modernization, point of entry, and electronic filing. These projects were designed to assist the FEC to both perform its statutory mission and achieve its objectives and goals as defined in the FEC Strategic Plan. The goals of IT modernization are to enable FEC staff to work more efficiently by using of more robust, comprehensive methodologies providing access to data and information. These goals will be achieved through migration to a client/server system to facilitate information requests, reduce copying and distribution of paper documents, streamline research, and manage workloads. The new system will permit use of FEC generated data and information by both FEC internal and external users in a more intuitive and flexible manner. This project will enable us to realize the benefits achieved by the Electronic Filing Project.

In FY 2004, the FEC plans to complete this first set of initiatives. To build on this IT foundation, the FEC will begin the next phase of technology enhancements. This next phase will be implemented in stages, beginning in FY 2003 with completion in FY 2006 based on the premise the Internet provides the greatest access to FEC data. External and internal users of FEC information will be able to retrieve data through portal definition, dynamic retrieval, and user-defined profiles, culminating in the full integration of all FEC data bases.

This document also includes the breakout of the base IT programs for the Data Systems Development Division (DSDD) from FY 2001-2007. Although not part of the earmarked IT initiatives, these programs and activities are part of the IT system. The funds for these base programs are tracked separately from the earmarked IT initiatives.

## **IT Modernization**

### **FY 2001**

#### **Goals/Milestones:**

- Begin the implementation of the document flow system for the Audit Division (TeamMate) (Ongoing)
- Upgrade Office of the General Counsel and Commissioner PCs (April 2001)
- Design and develop the replacement FEC digital imaging system (Spring 2001)
- Develop the Commission-wide Document Management System (Spring 2001)
- Design and build infrastructure for the migration of data and programs for the Client/Server Disclosure program (June 2001)
- Complete Case Management System 6-month review (July 2001)
- Standardize and develop procedures for the OGC to enter data into the Case Management System (Sept 2001)
- Design and implement Litigation Notebook in Case Management (Nov 2001)
- Implement recommendations from the FY 2000 Computer Security Review (September 2001)
- Build infrastructure to support new financial accounting system (September 2001)
- Implement the integration of document management (PCDocs) with the Case Management System (September 2001)
- Redesign database for Commission Secretariat (September 2001)
- Maintain FEC computer infrastructure, upgrading computer servers and communications networks where necessary to support growing Commission needs (Ongoing)

#### **Costs:**

Personnel:               \$ 389,500, 5.0 FTE

Non-Personnel\*:       \$3,132,683

\*Includes software and hardware licensing, maintenance, new equipment, and maintenance and licensing for equipment purchased in prior fiscal years

### **FY 2002**

#### **Goals/Milestones:**

- Continue implementation of Client/Server Disclosure program (Ongoing)
- Complete implementation of Audit Division Document Flow System (TeamMate) (November 2001)
- Implement Database for Commission Secretariat (February 2002)
- Develop offense profile reports, from the Case Management System (March 2002)
- Complete installation of FEC-wide Document Management system (September 2002)

- Implement Human Resources Module for the new Finance System (September 2002)
- Complete Review of RAD Needs Assessment and Business Process Review (September 2002)
- Develop data mining program (September 2002)
- Continue to enhance data query enhancements from Web (FY 2002)
- Contract for the development and implementation of a Litigation Notebook in the Case Management System (November 2001)
- Maintain FEC computer infrastructure, upgrading computer servers and communications networks where necessary to support growing Commission needs (Ongoing)

**Costs:**

Personnel:                 \$ 826,000, 10.0 FTE

Non-Personnel\*:         \$3,341,000

\*Includes software and hardware licensing, maintenance, new equipment, and maintenance and licensing for equipment purchased in prior fiscal years

**FY 2003**

Note: For FY 2003 through FY 2007, timing for completion of Client/Server implementation and for initiation of new projects, including the Portal Development Project, is contingent upon receipt of five additional Data Division FTE included in the FY 2002 FEC budget request.

**Goals/Milestones:**

- Complete FEC-wide implementation of Document Management Program
- Complete FEC-wide implementation of Disclosure Client/Server Program
- Convert budget and MIS processes to Client/Server architecture
- Identify and begin conversion of tertiary systems to Client/Server architecture (Clearinghouse, Information, Administration Divisions and others)
- Develop on-line Commission voting and certifications
- Perform analysis of Agency's automated procurement system (SACONS)
- Integrate automated procurement system and accounting systems
- Continue conversion of non-disclosure systems to Client/Server architecture (Clearinghouse, Information, Administration Divisions and others)
- Review and analyze current automated payroll system
- Design and develop system for electronic procurement
- Design and develop system for OCR scanning of non-electronically filed documents
- Initiate Portal Development Project
- Maintain FEC computer infrastructure, upgrading computer servers and communications networks where necessary to support growing Commission needs (Ongoing)

## Portal Development Project

The FEC plans to complete the current IT initiatives by FY 2004. The Portal Development Project (PDP) is the next step in which the IT initiatives will become accessible to all users in a logical, integrated manner. The goal of PDP is to provide simple but powerful access to the upgraded system(s) providing both internal and external users with custom browsing techniques for accessing the system functions. These tools will allow users to efficiently query the FEC's databases.

Integrated access to FEC data will occur through the development and implementation of an Internet Web portal. A portal is a personalized single point of entry to internal and external applications and information. Portals allow users to create and save their own customized Web view of FEC databases and resources. For example, a public user might access the FEC Website on a regular basis to review specific campaign reports, search contributor databases, or learn about new regulations. By accessing a customized FEC Web page, the user will be able to maintain a template containing pre-defined searches that can be readily executed.

The PDP design also will give internal users Web access to databases and applications that have been developed through other IT initiatives. Audit Management, Electronic Campaign Disclosure Filing, Case Management, Document Management, Accounting/Finance, Human Resource and other systems will be readily available to employees and others who require access. To implement the PDP, the following phases will be completed:

### Portal Definition

Portal definition is the creation of the blueprint for an integrated access model. The blueprint will describe database relationships and establish a method for creating integrated access to FEC data.

### Retrieval/Search Enhancement

In this phase, the FEC will develop the data search building blocks to be used in the final portal product. Search capabilities of FEC databases will be developed, incorporating techniques such as data warehousing and data mining to enhance data retrieval.

### User Profile Definition

User profile definition includes the assessment of internal and external user requirements to determine the best way to set up custom portal access. In the PDP model, there are two general classes of users: internal users (FEC staff) and external users (e.g., the press, FEC filers, and the public). Defining how users access the data, setting up templates and providing a customization method will allow both internal and external users to

perform intelligent searches of databases without having to redefine search parameters.

#### Full Integration and Implementation

Full integration and implementation involve the completion of a consolidated Web portal in which all individual component parts are fused together to form an interactive capability of instantly delivering all FEC data in accordance with user requirements.

#### Costs:

Personnel: \$ 867,500, 10 FTE

Non-Personnel\*: \$2,570,500

\*Includes software and hardware licensing, maintenance, new equipment, and maintenance and licensing for equipment purchased in prior fiscal years

#### FY 2004 -2007

##### Goals/Milestones:

- Complete conversion of remaining non-disclosure systems to Client/Server architecture
- Replace and upgrade aging PCs (desktop and laptop computers)
- Upgrade communications equipment to support protocols in a fiber environment
- Compete and award IT services contract
- Complete implementation of electronic procurement
- Implement OCR scanning for non-electronic filed documents
- Conduct on going needs assessments updates for FEC offices each FY
- Maintain FEC computer infrastructure, upgrading computer servers and communications networks where necessary to support growing Commission needs (Ongoing)

#### Costs:

	Personnel	Non-Personnel*	Total
FY 2004	\$ 911,500	\$3,045,500	\$3,957,000
FY 2005	\$ 957,000	\$3,152,000	\$4,109,000
FY 2006	\$1,005,000	\$3,216,000	\$4,221,000
FY 2007	\$1,055,000	\$2,337,000	\$3,392,000

\*Includes software and hardware licensing, maintenance, new equipment, and maintenance and licensing for equipment purchased in prior fiscal years

#### Point Of Entry Project

Public Law No. 104-79 (December 28, 1995) requires candidates for the United States House of Representatives and their authorized committees to file all reports with the FEC, effective December 31, 1995.

In FY 2000, \$130,000 was allocated to develop an electronic methodology for campaign finance reports to be transmitted to the FEC from the US Senate. This program became fully operational during the 4<sup>th</sup> quarter of FY 2000. Senate documents are now included with all other financial documents presented on the Internet.

Actual operation of the system (scanning of documents) will continue to be performed by current staff, supplemented by overtime and temporary services during peak filing periods. Contracts covering full maintenance and annual licensing fees for both hardware and software began in FY 1998.

## **FY 2001**

### **Goals/Milestones:**

- Maintain high-speed scanning capability (Ongoing)
- Continue to provide the U.S. House of Representatives Records and Registration Office with the capability to retrieve images from FEC digital imaging system (Ongoing)
- Continue to provide via the Internet the capability to retrieve images of all reports filed electronically or from the FEC digital imaging system (Ongoing)
- Maintain the high-speed communications interface between the FEC and the Senate. Continue support of the process that transmits scanned images from the Senate directly to the FEC internal Disclosure Imaging system. Continue to support the nightly process to migrate all indexed images stored in the FEC digital imaging system to the Web for global retrieval. (Ongoing)

### **Costs:**

Personnel:                 \$ 81,500, 1.0 FTE  
Non-Personnel\*:         \$101,500

\*Includes equipment, maintenance, licensing, and contract services

## **FY 2002**

### **Goals/Milestones:**

- Maintain high-speed scanning capability (Ongoing)
- Continue to provide the U.S. House of Representatives Records and Registration Office with the capability to retrieve images from FEC digital imaging system (Ongoing)
- Continue to provide via the Internet the capability to retrieve images of all reports filed electronically or from the FEC digital imaging system (Ongoing)
- Maintain the high-speed communications interface between the FEC and the Senate. Continue support of the process that transmits scanned images from the Senate directly to the FEC internal Disclosure Imaging system. Continue to support the nightly process to migrate all indexed images stored in the FEC digital imaging system to the Web for global retrieval (Ongoing)

- Purchase and install hardware and software for modernized digital imaging system (October 2001)
- Migrate legacy images (approximately 4 million pages) to new digital imaging system (December 2001)
- New Document Management System fully operational (September 2002)

**Costs:**

Personnel: \$79,000, 1.0 FTE

Non-Personnel\*: \$98,000

\*Includes equipment, maintenance, licensing, and contract services

**FY 2003-2007**

**Goals/Milestones:** No change from FY 2002.

**Costs FY 2003-2007:**

	Personnel	Non-Personnel*	Total
FY 2003	\$ 88,500	\$104,500	\$193,000
FY 2004	\$ 87,000	\$100,500	\$187,500
FY 2005	\$ 97,000	\$107,000	\$204,000
FY 2006	\$ 95,500	\$103,000	\$198,500
FY 2007	\$107,000	\$110,000	\$217,000

\*Includes software and hardware licensing, maintenance, new equipment, and maintenance and licensing for equipment purchased in prior fiscal years

**Electronic Filing Project**

Public Law No. 104-79 (December 28, 1995) required the FEC to permit filers to voluntarily submit reports electronically and to reduce duplicative filings with State offices, effective December 31, 1996. The electronic filing program became operational in January 1997 with full system roll-out in FY 1999. The system was fully operational for the 2000 election cycle. During the 2000 election cycle, January 1, 1999 to December 2000, over 1,000 committees submitted their financial reports electronically.

The FEC's appropriation for FY 2000 included provisions for mandatory electronic filing beginning with activity in calendar year 2001. Preparation for the mandatory phase of electronic filing was completed during the first quarter of FY 2001. These preparations included a comprehensive review of the electronic filing format, coordination of any changes with all software vendors, improvements in the process used for transmission of filings, Internet-based filing procedures for late contribution notices, and improvements to exception processing and other internal processes.

In addition, in October 2000 the Commission initiated a major new electronic filing initiative. Candidates in general elections for the House of Representatives and for President were provided access to a web-based reporting system for 48 hour notices of late contributions. Each reporting committee was provided with a Personal Identification

Number (PIN) and access to a special secure web connection to the electronic filing servers through which they could submit late contribution reports. A web interface was particularly appropriate for this reporting because each submission typically includes only a few contributions and must be filed quickly -- within 48 hours of receipt.

The current contract for the provision of electronic support services expires at the end of FY 2001, and therefore, it is difficult to project what the annualized cost will be in future years. Based on current processing algorithms, the estimated maintenance charges are expected to range from \$1.2 million to \$1.3 million per year to operate and enhance the process, beginning in October FY 2002.

## **FY 2001**

### **Goals/Milestones:**

- Completed renovation processes affecting FECFile in first quarter FY2001 including:
  - Modifications to filing format
  - Modifications to filing
  - Integration with FEC disclosure database and e-review
  - Modifications to FECFile software program
- Develop approaches to integrate electronically filed data with other FEC functions (Ongoing)
- Accommodate all mandated electronic filers meeting the regulatory threshold
- Maintain the electronic filing system (February 2001)
- Develop Statement of Work to procure new electronic filing vendor (May 2001)
- Award contract for new electronic filing contract (September 2001)

### **Costs:**

Personnel: \$151,500, 2.5 FTE

Non-Personnel\*: \$822,500

\*Includes software and hardware licensing, maintenance, training, technical support, processing electronic filings and storage

## **FY 2002**

### **Goals/Milestones:**

- Continued support of the electronic filing program (Ongoing)
- Continued development of integrated desk audit review for electronically filed data (Ongoing)
- Maintain and enhance electronic filing system (Ongoing)

### **Costs:**

Personnel: \$ 156,000, 2.5 FTE

Non-Personnel\*: \$1,078,000

\*Includes software and hardware licensing, maintenance, training, technical support, processing electronic filings and storage

**FY 2003-2007**

**Goals/Milestones:**

- Maintain and enhance electronic filing system.

**Costs FY 2003-2007:**

	Personnel	Non-Personnel*	Total
FY 2003	\$164,500	\$1,090,000	\$1,254,500
FY 2004	\$172,500	\$1,102,000	\$1,274,500
FY 2005	\$181,500	\$1,114,500	\$1,296,000
FY 2006	\$190,500	\$1,127,500	\$1,318,000
FY 2007	\$200,500	\$1,141,000	\$1,341,500

\*Includes software and hardware licensing, maintenance, training, technical support, processing electronic filings and storage

**Base DSDD IT Budget**

The base DSDD budget maintains and supports the IT operations of the FEC. This entails operation and support for the on-going IT programs covering an extensive inventory of legacy systems for both Disclosure and Compliance operations at the FEC, in addition to support for informational and educational outreach efforts. The DSDD budget also supports the financial and administrative operations of the Commission.

DSDD integrates the on-going operations of legacy systems with the new developmental projects depicted in the three major initiatives above. Once the client/server migration is fully implemented, the legacy systems will have been converted over to the new environment. The base DSDD budget provides for the support of 40 staff, including all travel, training, printing, supplies, and other basic support.

**FY 2001-2007**

**Goals/Milestones (All Ongoing Operations):**

- Operate base IT systems, including servers and desktop equipment
- Perform manual data coding and entry for committees below the electronic filing threshold; support Electronic Filing Program
- Operate IT help desk and perform IT training for FEC staff
- Maintain all legacy IT programs and systems
- Provide IT support for the Disclosure and Compliance Programs
- Provide IT support for the Public Funding Program
- Integrate legacy IT systems with new developmental projects

**Costs:**

	Personnel	Non-Personnel	Total
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FY 2001	\$2,695,000	\$1,210,000	\$3,905,000
FY 2002	\$2,795,000	\$1,195,000	\$3,990,500
FY 2003	\$2,938,500	\$1,243,000	\$4,181,500
FY 2004	\$3,088,000	\$1,293,000	\$4,381,000
FY 2005	\$3,245,000	\$1,345,000	\$4,590,000
FY 2006	\$3,409,500	\$1,400,000	\$4,809,500
FY 2007	\$3,582,000	\$1,456,000	\$5,038,000

**APPENDIX C:  
FEDERAL ELECTION COMMISSION  
FY 2002 PERFORMANCE PLAN  
PURSUANT TO GPRA AND OMB A-11**

**March 2001**

**Submitted to Congress/OMB**

# **FY 2002 PERFORMANCE PLAN FEDERAL ELECTION COMMISSION PERFORMANCE MEASURES, GOALS AND TARGETS**

## **PERFORMANCE MEASURES AND GOALS**

The Federal Election Commission (FEC) Strategic Plan identifies performance goals by election cycle or other multi-year periods. The FY 2002 Performance Plan relates these objectives, goals, and targets to FY 2002. The FY 2002 budget request presents resource levels required to achieve the FEC goals and objectives.

The FEC Strategic Plan notes the difficulty in developing measures of performance for the FEC mission. It is difficult to define and measure public faith in the political and campaign finance systems and the effect of the FEC on the public's confidence in the political process. The FEC, however, has developed a set of performance indicators to measure success in achieving improved public confidence in the political process.

If we are successful in meeting our performance targets for timely review and processing of reports, if we meet our targets for resolving enforcement actions in a timely manner, and if we are successful in informing and educating the public about campaign finance, we believe this will help ensure the desired outcomes: public confidence in the FEC to fairly and effectively apply campaign finance rules and to promote disclosure, thereby enabling the electorate to make informed choices in the electoral process. We seek to promote voluntary compliance with the FECA.

## **PERFORMANCE LEVELS AND FUNDING/FTE**

The FEC has requested a FY 2002 budget of 375 FTE and \$47,671,000. The request represents a continuation of funding from FY 2001, originally enacted at \$40,500,000 and 352 FTE, as adjusted to cover inflation, federal COLAs, and the cost of implementing our Information Technology (IT) Strategic Plan. We also adjusted the staffing level to accommodate the administrative fine program that was implemented in FY 2001, but was unfunded in the FY 2001 appropriation. This provides for a continuing resources (Current Services) level of \$42,797,500 for 357 FTE in FY 2002.

In addition to the Current Services level, the FEC has requested additional funding for the Office of Election Administration (OEA) to assist state and local elections administrators: 6 FTE and \$2.542 million in FY 2002 to continue initiatives in elections administration requested for funding in our FY 2001 supplemental request for \$3 million. These initiatives would complete and enhance the revised Voting Systems Standards (VSS)—technical standards for voting machinery. The request would also assist in the development of management and operational standards for voting systems, as part of a comprehensive program to upgrade the administration of federal elections by the 2004 presidential election.

Finally, the FEC has requested another 12 additional staff in FY 2002. The additional staff would be allocated as follows: five FTE for Data Systems for the IT program to support on-going projects and new IT initiatives; four to the Commissioners to provide for an additional executive assistant in all Commissioner offices, beyond the Chairman and Vice Chairman offices, as is currently funded; and three staff for offices currently using contracted temporary assistance to meet workload demands (Information, Personnel, and the ADR program.)

We have also requested funds to provide space to house the additional staff and the projected expansion of the mission of the OEA, plus provide for staffing for the programs

mandated but unfunded in previous FEC appropriations. The five FTE in Data Systems would ensure that on-going IT programs are fully supported and the new initiatives requested can be accomplished.

Therefore, the FEC calculated a "Current Resources Performance" (Current Services) level of \$42.8 million and 357 FTE based on the FY 2001 appropriation, as adjusted. The programmatic increases requested for FY 2002 at our full request level of \$47.7 million for 375 FTE constitute the "Commission Request Performance" level.

Any funding level below the Current Services level, such as the OMB request for the FEC for FY 2002 at \$41.1 million, reflects a "Minimal Performance" level for FY 2002. This level of FEC resources will not support an alternative dispute resolution program (ADR); implement a PricewaterhouseCoopers (PwC) recommendation for a stand-alone Title 2 audit program; support a congressionally mandated administrative fine program; or expand the revision and improvement of the Voting Systems Standards (VSS.) The OMB level of resources would not support the aforementioned programs and would require a combination of reductions in other Commission core programs and staff.

In FY 2002, the Commission determined **not** to request a final increment for disclosure and compliance programs: the "Full Performance Request" as submitted in FY 1998 and FY 1999 to properly process the expected future enforcement workload, plus complete on-going work on the 1996 election cycle major cases. The FY 2002 Request does not include a Full Performance level.

This submission indicates what the different performance level budgets will "buy" in terms of outcomes, as measured in workloads, service levels, and timeliness goals. The ability of the FEC to successfully implement the Federal Election Campaign Act of 1971, as amended, (FECA) and meet our mission responsibilities flows from the levels of service we are capable of providing.

The results or predicted outcomes for each of the major FEC programs are presented below. The desired outcomes for each program are presented at: the Minimal Performance Level (the OMB proposed level of funding) that results in staff levels of 352 FTE or less; the Current Resources Performance Level at 357 FTE; and the FEC Request Performance Level (375 FTE), for those programs that have performance indicated at higher than the Current Services Performance level. Only the incremental changes in performance or timeliness are included in the Current Request Performance Level and the FEC Request Performance Level.

## **FY 2002 PERFORMANCE PLAN**

### **Program I: Disclosure**

#### **Objective: Promote Disclosure and Provide Information**

The desired outcome is that the public can make informed choices in the electoral process due to full disclosure of the sources of candidates' funding for campaigns.

#### Minimal Performance Level (OMB level of 352 FTE or less)

- Meet 48 hour deadline for making reports available for public review of 90% of reports filed at FEC: process (scan, film, file, code and enter summary data) an estimated 65,000 reports and statements in FY 2002 (Public Disclosure/Data Systems)
- Code and enter itemized data from disclosure reports filed, 95% complete within 60 days from the date the reports are received at the FEC (estimated 40,000 reports and 1,000,000 transactions in FY 2002); reduce backlog of unprocessed 2002 cycle reports to less than 1500 (and all unprocessed reports to less than 2,000) by the end of FY 2002 (Data Systems)
- Respond to 75% of requests for assistance from committees in filing reports within 72 hours; 11,000 estimated in FY 2002 (Reports Analysis)
- Review 50% of all quarterly reports filed within 90 days of receipt at Commission, complete 100% review of all reports filed, estimated 40,000 in FY 2002; reduce backlog of unreviewed 2002 cycle reports to less than 20,000, and less than 21,000 for all reports from all cycles by the end of FY 2002 (Reports Analysis)
- Review 100% of all statements received, estimated 10,000 in FY 2002 (Reports Analysis)
- Prepare RFAI's for 100% of all committees' reports reviewed which require them, 50% within 90 days of receipt at Commission, estimated 9,500 in FY 2002 (Reports Analysis)
- Respond to 75% of all requests for documents and data within 72 hours in Public Records, estimated at 26,000 in FY 2002; provide 30,000 printouts to requesters of indices (Public Disclosure)
- Respond to 75% of all press inquiries within 72 hours, and comply with statutory deadlines for 90% of all FOIA requests received; estimated 14,000 and 50 in FY 2002 (Press Office)
- Respond to 75% of requests for general information on FEC and FECA within 72 hours, 14 days for written requests, estimated at 55,000 calls and requests in FY 2002 (Information)
- Respond to 75% of requests for copies of forms, the FECA and Regulations, and Commission brochures and guidelines within 72 hours, estimated at 24,000 calls and requests in FY 2002 (Information)
- Notify all filers of upcoming reporting periods, and provide copies of forms as a pre-reporting notice; publish monthly *FEC Record* (Information)

- Publish statutorily required *Annual Report* and publish the following:
  - FEC Disclosure Forms
  - FECA (the Act)
  - FEC Regulations and updates, 11 CFR
- Enable Commission to meet statutory deadlines for issuance or conclude action on Advisory Opinions for 75% of all 60 and 20 day deadlines, estimated 40 in FY 2002, and meet 45-60 day target for AO reconsiderations, 15 days for deficient request notices (OGC)
- Maintain targets for completion of all rule-making petitions filed pursuant to 11 CFR Part 200, complete revisions to sections of Regulations in FY 2002 (OGC)
- Respond to all requests for legal assistance from FOIA Officer, and for all FOIA appeals, 75% within statutory deadlines, estimated 100 requests in FY 2002 (OGC)

#### Current Resources Performance Level (357 FTE)

- Same as Minimal Performance Level, except for following improvements:
  - Meet 48 hour deadline for making reports available for public review of 99% of reports filed at FEC: process (scan, film, file, code and enter summary data) an estimated 65,000 reports and statements in FY 2002 (Public Disclosure/Data Systems)
  - Code and enter itemized data from disclosure reports filed, 95% complete within 45 days from the date the reports are received at the FEC (estimated 40,000 reports and 1,000,000 transactions in FY 2002); reduce backlog of unprocessed 2002 cycle reports to less than 1500 (and all unprocessed reports to less than 2,000) by the end of FY 2002 (Data Systems)
  - Respond to 100% of requests for assistance from committees in filing reports within 72 hours; 11,000 estimated in FY 2002 (Reports Analysis)
  - Review 60% of all quarterly reports filed within 90 days of receipt at Commission (75% within 120 days), complete 100% review of all reports filed, estimated 40,000 in FY 2002; reduce backlog of unreviewed 2002 cycle reports to less than 15,000, and less than 16,000 for all reports from all cycles by the end of FY 2002 (Reports Analysis)
  - Prepare RFAI's for 100% of all committees' reports reviewed which require them, 60% within 90 days of receipt at Commission, estimated 10,000 in FY 2002 (Reports Analysis)
  - Respond to 100% of all requests for documents and data within 72 hours in Public Records, estimated at 26,000 in FY 2002; provide 30,000 printouts to requesters of indices (Public Disclosure)
  - Respond to 100% of all press inquiries within 72 hours, and comply with statutory deadlines for 95% of all FOIA requests received; estimated 14,000 and 50 in FY 2002 (Press Office)

-- Respond to 100% of requests for general information on FEC and FECA within 72 hours, 14 days for written requests, estimated at 55,000 calls and requests in FY 2002 (Information)

-- Respond to 100% of requests for copies of forms, the FECA and Regulations, and Commission brochures and guidelines within 72 hours, estimated at 24,000 calls and requests in FY 2002 (Information)

-- Notify all filers of upcoming reporting periods, and provide copies of forms as a pre-reporting notice; publish monthly *FEC Record* (Information)

-- Publish statutorily required Annual Report and publish the following:

- FEC Disclosure Forms
- FECA (the Act)
- FEC Regulations and updates, 11 CFR
- Campaign Guides
- Brochures on Election Processes
- Videos on Campaign Finance (Information)

-- Enable Commission to meet statutory deadlines for issuance or conclude action on Advisory Opinions (AO) for 95% of all 60 and 20 day deadlines, estimated 40 in FY 2002, and meet 45-60 day target for AO reconsiderations, 15 days for deficient request notices (OGC)

-- Respond to all requests for legal assistance from FOIA Officer, and for all FOIA appeals, 95% within statutory deadlines, estimated 100 requests in FY 2002 (OGC)

#### FEC Request Performance Level (375 FTE)

-- Same as Current Resources Performance Level

#### FEC Full Performance Level **Not Requested**

### **Program II: Compliance**

#### **Objective: Obtain Compliance and Enforcement**

The desired outcomes are the perception by the regulated community that disclosure reports must be accurately and timely filed and the impartial and timely enforcement of the FECA.

#### Minimal Performance Level (OMB level of 352 FTE or less)

-- Refer a total of 100 committees for potential 438(b) audits from the 2000 election cycle in FY 2001-2002, 65 in FY 2001 and the last 35 referrals in FY 2002 (RAD)

-- Refer a total of 30 committees for potential enforcement actions in FY 2002; complete all enforcement referrals within the second FY of the election cycle (all of 2002 cycle by close of FY 2003) (RAD)

-- Publish committees that fail to file reports (RAD)

-- Complete a reduced number of 438(b) audits; initiate an estimated 25 total audits for the 2000 cycle; initiate all authorized committee audits within six months of the election (Audit)

-- Maintain a system to identify and assign the more significant enforcement cases, more rapidly dispose of less significant cases, and manage limited staff resources: the Enforcement Priority System or EPS (OGC)

-- Performance targets under the EPS include (all estimates assume that significant, major cases from the 1998 and 2000 cycles remain open and active during the 2002 cycle):

Process and close 225 cases in FY 2002, 40% with substantive Commission action (This represents cases in which the Commission has reached a substantive finding on the merits of the matter, other than dismissal, including findings of no RTB)

Assuming a monthly average total caseload of 275 to 290 cases during FY 2002, maintain a monthly average ratio of 40% active to 60% inactive cases (OGC)

-- Permits OGC to continue to effectively process in timely manner 4-5 major cases from pre-2002 election cycles

-- Complete review of 438(b) audit reports within 6-8 weeks on average; complete routine matters in two weeks; perform an estimated 10-15 audit reviews in FY 2002 (OGC)

-- Respond to RAD requests for review of debt settlement plans and administrative terminations within 10 days, complete review of complex debt settlement plans within 60 days; estimated 25 debt settlements and 500 administrative terminations in FY 2002 (OGC)

-- File all litigation pleadings in district court for offensive litigation within 90 days of Commission determination to file suit, and meet all other time limits for briefs and other pleadings imposed by the rule or order of the courts; estimated 10-15 defensive suits initiated in FY 2002 (OGC)

-- Make at least one attempt to initiate settlement prior to commencement of suit for each case early enough to permit consideration by Commission of any settlement proposal prior to target date of initiation of suit; initiate 9 to 10 offensive litigation suits in FY 2002

-- Ensure that all pleadings and briefs represent the Commission's positions persuasively, by reporting on status of each active litigation case once a month, and by maintaining a system to obtain satisfaction of all judgments imposing civil penalties (OGC)

#### Current Resources Performance Level (357 FTE)

-- Same as Minimal Performance Level, except for following improvements:

-- Increase number of Title 2 audits to 40 to 45 audits per election cycle, 20-25 authorized committee audits and 20-25 unauthorized committee audits (Audit)

-- Conduct business process review of RAD procedures and organization by 2004 cycle, not started until FY 2003 at this level (RAD)

- Refer a total of 100 committees for potential 438(b) audits from the 2000 election cycle in FY 2001-2002, 75 in FY 2001 and the last 25 referrals in FY 2002 (RAD)
- Refer a total of 35 committees for potential enforcement actions in FY 2002; complete all enforcement referrals within the second FY of the election cycle (all of 2002 cycle by close of FY 2003) (RAD)
- Permits operation of the administrative fine program to process non-and/or late-filer cases; frees enforcement staff in OGC to work on more complex, substantive cases for potential enforcement action (RAD and OAR)
- Permits operation of alternative dispute resolution (ADR) process to handle administrative complaints and Title 2 audit referrals in a more timely, less resource-intensive process than the traditional enforcement process; frees enforcement staff in OGC to work on more complex, substantive cases for potential enforcement action (ADR)
- Improves case activation ratios to 50%, and the active to inactive ratio for pending caseload to 50% (OGC)
- Complete 20-25 audit reviews in FY 2002 (OGC)
- Initiate 12-15 offensive litigation suits in FY 2002 (OGC)

#### FEC Request Performance Level (375 FTE)

- Same as Current Resources Performance Level, except for following improvements:
- Conduct a business process review of RAD procedures and organization, started in FY 2002; productivity and workload impacts not expected until 2004 cycle (RAD)
- Enhance automated review and data mining capabilities; upgrade RAD staff levels (RAD and Data)

#### FEC Full Performance Level **Not Requested**

### **Program III: Public Financing** **Objective: Administer Public Financing**

The desired outcomes of the public funding program are to process timely and accurately requests for federal funds to qualified presidential candidates and to ensure impartial and timely enforcement of the FECA.

#### Minimal Performance Level (OMB level of 352 FTE or less)

- The 5 temporary FTE in Audit in presidential election cycles will allow timely processing of matching fund requests for each election from January of prior year to December of election year; five temporary employees facilitate ability for monthly processing. (This is similar to temporary assistance utilized in prior election cycles. Assistance of auditors on loan from GAO was terminated in the 1996 cycle. Not necessary until FY 2003.) (Audit)

- With goal of completing all Title 26 audits within two years of the general election, complete 2000 cycle audits of 12 primary candidates, five convention committees (two per major party), and two general election audits by December of 2002 (Audit)
- Produce report to Congress on the 2000 matching fund process within 2-1/2 years of 2000 general election (Audit)
- Complete legal reviews of all 2000 presidential audits within two years of 2000 election (December 2002) (OGC)
- Complete all repayment matters for 2000 cycle committees receiving public funds within three years of general election (by December 2003) (OGC)
- Complete audit legal review comments within 8 weeks of completion of preliminary Title 26 audits for 2000 cycle (OGC)
- Report on enforcement matters arising out of Title 26 audits and presidential campaigns to Commission every 3-6 months, depending upon complexity of cases; complete routine legal matters within one week; complete all investigations of 2000 presidential matters within four year presidential election cycle (by December 2004) (OGC)

Current Resources Performance Level (357 FTE)

- Same as Minimal Performance Level

FEC Request Performance Level (375 FTE)

- Same as Minimal Performance Level

FEC Full Performance Level **Not requested**

**Program IV: Office of Election Administration**

**Objective: Administer Office of Election Administration**

The desired outcomes are that the state and local election officials charged with administering federal elections are able to hold fair, efficient elections with public confidence in the integrity of the results and that election administrators comply with the Voting Accessibility and NVRA statutes. The FEC is required by the NVRA to report to Congress on the impact of the law after each election.

The Office of Election Administration currently is the only federal office directly assisting and supporting state and local election officials through the development of the updated technical Voting Systems Standards (VSS) and ongoing outreach efforts. The ability, or inability, to properly administer elections and tally elections results can affect the outcome of assuring public faith in the electoral process.

Minimal Performance Level (OMB level of 352 FTE or less)

-- Conduct research (\$50,000) into elections administration issues, and respond to 100% of an estimated 7,500 requests for information within one week; research projects include: updated, enhanced VSS

-- Comply with all statutory responsibilities and deadlines with regard to the Voting Accessibility and National Voter Registration Acts

#### Current Resources Performance Level (357 FTE)

-- Same as Minimal Performance Level, except for the following improvements:

-- Fund research at \$100,000 level in FY 2002 (comparable to FY 2000 and prior FY's)

#### FEC Request Performance Level (375 FTE)

-- Same as Current Performance Level, except for the following improvements:

-- Increase funding of OEA by \$2.542 million and 6 FTE to: further enhance updated VSS; develop management standards for elections; update and expand prior OEA studies on ballot access, ballot design, recounts, contested and challenged elections; complete detailed survey of elections administration equipment and resources; and design criteria for grant program to assist state and local elections officials improve the management and conduct of federal elections. Projects include:

\$500,000 for VSS and management standards research

\$500,000 to disseminate and hold educational meetings on standards

\$300,000 to update OEA research on elections administration issues

\$450,000 to disseminate and hold educational meetings on OEA topics

\$610,000 to administer expanded OEA program—6 FTE

-- Hold National Conference of Elections Administration Officials to introduce enhanced, updated VSS, management standards, and hold workshops on updated OEA research efforts for state and local elections officials (\$140,000)

#### FEC Full Performance Level **Not requested**

### **Information Technology (IT) Projects**

IT development and enhancements assist all Divisions and Offices in meeting their objectives and goals as defined above. The two major on-going initiatives are the IT Enhancements and the Electronic Filing projects. (See FEC IT Strategic Plan for FY 2001-2007.)

#### Minimal Performance Level (OMB level of 352 FTE or less)

- Continue to provide point of entry for filing House disclosure documents at the FEC; scan all documents and transmit images to House Office in usable format for that office; eliminate duplicate processing at FEC and House office
- Continuation of multiyear enhancement and upgrade of IT systems for all Commission Offices and Divisions; continue migration to client/server environment; continue implementation of document management system; maintain new finance and accounting system
- Operation of electronic filing system for disclosure reports required to be filed under the FECA; interim system initiated on January 1, 1997; implemented a full electronic filing system on a test basis for 1998 election cycle, completed testing and total system implementation for voluntary electronic filing in 2000 election cycle; implemented mandatory, with thresholds, electronic filing for 2002 cycle in FY 2001
- Assumes \$4.453 million and 8.5 FTE for the computerization initiatives in FY 2002, as provided in the FEC FY 2001-2007 IT Strategic and Performance Plans

#### Current Resources Performance Level (357 FTE)

- Same as Minimal Performance Level, except for the following improvements:
  - -- \$106,000 to purchase and install IT Human Resources package to supplement the new IT finance and accounting system installed in FY 2001; full implementation of HR package delayed until FY 2003 at this level
  - Assumes \$4.703 million and 8.5 FTE for the computerization initiatives in FY 2002, according to the revised FEC FY 2001-2007 IT Strategic and Performance Plans

#### FEC Request Performance Level (375 FTE)

- Same as Current Resources Performance Level, except for the following improvements:
  - 5 additional FTE to ensure timely completion of IT initiatives underway, to provide sufficient support for on-going IT systems, and to support the new initiatives requested below and in future years
  - \$250,000 for analysis, design, and implementation of a Data Mining program to take full advantage of the enhanced IT systems in the review process and enhance the automated review process in RAD
  - \$200,000 to fully implement the IT Human Resources package to supplement the new IT finance and accounting system installed in FY 2001
  - Assumes \$5,578,000 and 13.5 FTE for IT projects in FY 2002

#### FEC Full Performance Level **Not requested**

### **Commission Management and Administration**

Represents the Commissioners, their immediate staff, and the staff management of the agency, including the Staff Director's Office, the Commission Secretary, and the offices of Planning and Management, Personnel, and EEO. While operationally under either the Staff Director or the Deputy Staff Director, the Alternative Dispute Resolution (ADR) office, the Office of Administrative Review, and the Press Office are included in the Disclosure or Compliance Objectives discussion above.

Minimal Performance Level (OMB level of 352 FTE or less)

- Existing Commission and Staff Management staffs necessary to comply with government-wide laws and regulations for budget, planning, personnel (HR), EEO, and other issues affecting federal agencies; provide guidance and support to the staff in meeting the FEC mission and achieving agency objectives and goals

Current Resources Performance Level (357 FTE)

- Same as Minimal Performance Level

FEC Request Performance Level (375 FTE)

- Same as Current Resources Performance Level, except for the following improvements:
  - Implement automated HR package to supplement automated finance system installed in FY 2001, to better serve the HR needs of the FEC (Data and Personnel)
  - Additional four FTE to provide a second Executive Assistant to the four Commissioners other than the Chairman and Vice Chairman (currently only the Chairman and Vice Chairman have an additional Executive Assistant), to improve the ability of the Commissioners to monitor compliance programs and be more fully involved in the management of the agency

FEC Full Performance Level **Not requested**

**APPENDIX D:  
FEDERAL ELECTION COMMISSION  
STRATEGIC PLAN  
FY 2001-2007  
PURSUANT TO GPRA AND OMB A-11  
March 2001**

**Submitted to Congress/OMB**

## **FEDERAL ELECTION COMMISSION STRATEGIC PLAN FY 2001-2007**

As directed by the Congress, OMB, and the GPRA, the Strategic Plan provides the framework for how the Federal Election Commission (FEC) will use its resources to implement and enforce the campaign finance laws during the 2000 (FY 2000-2001), 2002 (FY 2002-2003), 2004 (FY 2004-2005 and 2006 (FY 2006-2007) election cycles.

The information in this plan is consistent with all currently available OMB guidance including OMB Circular A-11, as revised, per Transmittal Memorandums for all OMB A-11 Supplements. The plan will be modified in accordance with any future OMB guidance to agencies concerning compliance with the provisions of Public Law 103-62, the Government Performance and Results Act (GPRA.)

### **MISSION STATEMENT**

**The mission of the FEC is to assure that the campaign finance process is fully disclosed and that the rules are effectively and fairly enforced, fostering the electorate's faith in the integrity of the nation's political process.**

The sanctity of the political process is key to public faith in the policy decisions made by the elected and executive branches of government. Desired outcomes from the successful achievement of this mission include providing the electorate with the capability to make educated, informed decisions in the political process as to where candidates for federal office derive their financial support, and the confidence that those who disregard the Federal Election Campaign Act of 1971, as amended (FECA) restrictions on campaign financing and/or its requirements for public disclosure will suffer real and evenhanded consequences for non-compliance.

In attaining these outcomes, the FEC strives to foster and maintain an attitude of voluntary compliance with the rules of the campaign finance process. The FEC realizes that voluntary compliance and public confidence are necessary because limited budgetary resources preclude massive efforts to enforce the FECA.

In any election cycle, nearly 8,000 committees file between 80,000 to 85,000 reports, which contain between 1.5 to over 2 million itemized processed transactions (contributions), as well as millions of other itemized disbursements, receipts and other payments not entered into Commission databases. At the same time, the FEC has the resources to audit less than 1% of the committees filing reports in any given cycle, and only has the capacity to actively pursue between 1.5 to 2% of total committees through the compliance (enforcement) process (average monthly total of active cases since FY 1995) at any given time. As a result, voluntary compliance is the only possible method to ensure widespread compliance with the FECA in the campaign finance universe as it is configured currently.

Administering and enforcing the FECA includes facilitating public disclosure of campaign finance activity; providing information and policy guidance to the public, press, political committees, and elections officials on the law and Commission regulations; encouraging voluntary compliance with the disclosure and other requirements of the FECA; and enforcing the statute through audits, investigations, and civil litigation. Administering and enforcing the FECA also involves implementing the public funding programs for Presidential campaigns and conventions.

This includes certification and audits of participating candidates and committees, and enforcement of public funding legislation.

## **DESCRIPTION OF GENERAL GOALS AND OBJECTIVES**

In order to achieve this mission, the FEC has identified four major goals and objectives. Because it is difficult to quantify and measure faith in a political process, we have tied these four goals and objectives to four core programs, which themselves are more easily subject to quantification and measurement:

PROGRAM I. Promoting disclosure of campaign finance reports required to be filed for public view under the FECA (Title 2): to promote full, accurate, and timely disclosure of campaign finance activity in federal elections, and to provide information and policy guidance on the FECA to the public, press, and those persons and entities required to comply with the FECA.

PROGRAM II. Enforcing the disclosure and limitations provisions of the FECA (Title 2): to encourage and obtain voluntary compliance with the disclosure and limitations provisions of the FECA through enforcement of the FECA in a timely, consistent, and comprehensive manner.

PROGRAM III. Implementing the presidential election public funding provisions of the FECA (Title 26): to successfully administer the public funding provisions of the FECA under Title 26 U.S.C. for qualified candidates in presidential elections.

PROGRAM IV. Enhancing federal election administration: to assist state and local election officials charged with administering federal elections through operation of the National Clearinghouse on Election Administration, or Office of Election Administration (OEA.)

It is assumed that the successful outcomes of these programs will ultimately lead to the successful achievement of the Commission's mission to assure public confidence in the campaign finance system.

## **ACHIEVEMENT OF GENERAL GOALS AND OBJECTIVES--EXPECTED OUTCOMES**

The desired mission related outcome is that the public has a high level of faith and trust in the fairness of the campaign finance and political processes. Program related outcomes include:

Program I, Public Disclosure. Outcomes:

- That sources of campaign funds in federal elections are accurately, fully, and timely disclosed to the public;
- That the electorate can make informed decisions as to the sources of campaign funds for candidates for federal office;
- That the electorate can readily obtain campaign finance information directly from the FEC in usable formats;

- That the press and media can use FEC data to more widely disclose campaign finance information;
- That the public and the campaign finance community can easily obtain policy guidance and assistance in understanding and complying with the FECA.

Program II, Compliance. Outcomes:

- That the public has confidence that the FECA is fairly and swiftly enforced;
- That the election community has a high level of confidence that the FECA is fairly enforced, resulting in a high level of voluntary compliance with the FECA;
- That the election community believes that there are real, timely consequences for violation of the disclosure and limitation provisions of the FECA;
- That limited FEC enforcement resources are focused on the most salient and significant compliance concerns under the FECA.

Program III, Public Financing. Outcomes:

- That the successful implementation of the public funding provisions of the FECA continues for each presidential election;
- That all federal funds disbursed in presidential elections are properly certified and accounted for by eligible candidates;
- That all audits and enforcement actions related to public funding are completed in a fair and timely fashion;
- That there are real and timely consequences for failure to comply with the FECA requirements under Title 26.

Program IV, Election Administration. Outcomes:

- That the FEC complies with all statutory responsibilities under the NVRA (National Voter Registration Act) and Voting Accessibility Act, to help improve the national level of voter registration and accessibility of polling places;
- That state and local elections officials receive informational and educational assistance in administering federal elections in an efficient and effective manner;
- That public confidence in the fairness and reliability of the polling process in federal elections remains high.

**RELATIONSHIP BETWEEN PERFORMANCE GOALS IN THE ANNUAL PERFORMANCE PLAN AND GENERAL GOALS AND OBJECTIVES IN THE STRATEGIC PLAN.**

Definition of an Election Cycle

The Commission defines its work generally in the context of election cycles. There are, however, many definitions of an "election cycle." For example, for disclosure database purposes,

the FEC thinks in terms of four calendar years, i.e. the 2002 Database begins in January of 2001 and continues through December of 2004. However, the press and academicians define an election cycle as the preceding and actual election years, i.e., calendar years 2001 and 2002 for the 2002 election cycle.

In the context of this Strategic Plan, the FEC notes that the actual 2002 election occurs in FY 2003, and that the break in fiscal years (October 1) comes in the middle of the peak pre-election period when the FEC experiences its heaviest workloads for many programs.

As a result, for budget and planning purposes, the FEC generally considers an election cycle to include the election year and the following year, i.e., FY 2002 and FY 2003 comprise the 2002 election cycle for the purposes of this Strategic Plan. However, the flow of work for programs such as audits and enforcement actions is such that action on the referrals for audits and compliance actions from the 2002 election most likely will not be finalized for three to four years after the election cycle. This is particularly true for presidential audits and enforcement cases arising from the public funding provisions of the FECA. Therefore, work undertaken or completed in any fiscal year will necessarily include work arising from two or more election cycles.

#### Strategic Plan and Election Cycles/Performance Plan and FY's

The Strategic Plan discusses performance goals and workloads by election cycle (unless otherwise noted), while the Performance Plan relates the activities of the specific fiscal year (FY 2002) to work from several election cycles. The Performance Plan also relates the performance goals for the FY to the levels of funding, relating the impact of reduced funding to the obtainable level of outcomes possible.

### **STRATEGIC PLAN FY 2001-2007 PERFORMANCE GOALS**

The targets and goals included in this Strategic Plan are based on the assumption that the Commission receives an appropriation at least sufficient to fund 362 FTE in each FY in a presidential election cycle (357 FTE in a congressional election cycle, the difference being five FTE of temporaries to assist in certifying matching funds in the 2004 and 2008 presidential elections.) This reflects base Commission funding in FY 2001, and provides what we term a "Current Resources Performance" level of funding. For FY 2001, the Commission supplemented the authorized FY 2000 staffing with sufficient staff to implement the legislative mandates for institution of an administrative fine program and mandatory electronic filing, as well as the PwC recommended alternative dispute resolution program (ADR). PwC refers to the Price Waterhouse Coopers review of the Commission's programs by the GAO, and the resulting recommendations from that review.

Any level of funding less than the Current Resources Performance level, such as the OMB proposed budget for the Commission in FY 2002, is termed a "Minimal Performance" level. This reduced level of funding results in a reduced level of performance, and jeopardizes the achievement of our mission and our major program objectives. The reduced performance is reflected in several ways. For example, there would be slippage of the time frames for completion of data collection, reports review, and referrals for audits and/or compliance actions, as well as for responsiveness to requests for information and data inquiries.

Reduced performance would also be reflected in delays in completing the milestones for the IT programs set forth in our IT Strategic Plan. In some instances, less would be accomplished as well as delays experienced. The FY 2002 OMB Budget proposed for the FEC would jeopardize the operations of the ADR and the administrative fine programs, as well as the

PwC recommended stand-alone Title 2 audit program (audits of committees not receiving federal funds even in presidential election years.)

The FEC has experienced a more than 1000% percent increase in total campaign finance activity since 1976 (from \$300 million in total disbursements in federal elections in 1976 to over \$3.5 billion in the 2000 election.) This increase in total financial activity has led to a 27% increase in total documents filed in an election cycle since the 1984 cycle, as well as a 400% increase in itemized transactions entered into the disclosure databases since 1984. The Commission has met these increases with a relatively static level of staffing though the use of management initiatives, productivity increases, and the use of technological improvements, particularly the IT initiatives.

While the Commission will make every effort to use advancements such as the mandatory electronic filing program, the ADR program, and the administrative fine program rather than staff increases, the core Commission programs and staff resources must be at least maintained. It is vital to the successful achievement of our agency mission and major program objectives that the Current Resources Performance level, at a minimum, is funded. To further enhance our ability to achieve our mission, the agency FEC Request Performance level of funding is more than justified. The goals and targets identified below reflect the Current Resources Performance level.

## PROGRAM I. DISCLOSURE

In order to meet the outcome goal that the public is capable of being fully informed about campaign finance sources, during each federal election cycle (primaries and the general elections) the Commission will accomplish the following:

A. Place between 80,000 to 85,000 reports and 20,000 to 25,000 statements from over 8,000 committees filing reports on the public record each election cycle:

1. Complete coding and entry of summary data from documents and statements filed each cycle and meet the 48 hour deadline for making documents public for 99% of those filed;
2. Complete coding and entry of itemized data from reports filed, including 1.5 to 2.0 million itemized transactions per cycle, completing 95% within 45 days of reports being received at the FEC;
3. Complete the review of all reports filed and refer all potential enforcement actions and audits each cycle, 60% of reviews within 90 days of receipt (quarterly filing periods);
4. Issue 17,500 Requests for Additional Information (RFAI's) per cycle to correct the public record, 60% within 90 days of receipt of report (contacting filers within 90 days minimizes repetitious errors which tend to further burden the disclosure process);
5. Respond to requests for assistance from 21,000 filers per cycle.

B. Produce analytical summaries and releases of campaign finance data in summary form, and in the aggregate and by individual committees, periodically prior to each election, and in summary form after each general election:

1. Produce analytical releases after each election year quarterly report and the pre-general election report;
2. Produce Summary statistical analyses after each election cycle in book form: Reports on Financial Activity;
3. Conduct a database accuracy review monthly for summary and itemized data entry.

C. Make FEC database and data available to requesters directly through computerized access:

1. Provide free access to the FEC disclosure database to all state elections offices wishing to participate and grant waivers for state filings for participating states: currently 47 states;
2. Provide timely on-line access to the FEC disclosure database to the public through the services of the Data Systems Division and the storefront Public Records Office;
3. Make electronic filings available over the Internet upon receipt and processing at the FEC and make images of non-electronically filed reports also viewable on the FEC Web site.

D. Respond to over 320,000 requests for data, information, copies of reports or indices, and other requests for assistance each cycle:

1. 60,000 requests in Public Records;
2. 120,000 inquiries in Information, primarily over the toll-free line;
3. 30,000 requests in the Press Office, and over 200 FOIA requests;
4. 50,000 requesters receive copies of materials and publications;
5. 60,000 computer indices and printouts.

E. Respond to Advisory Opinion requests and operate informational outreach programs:

1. Respond to 100% of 50 to 60 Advisory Opinion requests per cycle within 60 and 20 day statutory deadlines;
2. Publish an Annual Report each year, the *FEC Record* monthly, and provide prior notice of filing dates to filers;
3. Make FEC disclosure forms and copies of FECA and FEC Regulations available to filers;
4. Produce additional informational and educational publications and videos such as campaign guides, brochures, and other pamphlets;
5. Conduct five to six campaign finance workshops to educate filers.

## PROGRAM II. COMPLIANCE

In order to meet the outcome goal that the public is assured of impartial and timely enforcement of FECA, the Commission will accomplish the following:

A. Make 175-200 referrals from the Reports Analysis Division for potential audit or enforcement per cycle:

1. Refer 100 committees for potential audits under 2 U.S.C.438(b) per cycle, with 80 in second year of cycle (e.g. FY 2003 for 2002 cycle) and all audit referrals of candidate committees within the statutory deadline of six months from the general election;
2. Refer 75 to 100 committees for potential enforcement actions under 2 U.S.C. 437(g) per cycle.

B. Complete audits of committees referred under 2 U.S.C. 438(b), estimated 45-50 for each cycle:

1. 20-25 unauthorized (non-candidate) committees;
2. 20-25 authorized (candidate) committees;
3. Also complete review of all audits for legal issues.

C. Process enforcement workload arising from complaints and the internal review and referral system for each cycle:

1. Process 250-300 complaints plus 75-100 internal referrals during the two-year period;
2. Assuming an average total caseload of 275-300 cases in any given month, maintain an average active caseload of 45-50% of total caseload.
3. Activate 45-50% of incoming cases on average over the election cycle.

D. Close 375-400 cases in each election cycle, 45-50% with substantive Commission action. (This 45% represents cases in which the Commission has reached a substantive finding on the merits of the matter, other than dismissal, including findings of no RTB.)

E. Conserve limited enforcement resources for more complex, substantive cases by continuing an administrative fine program for late and non-filing committees, removing non-filer enforcement from the standard complex enforcement process.

F. Conserve additional enforcement resources through the continued operation of the ADR program, designed to streamline the resolution of administrative complaints and Title 2 audit referrals without resorting to the more complex, substantive enforcement procedures. Number of cases to be determined from experience from the 2000 and 2002 election cycles, still to be completed and quantified.

G. Pursue resolution of cases through litigation and defend the FEC and FECA in suits brought by other parties to fully enforce the FECA:

1. Initiate litigation in an estimated 25-30 offensive suits per cycle (always meeting five-year statute of limitations);
2. Defend the FEC and FECA in 20-30 suits initiated per cycle.

### PROGRAM III. PUBLIC FINANCING

In order to meet the outcome goal that the public funding programs under the FECA are fully implemented and fairly and speedily enforced, the Commission will accomplish the following:

Within two years of each presidential general election:

A. Complete the certification of payments to and audits of publicly funded candidates in presidential elections:

1. Process monthly certification requests for federal matching funds (estimated 10-12 candidates in a presidential election with an incumbent, 15-17 candidates in an "open" presidential election);
2. Audit primary candidates receiving federal matching funds (same criteria for number of candidates);
3. Audit at least four (major) national party convention and host committees receiving federal funds for nominating conventions, and any eligible minor party convention committees;
4. Audit general election candidate committees of two major parties (and any eligible minor parties).

Within three years of each presidential general election:

B. Complete legal review of presidential audits:

1. Review legal issues arising from primary audits, at least four convention audits, and two or three general election audits;
2. Resolve repayment questions for committees receiving federal funds (always meeting three year statute of limitations).

C. Initiate enforcement cases involving presidential committees referred through internal referral process or complaint.

D. Provide Congress with a report on the public funding programs.

Within four years of each presidential general election:

E. Complete initial actions on enforcement cases involving presidential committees referred through internal process or complaint.

## PROGRAM IV. OFFICE OF ELECTION ADMINISTRATION

In order to meet the outcome goal that the FEC will assist state and local elections officials in conducting federal elections, the Commission will operate the Office of Election Administration each election cycle, and accomplish the following:

### A. Conduct research projects in elections administration issues and publish results:

1. Fund research projects as appropriate, making results available in printed form (less in contracts at reduced funding levels);
2. Update and enhance the technical VSS, develop management standards for elections administration, and provide models and best practices in elections administration to state and local officials;
3. By 2003, make computerized results available on-line.

### B. Provide informational and educational outreach to elections administration officials, and seek their input by conducting an annual advisory panel meeting:

1. Attend state and national elections officials' conferences and meetings;
2. Respond to 12,000 informational requests per cycle, and publish an elections administration journal;
3. Conduct an annual advisory panel meeting;
4. Conduct educational workshops to disseminate the result of research projects to elections officials;
5. Meet with elections officials from other countries to foster the spread of democratic, fair and well-administered elections.

### C. Carry-out the obligations of the Office of Election Administration with regard to voting accessibility and NVRA ("motor voter") legislation:

1. Review NVRA state regulations and registration forms and report to Congress on the impact of the NVRA after each election;
2. Coordinate research projects with needs of officials to comply with NVRA.

## COMPUTERIZATION AND ELECTRONIC FILING PROJECTS

In order to successfully meet the goals for the four core programs, the FEC will also undertake the following projects from FY 2001 through FY 2007:

- Supplement and enhance existing FEC IT systems, migrating to a client/server environment; complete fully enhanced installation in FY 2003, complete document management and imaging systems in FY 2003;

- Implement a full-scale, mandatory electronic filing system during the 2002 election cycle, with all committees able to file electronically;
- Operate and enhance mandatory electronic filing system for the 2002, 2004 and 2006 cycles;
- Develop optical scanning and other technological responses to Senate filings and those other committees not meeting the mandatory thresholds for electronic filing for 2004 and 2006 cycles;
- Once client server migration and document management systems are installed, initiate development of the portals accessibility program of web-based access to FEC databases and data FY 2003-2007.

The IT Enhancements and Electronic Filing projects are discussed in the Commission's FY 2001-2007 IT Strategic and Performance Plans. The timing of the completion of the remaining IT initiatives is dependent upon the overall level of FEC funding.

### **KEY FACTORS THAT COULD AFFECT ACHIEVEMENT OF GENERAL GOALS AND OBJECTIVES**

External factors which have the greatest potential to significantly and adversely impact on our ability to achieve our statutory mission are those that affect the general application of the FECA itself. Such factors include, but are not limited to:

- The number of candidates who run for federal office and the amount of money involved in the political process;
- Significant and substantive amendment to the FECA itself, which could either close present "loopholes" in the law and strengthen the FEC's enforcement and disclosure operations, or changes loosening the regulations regarding the limits and restrictions on fundraising and reporting;
- Definitive Supreme Court judicial review of presently contested elements of the FECA, e.g. the definition of "express advocacy," the legal determination of what activity by a group triggers registration as a committee (and thus reporting requirements and limitation provisions), and similar controversial elements of the present regulatory regime;
- The solvency of the Presidential Election Campaign Fund and, as a consequence, the determination of presidential candidates to either opt in or out of the public funding programs;
- Major increases or decreases in the level of funding appropriated to the FEC and the presence and nature of any restrictions on the use of those funds;
- Significant increases or decreases in the level of competition in federal election campaigns, the volume and intensity of fundraising for federal campaigns, and the general political attitude, interest, and awareness of the public and the electorate, which can greatly influence the tone and competitiveness of elections.

All of these factors can influence the amount of money to be regulated by the FEC each election cycle, driving FEC workloads such as the number of reports filed and transactions to be processed, the volume of requests for information, data, and assistance made to the FEC, and the

number of complaints filed with the Commission. Of all these factors, the status of the presidential fund and the appropriations level for the FEC are perhaps the most salient currently.

Record levels of campaign finance activity in the past five election cycles, coupled with limited budgetary resources available, have severely strained the Commission's ability to meet mission objectives and performance goals. The status of the presidential fund may become an active factor in the 2004 election, due to declining public support of the check-off and absent any legislative fix to index income into the fund.

## **FEC PROGRAM EVALUATION ACTIVITIES**

The FEC has a planning and budgeting system which is based on a detailed Management Information System (MIS), and is driven by program based workloads and activity data, outputs, and productivity measures. In an on-going evaluation process, the monthly MIS reports and FY based productivity measures are used to evaluate program efficiency and effectiveness. The FEC has also married the A-123 and A-127 processes, under the Federal Managers' Financial Management and Integrity Act or FMFMIA, to ongoing program management activities, and has striven to relate the annual A-123 reports to the FEC Budget requests.

The evaluation of program resources, mainly staff resources, and the resulting program outputs and productivity measures are used in the internal planning and budget formulation processes. Commission Management Plans and Budget Requests are workload-driven, and related to resource levels and expected program activity levels.

As a personnel intensive agency, about 70% of the Commission's resources are staff costs, and the remaining 30% represents mainly rent and other direct support for that staff. Using the MIS and Summary MIS reports, both produced on a monthly basis, all workloads, program outputs, productivity, and effectiveness and efficiency are constantly being monitored, often in great detail. This is reported to the Commission in monthly Management Reports from the Staff Director. Several other tracking systems monitor the status of reports processing (filing, filming, data coding and entry, and reports review), enforcement and litigation activities, Advisory Opinions and regulatory rule making, and audit progress. The Enforcement Priority System continually adjusts active enforcement caseloads to match available resources.

A major, multiyear effort to institute a Case Management system for OGC to track enforcement cases has resulted in the system becoming operational in FY 2001. This IT based system monitors case status and tracks staff time by case for all OGC programs, not just enforcement. The implementation of the Case Management system provides a significant new evaluational tool for the FEC to monitor resource usage and case progress.

The Performance Goals contained in this Strategic Plan and the annual FY based Performance Plans are tied directly to the Commission's workload and activity measures and the level of funding requested. The detailed level of on-going program activity monitoring and output measurement efforts will enable the Commission to determine if our performance goals are being achieved. This will provide the basis for future evaluations of our efforts.

As noted above, quantifying and measuring faith in a political process is difficult. The FEC does believe that our performance goals and the related program outputs help indicate whether we can achieve the desired outcomes of public faith in the campaign finance system and the political process. Lack of funding precludes establishment of an evaluation staff dedicated solely to perform formal program reviews and evaluations. However, the detailed MIS monitoring system, and the FEC OIG audits of Commission financial and related systems, provide an ongoing evaluation system of some detail.

## **STRATEGIC PLANNING ISSUES FY 2001-2007**

Over the next several election cycles, the FEC will be dealing with several major issues as it evaluates the annual performance of the agency and prepares budget requests. Some of the most significant issues include:

### **Public Financing Issues**

- the status and sufficiency of the presidential election campaign fund in the 2004 and 2008 presidential elections;
- the role of the FEC in a mixed environment of publicly funded and privately funded presidential campaigns in the next two cycles (scope of audits, etc.);
- the impact of a severe shortfall of available public funds during a presidential election cycle;
- the possible "collapse" of public funding due to either the choice of the candidates and/or the shortfall of the fund.

### **Filing and Processing Issues**

- full implementation of the mandatory electronic filing system in the 2002 cycle and the subsequent elections in 2004-2008;
- the change in Data Systems resources from the current coding and entry processing environment to the electronic filing environment (with a mix of the electronic filers and the smaller committees continuing to file under the current system;)
- the impact of the on-going issue of the Senate filings, which represent a significant segment of the filing universe which will not be electronically filed;
- maintaining consistency of data from electronic and non-electronic filers in the disclosure databases;
- should the Commission use resources freed up by electronic filing to enhance automation and disclosure of new data such as expenditures?

### **Reports Review Issues**

- the resolution of significant reports review backlogs for the 2000 (and possible future) election cycles: additional resources, and/or further automated review procedures to relieve the workload pressure in RAD;

-- the role of the review of reports in the disclosure and compliance programs of the Commission (do we need to continue 100% review of all disclosure reports?)

#### Information and Disclosure Issues

-- possible reduction of staff in response programs due to the reduction of direct inquiries to FEC staff due to the use of IT and other technology to process demands for information and data;

-- impact of possible FEC reorganization and restructuring of FEC programs in response to changing demands for information and data;

-- review of efficacy and scope of FEC outreach efforts to educate and inform the public and the filing community.

#### Compliance Issues

-- role of administrative fine program: continue beyond 2001; impact on filing and reporting of disclosure data and on RAD review programs;

-- scope of Title 2, or 438(b), Discretionary Audit program: expand number of audits, continue limited scope audit program to be tested in 2000 cycle?

#### Enforcement Issues

-- impact of ADR and administrative fine programs on enforcement workloads; impact of automated review and RAD thresholds on enforcement workloads;

-- has EPS and Case Management resulted in: faster closing of cases and focusing of enforcement resources on more significant cases?

-- efficacy of litigation and enforcement—are we setting precedents and building a case record in significant areas of the FECA and fostering compliance with the FECA?

#### Regulations and Policy Issues

-- areas of the FECA and/or Regulations which need to be clarified, or revisited for possible revision.

**APPENDIX E:  
FEDERAL ELECTION COMMISSION**

**PRICEWATERHOUSECOOPERS'S  
RECOMMENDATIONS/IMPROVEMENT OPPORTUNITIES  
MARCH 2001 STATUS REPORT**

**Submitted to Congress/OMB**

# **PricewaterhouseCoopers's Recommendations/Improvement Opportunities – March 2001 Status Report**

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# PricewaterhouseCoopers's Recommendations/Improvement Opportunities

## March 2001 Status Report

Recommendations 1, 2, 4, 5, 7, 9, 12, 13 and 14 and Improvement Opportunity 4-15 have been designated high priority by staff.

### PwC Recommendations

**1. Authorize mandatory electronic filing for major filers:** Electronic filing offers the most cost-efficient and effective method to capture campaign finance transactions. The FEC needs legislative authority to require committees, which meet FEC-determined thresholds of financial activity, to file reports electronically by a date certain. (4.2.6)

***PwC Approach:*** Congressional action required

***PwC Timeframe:*** 2002 election cycle

***Lead Office:*** Data

***Participating Offices:*** Information, OGC Policy, RAD, Commissioners' Offices, Audit, Public Disclosure, and Press

***Target Completion Date:*** Recommendation Completed December 2000

***FEC Progress:*** On September 29, 1999, the President signed H.R. 2490, the fiscal year 2000 Treasury, Postal Service and General Government Appropriations Act, which mandates electronic filing in the 2002 election cycle for all political committees, other than Senate committees. The provision takes effect for reporting periods beginning after December 31, 2000. The Commission approved proposed rules, received public comments, and approved final rules, which were submitted to Congress for 30 legislative days on June 16, 2000. The new rules became effective for reporting periods beginning after December 31, 2000.

The first mandatory electronic filings were received for the monthly reports due on February 20, 2001. Of the 605 reports received for the February 20 filing, 440 reports were filed electronically. Only one committee that was required to file electronically submitted a paper report, and the committee was informed that the report had to be submitted electronically. More than 1,000 committees filed electronically during the 2000 election cycle under the voluntary electronic filing program.

**2. Standardize reporting on an election-cycle basis (campaign-to-date basis), rather than a calendar-year basis:** Standardized reporting periods on an election-cycle basis would simplify candidate committee record-keeping, reduce the number of filing errors requiring RFAIs, and increase the usefulness of the disclosure database. (4.2.5)

***PwC Approach:*** Congressional action required

***PwC Timeframe:*** 2002 election cycle

**Lead Office:** Public Disclosure  
**Participating Office:** OGC Policy, Audit, Press, RAD, Information, and Data  
**Target Completion Date:** Recommendation completed December 2000  
**FEC Progress:** On September 29, 1999, the President signed H.R. 2490, the fiscal year 2000 Treasury, Postal Service and General Government Appropriations Act, which included a change to the FECA requiring committees to report on an election-cycle basis. The new amendment changes the aggregate reporting of information for candidate campaigns from calendar-year to campaign-cycle reporting, effective for the reporting period beginning after December 31, 2000. The Commission approved proposed rules, received public comments, and then approved final rules, which were submitted to Congress for 30 legislative days on July 5, 2000. The new rules became effective for reporting periods beginning after December 31, 2000. Corresponding revisions to the reporting forms were transmitted to Congress during September and also went into effect at the beginning of this year.

### **3. Transfer the point-of-entry for Senate candidate committee reports to the FEC:**

The FEC must maintain separate and costly filing, imaging, and document retrieval processes to accommodate Senate filings. Establishing the FEC as the single point-of-entry for filings would reduce FEC costs and increase the timeliness of filing and compliance notices. (4.2.7)

**PwC Approach:** Congressional action required  
**PwC Timeframe:** 2000 election cycle  
**Lead Offices:** Public Disclosure and Data  
**Participating Office:** OGC Policy  
**Target Completion Date:** Recommendation completed September 2000  
**FEC Progress:** The Commission worked with the Senate Public Records Office to implement measures to transmit scanned images of reports filed with the Senate to the FEC. The Senate contracted with a vendor to enhance the Senate's image scanning process by modifying images scanned at the Senate to make them conform with FEC images. These modifications allowed the FEC to integrate Senate images with the FEC's imaging system. The high speed communication line to enable the Senate to transmit its filings directly to the FEC has been installed, and the necessary communication components configured. Senate images are being transmitted and processed so that all images of Senate financial reports are retrievable on the FEC Web site. (This permits many Senate filers to stop filing a duplicate of their report with their Secretary of State due to the FEC's state-filing waiver program.) Paper copies of the electronically transmitted images are printed and made available for public review and data entry.

The issue of facilitating voluntary electronic filing by Senate committees is still under consideration by the Rules Committee.

### **4. Authorize the FEC to establish an administrative fine schedule, subject to reasonable appeal procedures, for straightforward disclosure violations:** Moving these violations out of the formal enforcement process would allow more efficient and effective use

of enforcement resources for activating and resolving more significant matters under review. (4.3.3.5)

**PwC Approach:** Congressional action required  
**PwC Timeframe:** 2000 election cycle  
**Lead Offices:** OGC and RAD  
**Participating Offices:** Data, Public Disclosure, Congressional Affairs, and Staff Director's Office  
**Target Completion Date:** Recommendation completed July 2000

**FEC Progress:** On September 29, 1999, the President signed H.R. 2490, the fiscal year 2000 Treasury, Postal Service and General Government Appropriations Act, which included an amendment to the FECA establishing an administrative fine schedule for straightforward reporting violations occurring between January 1, 2000, and December 31, 2001. Under an expedited review schedule, the Commission conducted a rulemaking, and approved a new fine schedule, new internal procedures, final regulations, and an implementation strategy that took effect on July 14, 2000. The program was implemented with the July Quarterly Reports due on July 15, 2000. As of March 12, 2001, the Commission has made public its final determinations in 48 cases and has collected civil money penalties totaling \$63,230. In addition, the percentage of reports filed late in the later stages of the 1999-2000 election cycle decreased when compared to the two previous election cycles. For example, 11% of the 2000 Year-End Reports were filed late, while 24% were filed late for the 1998 and 22% for the 1996 Year-End reporting periods. The Commission submitted a priority legislative recommendation to Congress urging that the pilot program be extended to reporting periods that end on or before December 31, 2003 to permit additional time to evaluate the impact of the program.

**5. Enforce the use of standard filing guidelines and forms for the entire regulated community during the transition to electronic filing:** Standardizing how forms and amendments to forms are submitted and requiring the submission of all disclosure information in a typeface format would improve the disclosure and reports review processes. (4.2.5)

**PwC Approach:** Requires Notice of Proposed Rulemaking  
**PwC Timeframe:** FY 1999  
**Lead Office:** Public Disclosure  
**Participating Offices:** Audit, Information, OGC Policy, RAD, Administration and Data

**Target Completion Date:** Redesign of Forms, Completed September 2000

**FEC Progress:** This recommendation has two parts: forms redesign and standardized reporting/processing practices.

*Forms Redesign.* A contract for the redesign of FEC forms was awarded on September 14, 1999. The contractor completed their recommended redesign on March 21, 2000. The modifications are intended to improve the speed and clarity of processing and permit implementation of automated systems for converting paper reports to data in the

most efficient manner. The redesigned reporting forms, including other changes required to implement statutory changes in election cycle aggregation and mandatory electronic filing were transmitted to Congress in September, 2000 and are now in use for reporting periods beginning on or after January 1, 2001.

*Standardized Reporting/Processing Practices.* On February 11, 2000, the working group submitted to the Staff Director a final document putting forth several reporting practices which, if standardized and enforced, would enhance the disclosure operation with more timely entry of itemized transactions and more accurate reporting. A draft document entitled “How to Amend Reports,” prepared by a subgroup of the task force, is included in the final package of recommendations.

**6. Set up Internet connections on several PCs in the Public Records Division so that the public can access the FEC Web page:** This step enhances resources available in Public Records. (4.2.1)

***PwC Approach:*** Minimal Data Systems support  
***PwC Timeframe:*** FY 1999  
***Lead Office:*** Public Disclosure  
***Participating Office:*** Data  
***Target Completion Date:*** Recommendation implemented in 1999

**7. Engage in intraprogram and interprogram management-planning activities to improve resource utilization and to enable process efficiencies:** Increased emphasis on management planning will support improvements in disclosure productivity. (4.2.9)

***PwC Approach:*** Ongoing work with business process maps as a baseline  
***PwC Timeframe:*** FY 1999  
***Lead Offices:*** Staff Director and General Counsel  
***Participating Offices:*** All  
***Target Completion Date:*** Recommendation completed  
***FEC Progress:*** In response to this recommendation, the Staff Director and General Counsel have established several working groups tasked with:

- Marketing electronic filing;
- Identifying reporting guidelines and practices which, if standardized, would improve efficiency and effectiveness of our disclosure operations;
- Identifying ways to reengineer the reports review process to take better advantage of information technology;
- Establishing Internet connections in Public Records so that the public can access the FEC Web Page;
- Reducing the number of legal reviews;
- Developing an annual descriptive offense profile of compliance matters;
- Implementing administrative fines—a new statutory provision;
- Implementing election-cycle reporting—new statutory provision;
- Establishing a Title 2 Audit-for-Cause Program.

Previously established working groups have continued to work on:

- Implementing a Case Management System;
- Implementing a Document Management System;
- Developing a relational disclosure database;
- Enhancing the FEC's Web site;
- Modifying disclosure forms into a machine readable format;
- Implementing Electronic Filing;
- Expanding IT initiatives;
- Developing an ADR program that will augment existing enforcement efforts; and
- Finance Committee matters.

**8. Realign resources in Disclosure and in Data Systems coding and entry into a single disclosure process with one accountable manager:** Consolidating the disclosure process from two divisions into one with a single manager will increase accountability and streamline disclosure process functions and resources. (4.2.4)

**PwC Approach:** Three months developing consolidation plan (\$50,000 for facilitation support)

**PwC Timeframe:** FY 2000

**Lead Office:** Public Disclosure

**Participating Offices:** Data

**FEC Progress:** In the past, the FEC tried a "unified approach" to disclosure, review and data coding and entry. The approach was unsuccessful.

The Commission believes that the disclosure program and data entry and coding are working quite well. In fact, PricewaterhouseCoopers also found that the Commission completed its disclosure requirements in a timely manner.

**9. Work with internal and external user groups to determine modernization requirements for the existing disclosure database:** Beginning to assess internal and external user requirements will accelerate the move away from DB1032 to a relational database and thereby strengthen the disclosure and reports analysis processes. (4.2.8)

**PwC Approach:** Six months to design IT strategy (\$500,000 for database design support and acquisition)

**PwC Timeframe:** FY 2000

**Lead Office:** Data

**Participating Offices:** Audit, Press, Public Disclosure, and RAD

**Target Completion Date:** Recommendation completed March 2000.

**FEC Progress:** The transition to a relational database is occurring in the following stages:

- The FEC issued a task order to AMS against a GSA contract for \$112,000 to complete the second phase of developing a client/server strategy for the disclosure function. The final client/server strategy report was delivered in March 2000. A contract to begin implementation was awarded in September 2000.

- The FEC and AMS consulted with both internal and external users during the functional requirements phase.
- Functional requirements for the new disclosure database are completed. The next phase, the design and initial data mapping to allow conversion of data from the existing database is underway. The design of the new disclosure database permits greater flexibility to search and retrieve information and to accommodate greater data capture and analysis capabilities.
- The project is scheduled to be completed by December 2002.

**11. Transition to a paperless disclosure and reports review process:** During the transition period to an electronic filing environment, the FEC will need to support existing and new disclosure and reports review processes. For example, the Reports Analysis Division requires a business process reengineering (BPR) study to design an electronic reports review and exception reporting system. (3.3.10 and 4.2.3)

**PwC Approach:** Design and document requirements (\$500,000 for BPR study)

**PwC Timeframe:** FY 2001, with design/document phase completed in 6 months

**Lead Offices:** Public Disclosure and RAD

**Participating Offices:** Audit, Press and Data

**Target Completion Date:** Recommendation completed

**FEC Progress:** RAD continues to work with the contractor, NIC, to further upgrade the electronic review process. The latest version was implemented on February 20, 2001. Although other small upgrades are expected, further major development of this program awaits the implementation of the Commission's client server system. Once the system is available, the electronic review program will be greatly expanded to provide for the automatic identification of reporting, disclosure and compliance problems. The electronic review system will also assist in committee notification of possible problems and in the tracking of committee responses to RAD notifications. Currently, there are approximately 70 programs that assist RAD with review, non-filer and compliance tracking to include administrative fines. Some of these programs have been combined into two major programs, but the individual sub-programs can still be run separately.

**11. Prepare and maintain documentation supporting EPS (Enforcement Priority System) case-activation decisions:** This step will increase the transparency and accountability of OGC case-activation decisions. (3.3.3) (See also: Improvement Opportunity 4-20.)

**PwC Approach:** Two months

**PwC Timeframe:** FY 1999

**Lead Office:** OGC Enforcement and OGC PFESP

**Participating Offices:** None

**Target Completion Date:** Recommendation completed April 1999

**12. Compile an annual descriptive offense profile of compliance matters to better inform Commissioners, policy makers, and the public about emerging law enforcement trends:**

To undertake this project, the FEC will need outside assistance from other Federal law enforcement statistics agencies and a contractor to design a database (in conjunction with the case management system) and to code closed cases. (3.3.4 and 4.3.3.6) (See also: Improvement Opportunities 3-2 and 4-22.)

**PwC Approach:** Eight months to research, design, automate, and code closed cases (\$250,000)

**PwC Timeframe:** FY 1999

**Lead Office:** OGC Enforcement and OGC PFESP

**Participating Offices:** OGC, Administration, Data, Information

**Target Completion Date:** FY 2002

**FEC Progress:** The Commission has contracted with Booz/Allen & Hamilton to define the requirements for a comprehensive offense profile database. A working group, composed of representatives from OGC, Data, Planning and Management and Information, has worked with Booz/Allen on this project. Booz/Allen submitted its requirements document to the Commission on February 22, 2000, containing alternative approaches to the compiling of offense profile information. On April 11, 2000, the Commission approved one alternative with modifications and referred the Booz/Allen recommendations for implementation. This project will be completed in FY 2002.

**13. Convene an internal OGC working group to develop recommendations for consideration by the Commissioners to reduce the number of legal reviews embedded in the enforcement process:**

This effort will speed Commissioner consideration of enforcement case stages. (4.3.3.2) (See also: Improvement Opportunity 4-18.)

**PwC Approach:** Four months

**PwC Timeframe:** FY 2000

**Lead Office:** OGC Enforcement and OGC PFESP

**Participating Offices:** None

**Target Completion Date:** Recommendation completed February 2000.

**FEC Progress:** The Levels of Review working group submitted a report to the Commission, which was discussed at the February 15, 2000, executive session meeting. The Commission accepted the report, directed OGC to report back to the Commission regarding implementation of the working group's recommendations, and directed the working group to outline the specific issues it wants the Commission to consider. OGC has implemented some of the working group recommendations and it is in the process of identifying issues for Commission consideration.

**14. Complete the case management system and use the workflow and staff utilization data to establish enforcement workload standards:**

After the system has tracked cases throughout FY 1999, a baseline set of metrics should guide the development of these standards. (4.3.3.6)

**PwC Approach:** Twelve months  
**PwC Timeframe:** FY 2000  
**Lead Office:** OGC  
**Participating Offices:** Data, Planning and Management, Staff Director, and Commissioners' Offices  
**Target Completion Date:** Phase I--February 2000; Complete—2001  
**FEC Progress:** OGC and the Commission Secretary continue to keep CMS current with case information and Commission votes. CMS is now in use throughout OGC and training of new employees is provided on an on-going basis. OGC has established procedures for regular verification of the data input into CMS and it continues to develop materials to assist employees in enhancing the accuracy and verification of data. The Commission also has entered into a contract with Ernst & Young to document and further develop OGC policies and procedures in the entry and verification of data entry into the CMS. Ernst & Young also is developing materials to be used in training personnel so that they will have a more in depth understanding of the system. Management has provided the NTEU its proposed enhancements to CMS and the NTEU is currently evaluating them. Labor/Management negotiations will begin once the NTEU has finished its review of the enhancements. System modifications are expected to begin after the completion of negotiations.

**15. Assign dedicated resources to establish a single Title 2 audit-for-cause process in the Audit Division independent of Title 26 audit resource requirements:**

Conducting a predetermined threshold number of audits for cause is necessary to enhance visibility in the filing community and to deter noncompliant activities. (4.3.2.4) (See also Improvement Opportunity 4-15.)

**PwC Approach:** Additional Audit Division personnel  
**PwC Timeframe:** FY 2001  
**Lead Offices:** Audit, OGC PFESP and Staff Director  
**Participating Offices:** RAD, Public Disclosure, Data  
**Target Completion Date:** Electronic Audit Workflow and Management System, 4<sup>th</sup> Quarter, 2001  
 Audit internship program for Title 2 audits, 1<sup>st</sup> quarter, 2001  
**FEC Progress:** The Audit Division initially identified three approaches that would allow the agency to focus more resources on the Title 2 audit-for-cause program:

*External Contracts for Convention-Related Entities.* This option no longer appears to be a viable solution because of the high costs involved.

*Temporary Peak Workload Assistance: Intern/Co-op Program.* Recruitment of participants in an intern or coop program began during the first half of FY 2001. It is expected that, FTE permitting, one or more interns will be hired during the 1<sup>st</sup> or 2<sup>nd</sup> quarter, 2001. Utilization of interns during this period will be a preamble to carrying out a comprehensive intern program in the 3<sup>rd</sup> and 4<sup>th</sup> quarters, FY2001.

*Use of Risk Analysis and Other Resource-Saving Methodologies.* With assistance from the Data Division, the Audit Division has finalized a contract for a Requirements

Analysis and Cost Benefit Study to identify the requirements of an electronic audit workflow and management process. The reports should be completed prior to the end of the fourth quarter, 2001. Implementation, if warranted, would occur during the first quarter of FY 2002.

*Preliminary Conclusion.* If all the approaches/modifications (not including contracting out convention audits) discussed above are implemented, the FEC would significantly increase the number of Title 2 audits covering the 2000 election cycle. Preliminary estimates put the number of audits of authorized committees at 24 (roughly 22 House audits and 2 Senate audits)<sup>1</sup> and the number of nonauthorized committee audits at 20-21, for a total of 45 audits for that cycle. In contrast, over the last three election cycles (1992 through 1996) an average of 9 authorized and 12 nonauthorized committees have been slated for audit. While we increased the Title 2 audits in the 1998 cycle, the 2000 cycle represents the first time the FEC has a true “stand alone” Title 2 audit capability that will not lose most of its resources to the statutory Title 26 audits during presidential election cycles. House and Senate audits would be commenced within 6 months of the general election unless the auditee requested a postponement; in no case would an authorized committee audit begin later than August of the year after the election, unless the compulsory process had to be employed. Further, all of the House and Senate audits would be publicly released within one year of commencement, unless the compulsory process had to be employed. The 2-year deadline on release of Title 26 audit reports would continue to be met.

The OGC PFESP section reviewed the Title 2 audit process and the Enforcement Priority System (EPS) II, with special emphasis on processing Title 2 audit referrals. On May 10, 2000, the Commission approved OGC PFESP recommendations with respect to draft revisions to EPS II.

In September 1999, the Commission established a task force under the direction of the Staff Director to focus on the Title 2 audit process. In September, 2000 the Commission approved a procedure developed by the Task Force to evaluate the scope of 2 U.S.C. §438(b) audits of authorized committees. Commencing with the audits of the 2000 cycle candidate committees, this procedure is intended to limit the amount of time spent on areas identified as low risk; audit resources would then be focused on areas where problems are most likely to be present. A similar procedure for 2 U.S.C. §438(b) audits of non-authorized committees (PAC’s and party committees) will be developed this year.

**16. Select a permanent Staff Director tasked to improve overall organizational performance:** The FEC now has the opportunity to select a permanent Staff Director who can help renew the organization. FEC Commissioners should consider retaining an executive-recruiting firm to validate the candidate list for their consideration. (3.3.6)

***PwC Approach:*** Two months to identify candidates (\$50,000 for candidate

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<sup>1</sup> These numbers represent 5 percent of all House and Senate seats up for election in the 2000 election cycle.

validation)

**PwC Timeframe:** FY 1999

**FEC Progress:** Recommendation implemented April 1999

**17. Establish annual performance objectives for the Staff Director and the**

**General Counsel:** To establish and maintain organizational accountability, Commissioners need to communicate desired organizational achievements to both statutory officers and delegate authority to execute tasks. (3.3.6)

**PwC Approach:** Three months to establish performance criteria

**PwC Timeframe:** FY 1999

**Lead Office:** Commissioners

**Participating Offices:** Staff Director, General Counsel and Personnel

**Target Completion Date:**

**FEC Progress:** Both the former and the current Chairman initially reviewed the qualifications of five potential contractors recommended by the FEC's Personnel Director. In response to inquiries about the applicants' legal experience, the Personnel Director provided additional information. After reviewing this material, the Staff Director was instructed to reexamine the tasks to be undertaken by a contractor.

**18. Encourage more collaboration and communication among existing work**

**groups:** The Staff Director should convene regularly scheduled meetings to increase cross-divisional communication and collaboration and to review management information system performance data. (3.3.5)

**PwC Approach:** Minimal

**PwC Timetable:** FY 1999

**Lead Offices:** Staff Director and General Counsel

**FEC Progress:** Recommendation implemented. For more information, see Recommendation # 7 and other specific PwC recommendations.

**19. Develop a new performance appraisal process for managers:** A pilot project should be initiated, using an upward feedback system, to ensure that FEC managers have put into practice those behaviors that foster communication and ownership of problems and reward innovation. (3.3.7)

**PwC Approach:** Six months to research, develop, and administer pilot survey (\$50,000)

**PwC Timetable:** FY 1999

**Lead Office:** Personnel

**Participating Offices:** All

**FEC Progress:** Some of the companies that were interviewed with respect to the SD/GC performance objective project also indicated a willingness and desire to work on this recommendation.

**20. Explore alternatives to the Federal General Service classification system:**

Alternatives to the current use of the Federal GS classification system should be explored as a means to increase promotional opportunities and provide a more flexible compensation system. (3.3.11)

**PwC Approach:** Four months to research and investigate options, with OPM support

**PwC Timetable:** FY 1999

**Lead Office:** Personnel

**Participating Offices:** All

**FEC Progress:** The FEC has various pay options currently available to it under Title 5 compensation laws. Staff have explored alternatives to the status quo such as broadbanding. For now, it appears that greater utilization of the available pay flexibilities under Title 5 (e.g., appointment above the minimum step, redesigning positions to support a higher career ladder grade) has improved our recruitment. In addition, the Personnel Office has investigated the effectiveness of broadbanding by contacting other public agencies who have implemented broadbanding. The Department of Defense, CIA and the State of South Carolina all have implemented some form of a broadbanding pay system. Each of these organization's reports that costs of broadbanding significantly exceeded their expectations. A broadbanding system requires a strong performance management measuring system in order to determine pay increases fairly. Initially most employees indicated general satisfaction with the pay banded system. However, as these three agencies incorporated more financial controls in order to curb costs, employee satisfaction with the banded system, dropped. If the Commission were to decide to adopt another method of determining pay for its employees, any changes would require legislative action.

**21. Conduct customer satisfaction surveys after an election cycle to understand expectations and measure changes in filer satisfaction with the products and services provided by the FEC:**

Using the baseline findings provided in this report, regular surveys will allow FEC to discontinue services that have diminishing value, to better understand the needs of the filing community, and to better deploy FEC resources. (3.3.3)

**PwC Approach:** \$75,000 each election cycle

**PwC Timetable:** FY 2001

**Lead Office:** Information

**Participating Offices:** Public Records, RAD, Press, OGC Administration, Data and Planning & Management

**Target Completion Date:** 3<sup>rd</sup> Quarter, 2001

**FEC Progress:** Project will be undertaken by the Information Division after the completion of the 2000 election. The Commission is exploring the possibility of contracting this survey out.

**Improvement Opportunities**

**Improvement Opportunity 3-7:** The FEC should create a more open and proactive problem-solving environment for doing business.

This and several of the following Improvement Opportunities parallel a number of the recommendations described above (see, for example, recommendations 7, 9, 16, 18 and 21).

**Improvement Opportunity 3-9:** The Data Division should routinely conduct an internal FEC staff survey to assess user satisfaction.

**Lead Office:** Data

**Participating Offices:** All

**FEC Progress:** A user survey is planned to be conducted in FY 2001.

**Improvement Opportunity 3-10:** FY 2000 is the time for the FEC to begin to lay the framework for significant business process reengineering efforts. Future and ongoing ADP initiatives should incorporate a business process reengineering effort led by the program offices, not DSDD.

**Lead Office:** Data

**Participating Offices:** All

**FEC Progress:** See Recommendation # 10.

**Improvement Opportunity 4-1:** FEC should redesign a disclosure database that supports internal staff needs, as well as the public's needs.

**FEC Progress:** This is a fundamental element in the design of the client/server disclosure database. See response to Recommendation #9.

**Improvement Opportunity 4-3:** FEC should set up Internet connections on several PCs in the Public Records Division. The Internet could be used to access other campaign finance databases and Web sites on third-party information providers.

**Lead Office:** Data

**FEC Progress:** This effort was completed in July 1999 when DSDD configured all of the PC's in Public Records so that the public could access other campaign finance Web sites.

**Improvement Opportunity 4-4:** The Processing Branch should support all imaging needs throughout the Commission. Processing staff could work with the Office of the General Counsel to assist that Office with its imaging needs.

**Lead Office:** Public Disclosure

**Participating Offices:** Data

**Target Completion Date:** FY 2002

**FEC Progress:** The Commission issued to AMS a contract for the development of a comprehensive document management system, including replacement of the imaging system, that will significantly expand the use of imaging technologies throughout the Commission. The system is scheduled for implementation in FY 2002.

**Improvement Opportunity 4-5:** Once the Commission has a certain date for mandatory electronic filing, RAD should begin to work with Data Systems to develop an automated, paperless review process to replace the existing manual, paper-intensive reviews.

- Since February 2001, RAD has been using the latest upgrade to the automated review program. Per RAD requirements, the program conducts all math checks and presents the data in formats that permit quicker review for missing information. The program has been expanded to check information between two reports. It will continue to be upgraded over time. See PwC Recommendation 10.

**Improvement Opportunity 4-6:** Realign resources in the Disclosure and Data Systems Divisions to enable a more unified approach to disclosure. FEC should establish a single office for disclosure...responsible for creating the public record (from start to finish), as well as FEC compliance with the 48-hour rule.

**FEC Progress:** See Recommendation # 8.

**Improvement Opportunity 4-8:** In the event that mandatory electronic filing seems unlikely in the foreseeable future, the FEC should explore alternate plans to the EFS that would optimize its existing investment in imaging technology by integrating compatible technologies such as optical character recognition (OCR), bar codes and workflow software.

**FEC Progress:** See Recommendations #5 and #10.

**Improvement Opportunity 4-10:** The FEC should continue to solicit input from both filers and internal staff regarding necessary enhancements to the electronic filing system.

**Lead Office:** Data

**Participating Offices:** None

**FEC Progress:** Mandatory electronic filing was implemented beginning with the monthly reports due on February 20, 2001. RAD was integral in the development of the electronic filing system. The Commission continues to maintain extensive contact with filers and software vendors. Training programs are conducted for both internal and external users, testing facilities have been upgraded, and outreach efforts including presentations at meetings attended by committee officials are ongoing.

**Improvement Opportunity 4-15:** Continue to calibrate the RAD referral thresholds with OGC Enforcement Section civil penalty guidelines so that RAD referrals to OGC result in conciliation agreements with monetary penalties.

**Lead Offices:** RAD, OGC Enforcement and OGC PFESP

**Participating Office:** Audit

**FEC Progress:** See Recommendation #15.

**Improvement Opportunity 4-16:** To increase the level of detection of patterns of improper campaign finance practices, RAD should initiate a data-mining and contributor-collaboration software pilot to assess the degree to which “financial” transaction violations can be identified.

**Lead Office:** RAD

**Participating Office:** Data

**FEC Progress:** Developments in automating RAD review of reports will have an impact on data-mining activities. Improved search and analysis capabilities also are being built into the new disclosure database. Data mining capabilities will be expanded beginning in FY 2002. See Recommendations # 9 and #10.

**Improvement Opportunity 4-20:** Development efforts should be initiated by OGC to define additional scoring criteria that estimate resource allocation by tier of case.

**Lead Office:** OGC Enforcement and OGC PFESP

**Participating Offices:** None

**FEC Progress:** The Office of General Counsel anticipates considering this proposal once the NTEU and Management have concluded negotiations over enhancements to the case management system. .See Recommendation #14.

## Other Projects

### **1. Transfer payroll and personnel systems to the National Finance Center.**

**Lead Office:** Accounting

**Participating Offices:** Accounting, Personnel, Data

**Target Completion Date:** Project completed November 1999

**FEC Progress:** The FEC has completed the process of migrating both its Personnel and Payroll systems to the USDA's National Finance Center (NFC).

### **2. Year 2000 Remediation Effort**

**Lead Office:** Data

**Participating Offices:** All Divisions

**Target Completion Date:** Project completed December 1999

**FEC Progress:** A complete end-to-end test of all systems was performed, and successfully completed on December 17, 1999. On January 1, 2000, the FEC Y2K Project Work Group and supporting staff, conducted actual data rollover checks and all systems operated with no problems. The Y2K Day-One After Action Report was completed on January 13, 2000.

### **3. Conduct computer security review.**

**Lead Office:** Data

**Participating Offices:** Data

**Target Completion Date:** Project completed March 2000

**FEC Progress:** Utilizing GSA's MOBIS schedule, the FEC placed a task order with Booz-Allen to conduct a complete computer security review. The order involved a review of all facets of computer security, including internal controls, physical access, unauthorized software, computer viruses, network infrastructure and review of local area network as required by OMB Circular A-130. The FEC in conjunction with Booz-Allen developed the following reports: Information Technology Security – Program Plan, in October 1999; Report of a Risk Assessment of the FEC Network, November 1999; Local Area Network System Security Plan, March 2000; Network Security Penetration Test Results, February 2000. The Network Security Penetration Test Results delivered in February 2000 were the result of a penetration test conducted from January 17, 2000 to February 1, 2000. In FY 2001 the FEC will begin to fortify areas that Booz-Allen identified during the penetration test in January 2000. The Data Division is developing a Commission-wide training program that will be implemented in April 2001.

### **4. Enhance FEC Web site.**

**Lead Office:** Data

**Participating Offices:** Virtually all

**Target Completion Date:** Project completed December 1999

**FEC Progress:** The redesigned FEC Web site was launched in December, 1999 and has been widely regarded as a significant improvement in organization and presentation of material.

On January 31, 2000, the Commission began posting agendas and agenda documents for open Commission meetings, as well as Advisory Opinion Requests and correspondence related to pending Advisory Opinions, on the Web site. In addition, the FEC is also posting rulemaking documents on its website, including proposed rules and comments thereon, final rules, explanations and justifications for final rules, and petitions for rulemaking.

**5. Implement Document Management System in OGC (PCDocs).**

**Lead Office:** OGC

**Participating Offices:** Data, Commissioners' Offices

**Target Completion Date:** September 2001

**FEC Progress:** OGC PFESP was selected as the pilot group for implementing this project. The requirements analysis was completed in March 2000, and the draft design was submitted in July 2000, with implementation scheduled for completion in September 2001.

**6. Implement Document and Tracking System in Audit (TeamMate).**

**Lead Office:** Audit

**Participating Offices:** Audit and Data

**Target Completion Date:** August 2001

**FEC Progress:** PwC was selected to conduct a requirements analysis of the audit work process. Specifically, the vendor identified a system to optimize the audit workflow process, provide electronic work papers and track audits. The final report was delivered to the FEC in March 2000. The report is being evaluated. It is anticipated that a decision will be finalized by April, 2001; acquisition and implementation of the electronic audit workflow and management process is slated for FY 2001. Transitional issues and training of staff would occur in first quarter FY 2002.

**7. Expand imaging process to include materials other than campaign finance reports.**

(See Improvement Opportunity 4-4.)

**8. Conduct feasibility study of Optical Scanning Recognition and Bar Code technology.**

**Lead Office:** Data

**Target Completion Date:** FY 2004

**FEC Progress:** One element of the Commission-wide document management system will be to review the feasibility of optical scanning recognition and bar code technology. The agency will plan to conduct a Cost/Benefit Analysis in FY2003, to

determine the feasibility of using OCR technologies to address the requirement of converting non-electronically filed financial reports to an electronic format. Depending on the outcome of this study, the design and development of OCR technologies is planned for FY2003 and FY2004.

**9. Contract for IT services and data entry support services.**

**Lead Office:** Data  
**Participating Offices:** None  
**Target Completion Date:** Project completed August 1999  
**FEC Progress:** A contract for data entry support services was awarded in FY 1999.

**10. Renovate building.**

**Lead Office:** Administration, Planning and Management  
**Participating Offices:** All  
**Target Completion Date:** Project completed in December 2000

**11. Expand the 2 U.S.C.§437(g) field audit program.**

**Lead Office:** OGC  
**Participating Offices:** Audit, RAD, Public Disclosure, Staff Director, Commissioners' Offices

**Target Completion Date:**

**FEC Progress:** On September 14, 1999, the Commission authorized a task force to focus on the Title 2 audit process and on ways to expand the use of audits in the Commission's enforcement process. The task force includes representatives from the Commissioners' offices, the Staff Director's office, Audit Division, OGC, RAD, Public Disclosure and Data. (See PwC Recommendation #15)

**12. Alternative Dispute Resolution (ADR) Pilot Program.**

**Lead Office:** OGC  
**Participating Offices:** Staff Director, Commissioners' Offices  
**Target Completion Date:** October 2000

**FEC Progress:** In December of 1999, the Federal Mediation and Conciliation Service (FMCS) presented the Commission with a final ADR design report, including findings and recommendations. The Commission accepted the report and approved the concept of an ADR pilot program. In addition to the FMSC report, OGC developed case selection criteria to assist in defining the scope of the ADR project. As a result of the December meeting, the Commission directed the Staff Director, in conjunction with OGC, to draft a proposal to implement the ADR program and to issue a vacancy announcement for the Director, Office of ADR. In May of 2000, a Director of the Office of ADR was selected; this individual will report to the Staff Director and be responsible for developing and implementing the ADR program. During the following months, the ADR Director, working with OGC, made a formal proposal to the Commission containing the

details of the ADR pilot program. On July 25, 2000, the Commission approved the proposal. The project began October 1, 2000. As of March 1, 2001, the ADR Office concluded eight agreements based on seven complaints filed with the Commission. Settlements were obtained in an average of 91 days from the time matters were referred to the ADR office. Civil penalties from the eight agreements totaled approximately \$17,800.

**13. Determine effect of projected shortage in Presidential public funding program.**

**14. Integration of Macintosh Publishing Program Into Commission-Wide Server-Based Computer System**

*Lead Office:* Data

*Participating Offices:* Information Division, Administrative Division

*Target Completion Date:* Project completed February 2000

*FEC Progress:* A server was installed to exclusively handle all work related to FEC publications produced on the Macintosh. Implementation increased the efficiency and productivity of the agency's publications program.

**15. Waiver of State Filing Requirements.**

*Lead Office:* Public Records

*Participating Offices:* RAD, Data, Information, OGC Policy

*Target Completion Date:* Project completed.

*FEC Progress:* In 1995, Congress enacted 2 U.S.C. §439(c), which exempts states from receiving and maintaining copies of federal campaign finance reports provided that the state, "as determined by the Commission, has a system that permits electronic access to, and duplication of, reports and statements that are filed with the Commission."

In addition to implementing the statutory provisions of 2 U.S.C. §439(c), there are three complementary goals of a state filing waiver: to relieve state offices of filing and maintenance burdens, to relieve committees of duplicative state filing, and to maintain or increase the level of state disclosure.

On October 14, 1999, the Commission formally approved a program to provide state offices with a method that ensures public Internet access to the Commission's web site to view and copy the federal campaign finance disclosure reports. The FEC provides states with surplus computer equipment.

On March 17, 2000, the Commission transmitted final rules to Congress to implement this program. Following the required legislative review period, the new rules took effect on June 7, 2000.

To date 47 states or comparable jurisdictions have responded positively to participating in the state waiver program and have given the FEC their hardware and software requirements. Of that total, 47 have been granted a waiver.

**16. Review Operation of Commission Secretariat.**

*Lead Office:* Commission Secretary

***Target Completion Date:*** Project completed March 2000

***FEC Progress:*** A report was submitted by PricewaterhouseCoopers to the Staff Director in January 2000. The report compared operations of the Commission Secretariat with operations of the Secretariats of several similar Federal agencies. Since no significant findings were cited, significant changes in that office do not appear to be warranted. Nonetheless, since the PwC report, several improvements in this office have been implemented, such as the computer-based Commissioner Research Database which provides easier search capability regarding Commission votes.