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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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AGENDA ITEM

For Meeting of: 8-24-00

August 21, 2000

MEMORANDUM

TO: The Commission

THROUGH: James A. Pehrkon, Staff Director
Bobby Zarin, Deputy Assistant Staff Director, Information

FROM: Dorothy Yeager (Information) for The Forms Committee¹

SUBJECT: Revisions to Reporting Forms and Instructions

SUBMITTED LATE

The Forms Committee is submitting for the Commission's approval revised reporting forms, along with corresponding instructions. Many of these revisions were necessitated by recent statutory and regulatory changes regarding election cycle reporting by authorized committees, mandatory electronic filing and state filing waivers. This packet includes the following forms: FEC Forms 1, 1M, 2, 3, 3P, 3X, 4, 5, 6 and 8. New text and revisions are indicated by redlining, and a table of contents is attached for your convenience.

Time Frame

The revisions to the forms and their instructions must take effect in the first reporting period beginning after December 31, 2000, as they implement statutory and regulatory changes that become effective at that time. In order to take effect at that time, they must pend before Congress for 10 legislative days before its adjournment in early October this year. It is also important to allow sufficient time for the FEC and commercial software vendors to update their electronic filing software based on these revisions.

Notable Changes to the Forms Include:

- A new schedule, Post-Election Detailed Summary Page, page 3 (plus instructions) for Forms 3 and 3P. This schedule will replace the Detailed Summary Page, page 2, but only in the first report filed after a general election, when a campaign committee must disclose activity for two election cycles in one report.

¹ The Forms Committee consists of Dorothy Yeager (Information Division); Irene Allen (Data Systems Development Division); R. Blake Lange (Printing Officer); Rosemary Smith (Office of General Counsel); Lisa Stolaruk (Reports Analysis Division); Wanda Thomas (Audit Division); and Patricia Young (Public Disclosure Division).

- A new "self-coding" format for Forms 1, 3 and 3X, including all the schedules. These forms were developed for the eventual implementation of OCR technology.
- New category codes for further categorization of the "purpose of disbursements" (Schedule B for Forms 3 and 3X; Schedules E, F and H4 for Form 3X).

Revisions to the Instructions address:

- Election cycle reporting (Forms 3 and 3P);
- Mandatory electronic filing;
- The state filing waiver;
- New category codes for further categorization of the "purpose of disbursements" (Schedule B for Forms 3 and 3X ; Schedules E, F and H4 for Form 3X); and
- Other minor corrections as noted.

Background and Further Information About the Changes

Mandatory Electronic Filing, Self Coding and the Redesign of the Forms

Implementation of mandatory electronic filing means that the Commission will now be able to obtain comprehensive information from large committees in data form, which will provide significant opportunities for improved disclosure. Based on 1998 information, mandatory electronic filers should submit about 55% of all financial reports containing about 70% of all of the pages submitted. For the remaining 45% of reports, submitted on paper forms, the attached forms have been developed.² The new forms will allow us to quickly create comprehensive data from paper filings to match information received electronically. This format also is consistent with new systems such as optical character recognition (OCR), which will be available to automatically transfer information into the Disclosure Database.

Moreover, for the first time, operating expenditures and other disbursements will be added to the database, giving the Commission the ability to provide a better understanding of how committee funds are spent. In order to make this information meaningful and comparable to the information submitted through electronic filing, we are introducing a coding system for the disbursements. Filers will voluntarily assign codes to their disbursements, as well as provide a textual explanation of the "purpose of disbursement," which is required by law.

The following specific changes have been made:

² Note, however, that thus far filers who submit their reports to the Secretary of the Senate do not participate in the electronic filing program. They will use the new format for paper forms.

- Form 1 has been revised to provide for the Congressionally-mandated disclosure of a committee's e-mail address, required from all electronic filers, and Web site address, required if the committee has an Internet Web site.
- Where applicable, the instructions on the Forms have been changed to note the mandatory electronic filing requirements.
- Schedule B for Forms 3 and 3X and Schedules E, F and H4 for Form 3X have been revised to include coding of disbursements according to a set list of categories provided in the instructions. The required reporting of the purpose of disbursements is not changed by this proposal.
- Form 1, Form 3, Form 3X and related Schedules have been redesigned for self-coding.³

Election-Cycle Reporting Regulations: Forms 3 and 3P and related Schedules have been revised. In addition, a new summary page has been designed for both Forms 3 and 3P, which authorized committees will file in either their Post-General or Year-End Election Reports. The page provides for the required election-cycle aggregation during a reporting period that spans two election cycles. This form was developed with the collaboration of the Election Cycle Reporting Task Force.⁴ Please note that the Forms Committee anticipates that, for Form 3, this new page 3 will be transformed into the new self-coding format used in the rest of revised Form 3.

State Filing Waiver Regulations: Where applicable, the instructions have been changed to inform committees of the new rules governing the filing of reports with state election offices.

³ At the meeting of December 4, 1997, the Commission discussed the prospect of adopting and implementing self-coding reporting forms in the disclosure process. A draft Form 3 Summary Page was approved as a concept for a self-coding disclosure report, and the Forms Committee was directed to revise Form 3 and 3X in accordance with this concept. The Forms Committee was also directed to review how the forms could be revised with the goal of improving efficiency in processing and timely release of the information. This initiative was echoed in the PwC Technology and Performance Audit issued in January 1999, with the suggestion that the reporting forms be redesigned to provide for more accurate reporting by filers, to allow for quicker processing of the data into the database and to position the Commission to incorporate optical character recognition (OCR) technology into its imaging system. The resulting model forms in this document were developed by a contractor in response to this PwC recommendation. The contract was awarded on September 14, 1999. The vendor worked closely with the Commission's Task Force on Forms Redesign, which consisted of Irene Allen (Data Systems Development Division); Bob Biersack (Data Systems Development Division); John Gibson (Reports Analysis Division); Rick Hooper (Data Systems Development Division); and Patricia Young (Public Disclosure Division).

⁴ The Election Cycle Reporting Task Force consists of Cheryl Fowle and Rosemary Smith (Office of General Counsel); Rick Halter (Audit); Irene Allen and Bob Biersack (Data Systems Development Division); Bobby Zarin (Information Division); Ron Harris (Press Office); Patricia Young (Public Disclosure Division) and Pat Sheppard (Reports Analysis Division).

Recommendation

The Forms Committee recommends that the Commission approve the attached forms and revised instructions for transmittal to Congress. —