

**APPENDIX A:
FEDERAL ELECTION COMMISSION
STRATEGIC PLAN
FY 2004-2009
PURSUANT TO GPRA AND OMB A-11**

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Submitted to Congress/OMB

FEDERAL ELECTION COMMISSION STRATEGIC PLAN FY 2004-2009

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 2002 (FY 2002-2003), 2004 (FY 2004-2005), 2006 (FY 2006-2007) and 2008 (FY 2008-2009) 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.) The FEC Strategic Plan will be reviewed and revised in the FY 2007 Budget preparation process.

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 based in part on 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 85,000 to 90,000 reports, which contain between 2.5 to 3.0 million itemized processed transactions (contributions), as well as millions of other itemized disbursements, receipts and other payments previously not entered into Commission databases (now filed electronically except for Senate reports and other committees with less than \$50,000 in activity.) 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 GOALS AND OBJECTIVES

To achieve this mission, the FEC has identified three major goals and objectives. The transfer of the Office of Election Administration to the Election Assistance Commission in FY 2004 reduced the number of objectives from four to three. The goals and objectives are tied to the remaining three core FEC programs:

Program I: Public Disclosure

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: Compliance

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: Public Financing

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.

The successful outcome of these programs will lead to the achievement of the FEC mission to assure public confidence in the campaign finance system.

ACHIEVEMENT OF GOALS AND OBJECTIVES--EXPECTED OUTCOMES

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

Program I: Public Disclosure

Outcomes are:

- 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 are:

- 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 FEC enforcement resources are focused on the most salient and significant compliance concerns under the FECA.

Program III: Public Financing

Outcomes are:

- 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.

RELATIONSHIP BETWEEN PERFORMANCE GOALS IN THE ANNUAL PERFORMANCE PLAN (BUDGET) AND GOALS AND OBJECTIVES IN THE STRATEGIC PLAN.

Definition of an Election Cycle

The Commission defines its work in the context of election cycles. An election cycle is defined generally as the preceding and actual election years, i.e., calendar years 2003 and 2004 constitute the 2004 election cycle.

In the Strategic Plan, the FEC notes that the 2004 election occurs in FY 2005, 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. 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 2004 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 (now Performance Budget) relates the activities of the specific fiscal year (FY 2005) to work from several election cycles. The Performance Budget request 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 2004-2009 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 391 FTE in each FY, which is the Current Services Performance level.

Any level of funding less than the Current Services Performance level is 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. Minimal funding levels would also jeopardize the operations of the ADR and the administrative fine programs and the stand-alone Title 2 audit program (audits of committees not receiving federal funds).

The FEC has experienced a more than 1366% percent increase in total campaign finance activity since 1976 (from \$300 million in total disbursements in federal elections in 1976 to over \$4.4 billion in the 2004 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.

It is vital to the successful achievement of the FEC mission and major program objectives that the Current Services Performance level is funded. The goals identified below reflect the Current Services Performance level.

PROGRAM I. DISCLOSURE

To meet the goal that the public is 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 85,000 to 90,000 reports and 20,000 to 25,000 statements from 7,500 to 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 2.5 to 3.0 million itemized transactions per cycle, completing 95% within 45 days of reports being received at the FEC, and all reports processed within a median 7 days from receipt at the commission;
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 20,000 Requests for Additional Information (RAI'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 40,000 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: 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 on-line, website 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 48 states;
2. Provide timely on-line access to the FEC disclosure database to the public through the FEC website 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: 4 million visits and over 100 million hits per cycle on the FEC Disclosure site.

D. Respond to over 200,000 requests for data, information, copies of reports or indices, and other requests for assistance each cycle (not including visits and hits on the FEC website):

1. 50,000 requests in Public Records;

2. 60,000 inquiries in Information, primarily over the toll-free line;
 3. 16,000 requests in the Press Office, and 100 FOIA requests;
 4. 10,000 requesters receive copies of materials and publications;
 5. 75,000 computer indices and printouts.
- E. Respond to Advisory Opinion requests and operates 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 electronically and in print form;
 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, and monthly roundtables on FECA issues.

PROGRAM II. COMPLIANCE

To meet the goal that the public is assured of impartial and timely enforcement of FECA, the Commission will accomplish the following:

- A. Make 100-125 referrals from the Reports Analysis Division for potential audit or enforcement per cycle:
1. Refer 75 committees for potential audits under 2 U.S.C. 438(b) per cycle, with 50 in the second year of cycle (e.g. FY 2005 for 2004 cycle) and all audit referrals of candidate committees within the statutory deadline of six months from the general election;
 2. Refer 45 to 50 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 175-200 complaints plus 45-50 internal referrals during the two-year period;

2. Assuming an average total caseload of 125-150 cases in any given month, maintain an average active caseload of 50% of total caseload;

3. Activate 50% of incoming cases on average over the election cycle.

D. Close 175-200 cases in each election cycle, at least 50% with substantive Commission action. (This 50% 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; close 375-400 cases in the second year of the cycle (e.g. FY 2005 for the 2004 cycle.)

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. Close 75-100 cases per election cycles, including any cases referred for mediation.

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 7-10 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

To meet the 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.

KEY FACTORS THAT COULD AFFECT ACHIEVEMENT OF GOALS AND OBJECTIVES

External factors that have the greatest potential to significantly and adversely affect 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 (recent BCRA amendments were an example of significant amendments to the FECA);
- 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 BCRA amendments to the FECA resolved some issues, left others still open, and created some potential new issues to be resolved);
- The solvency of the Presidential Election Campaign Fund and, as a consequence, the determination of presidential candidates to opt either in or out of the public funding programs;
- 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;

-- 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;

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 six election cycles, coupled with available budgetary resources, 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 future elections, because of declining public support of the check-off and absent any legislative fix to index income into the fund. Several major candidates have chosen not to participate in the public financing process in the presidential primaries for the 2000 and 2004 election cycles.

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 Integrity Act, 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 being monitored, in monthly Management Reports. 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 resulted in the system becoming fully operational in FY 2003. This 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 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 Budgets are tied directly to the Commission's workload and activity measures and the level of funding requested. The on-going program activity monitoring and output

measurement efforts enable the Commission to determine if its performance goals are being achieved. This provides the basis for future evaluation efforts.

STRATEGIC PLANNING ISSUES FY 2004-2009

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 potential 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

- The change in IT resources from the coding and entry-processing environment to the electronic filing environment (with a mix of the electronic filers and the Senate and smaller committees continuing to file under the manual system);
- The impact of the on-going issue of the Senate filings, which represent a significant segment of the filing universe that is not electronically filed;
- Maintaining consistency of data from electronic and non-electronic filers in the disclosure databases;

Reports Review Issues

- The implementation the automated review system and processes by the 2006 election cycle;
- The resolution of significant reports review backlogs during the 2000 and 2002 election cycles: additional staff resources and the automated review procedures should relieve the workload pressure in RAD. RAD has significantly improved the timeliness of reports review in the 2004 cycle-to-date;
- The role of the review of reports and audits in the disclosure and compliance programs of the Commission

Information and Disclosure Issues

- Possible changes in staff allocations in response programs because of the reduction of direct inquiries to FEC staff due to the use of IT and other technology to process demands for information, reports and data;
- Impact of possible FEC reorganization and restructuring of FEC programs in response to changing demands for information and data and related impact of BCRA changes on outreach efforts;
- Review of efficacy and scope of FEC outreach efforts to educate and inform the public and the filing community post-BCRA.

Compliance Issues

- Role of administrative fine program: extension of program beyond December 31, 2005; 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
- Continuing role of the ADR program in the compliance and enforcement programs.
- Impact of BCRA implementation on compliance programs.

Enforcement Issues

- Impact of ADR and administrative fine programs on OGC enforcement workloads; impact of automated review and adjustments to RAD thresholds on enforcement workloads;
- Impact of BCRA changes on enforcement workloads and programs;
- Efficacy of litigation and enforcement—setting precedents and building a case record in significant areas of the FECA and fostering compliance with the FECA, particularly with respect to new issues raised by the BCRA amendments to the FECA

Regulations and Policy Issues

- Areas of the FECA and/or Regulations that need to be clarified, or revisited for possible revision;
- Continuing impact of BCRA amendments and Supreme Court decision on FEC regulations and legal policy issues.