

**FEDERAL ELECTION COMMISSION
BUDGET REQUEST JUSTIFICATION**

FOR FY 2005

PRESENTED TO THE CONGRESS AND OMB

PURSUANT TO GPRA AND OMB A-11

November 24, 2003

EXECUTIVE SUMMARY

The Federal Election Commission (FEC) submits a budget request of \$52,742,000 and 391 FTE for FY 2005, an increase of \$2,302,000 (4.56%) over our expected FY 2004 appropriation of \$50,440,000 and 391 FTE. The FEC FY 2004 request conformed to the President's budget request for FY 2004 and was the result of an agreement reached with OMB during the FY 2004 budget preparation process. We hope to reach final agreement with OMB for the FY 2005 request as well.

The expected FY 2004 FEC appropriation includes an additional \$800,000 for the operations of the FEC Office of Election Administration (OEA). The \$800,000 funds OEA until the office is transferred with all remaining funds and other assets to the new Election Assistance Commission (EAC) after the EAC Commissioners are confirmed and sworn in. Therefore, the discussion of the funding difference from the FY 2004 appropriation in this document does not include the \$800,000 for the OEA.

The FY 2005 request represents a continuation of the FY 2003 and 2004 funding levels, as adjusted for inflation and salary and benefits increases. As such, it represents a Current Services request for FY 2005, with no additional funds or staff for new programs or initiatives by the FEC and represents an overall increase of only .02% for non-personnel costs. Most of the increases reflect the cost of government-wide or congressionally mandated projects such as: full financial audits of federal agencies under the Tax Dollars Accountability Act, e-government initiatives, and the cost of increased building security. The e-government initiatives are for e-rulemaking, e-travel, and e-transfers between federal agencies.

Compared to FY 2004, the FEC FY 2005 request represents a 6.38% increase for personnel costs attributable to the FY 2004 and 2005 COLAs and full staffing to the 391 FTE requested. The request assumes a 4.1% COLA effective in January 2004 and a 4% COLA in January of 2005.

The FY 2005 request is a modest 4.56% increase over FY 2004, yet a request that fills the needs of the agency in FY 2005 with respect to fully implementing the BCRA required changes. The FEC request also includes \$100,000 to fund the audit required by The Accountability of Tax Dollars Act of 2002.

FY 2004>5 CHANGES				
CATEGORY	FY 2004	INCREMENT	PERCENT	FY 2005
SALARIES/BENEFITS	35,105,500	2,119,500	6.04%	37,225,000
OTHER	923,000	180,000	19.50%	1,103,000
PERSONNEL	36,028,500	2,299,500	6.38%	38,328,000
NON-PERSONNEL	14,411,500	2,500	0.02%	14,414,000
TOTAL	50,440,000	2,302,000	4.56%	52,742,000

Federal Election Commission Mission

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, (FECA) as amended, 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.

The FY 2005 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

Election Assistance Commission

The President's FY 2004 budget included funding for the new Election Assistance Commission (EAC) for grants and the administering of those grants to improve state and local elections systems used for federal elections. Therefore, the Commission has not included the existing FEC Office of Election Administration (OEA) in our FY 2005 request. It is expected that the new Commission will be established in FY 2004, and the OEA will be transferred with all existing assets to the EAC in FY 2004 and for the entire FY 2005.

Programs, Objectives and Goals

To accomplish its mission, the FEC has established five major programs. For each program, the Commission has defined objectives and goals that are achieved through several Commission line programs. The programs are listed below, followed by the dollar amount and FTE needed to achieve the objectives and goals under the FY 2005 Budget:

- Promoting Disclosure (core) - \$13,158,379 and 118.8 FTE

- Obtaining Compliance with the Federal Election Campaign Act (core) - \$13,420,167 and 113.2 FTE
- Administering the Public Financing of Presidential Elections (core) - \$4,268,899 and 39.5 FTE
- Special IT Projects (management) - \$4,730,500 and 26.5 FTE
- Commission Policy and Administration (management) - \$17,164,055 and 93.0 FTE

Building on Past Successes

In FY 2003, the FEC achieved major successes, including meeting statutory and court deadlines for the BCRA implementation and legal challenges to the BCRA and expansion of the compliance program. These successes are the result of FEC efforts and support from our Congressional oversight committees. In addition, two programs have received accolades from the regulated community— the Administrative Fine Program and Alternative Dispute Resolution (ADR).

BCRA Implementation

Operating under strict statutory deadlines for promulgation of new regulations to implement the BCRA amendments, the Commission met the required deadlines and issued new regulations to implement the changes to the FECA enacted in the BCRA, including such topics as soft money and elections and issues communications. In addition, the FEC staff has been required to review all programs and processes for disclosure and compliance programs to ensure that all forms and procedures comply with the BCRA changes. As delayed funding and the lack of space for additional staff made it impossible to hire the requested staff for the BCRA implementation, the Commission relied on overtime, contract temporary staff assistance, and pulling staff from other programs. Commission staff also was required to comply with strict court imposed deadlines in the legal cases challenging the BCRA and the constitutionality of several aspects of the new law. As in the case of the review of Commission processes and the regulations, lack of additional staff required the use of overtime, contract assistance, and “borrowed” staff from other programs.

The FEC anticipates that the result of the Supreme Court review of the BCRA legislation will require some range of revisions and changes to regulations; the amount of changes depends upon the nature of the Court’s ruling. The FY 2005 request assumes that the FEC will conduct educational and informational programs in FY 2005.

FEC Compliance Program

The first major overhaul of the FEC's enforcement program occurred in May 1993. Faced with a large number of complex cases the Commission developed the Enforcement Priority System (EPS) to classify and prioritize cases in tiers of complexity and importance. The EPS was designed to enable the FEC to focus limited enforcement resources on the more important enforcement actions and close low-rated and stale cases. The increased level of civil penalties assessed by the Commission subsequent to implementation of the EPS has demonstrated the benefits of pursuing more substantive cases. In 1991, there were 262 cases closed with civil penalties totaling \$534,000; in 1995, there were 229 cases closed with \$1,967,000 in civil penalties. By FY 2003, there were 377 cases closed with civil penalties and fines totaling \$2,774,603. In fact, civil penalties have exceeded the 1991 total in every subsequent year, and in each of the past three years they have exceeded \$1.4 million.

As the FEC's caseload and the complexity of the issues continued to grow, Congress, in 1995, called for a comprehensive review of the Commission by Pricewaterhouse Coopers (PwC). As a result of that review, legislation enacted in 1999 established the Administrative Fine Program within the Commission. This program enabled the Commission to streamline the enforcement of late and non-filer violations in an expedited system with a published schedule of penalties. The Commission also instituted an Alternative Dispute Resolution (ADR) program to process in more expeditious manner matters that are less "serious breeches of the law," but that are not "simple" late and non-filer issues.

Prior to 2000, the FEC's enforcement program was administered entirely by the Office of General Counsel (OGC). The two new components of the Commission's enforcement efforts – the Administrative Fine Program and the ADR program – are administered by the Staff Director and are not part of the OGC. The goal of the ADR Program is to resolve matters quickly and effectively through bi-lateral negotiations. Both the ADR and Administrative Fine programs are designed to expand the FEC enforcement presence and resolve certain types of cases without resorting to the more lengthy traditional enforcement process.

Another tool that has improved the efficiency of the enforcement process is the Case Management System, which enables the Commission to measure performance with regard to the substantive resolution of cases by issue and to measure timeliness of enforcement actions. This system has provided the Commission with a mechanism to more efficiently manage its caseload and has enabled the Commission to electronically track and store data related to cases and respondents. This program enables users to readily locate information related to pending cases and cases closed since FY 1995.

The Commission's goal in implementing the measures discussed above was to increase the effectiveness of the enforcement program by activating more cases, closing more cases with substantive action, and resolving some cases that would otherwise have been dismissed. Another goal was to speed up the closure of enforcement cases. The Commission has met its compliance goals. Today, the Commission focuses its legal resources on the more complex enforcement matters, while using administrative processes to handle less complex matters, as the following analysis illustrates.

For example, from FY 1995 through FY 2000, the FEC closed an average of 197 cases each fiscal year. In FY 2001, with the addition of the administrative fine and ADR programs, the FEC closed 518 cases, a 163% increase over the FY 1995-2000 annual average of 197 cases. In FY 2002, the FEC closed 229 cases, including enforcement, ADR and administrative fine cases. The total in FY 2003 was 535 closed cases.

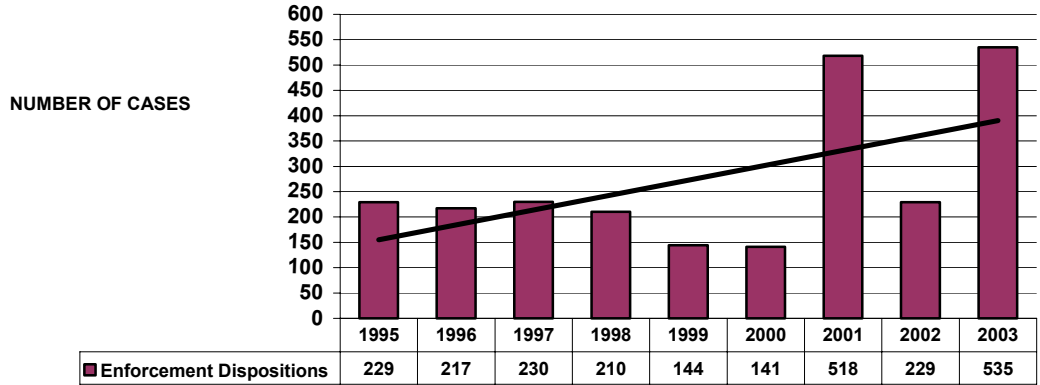
The ADR program affords both the FEC and the respondent parties the opportunity to resolve cases more rapidly. This is also an opportunity for the Commission to resolve cases substantively as well as to process them more rapidly. Since the inception of the program on October 1, 2000 through September 30, 2003, the ADR office concluded agreements with respondents and formally closed 94 cases, 76 with substantive action (81%). These 76 cases were closed in an average of 362 days from the time matters were first sent to OGC and then referred to the ADR office.

The Administrative Fine program closed 363 cases in FY 2001, 120 cases in FY 2002, and 400 cases in FY 2003, and collected \$420,640, \$285,535, and \$546,228 in penalties in those three fiscal years respectively. For the three years, the program closed cases in an average of 231 days from when the reports were due to be filed at the FEC.

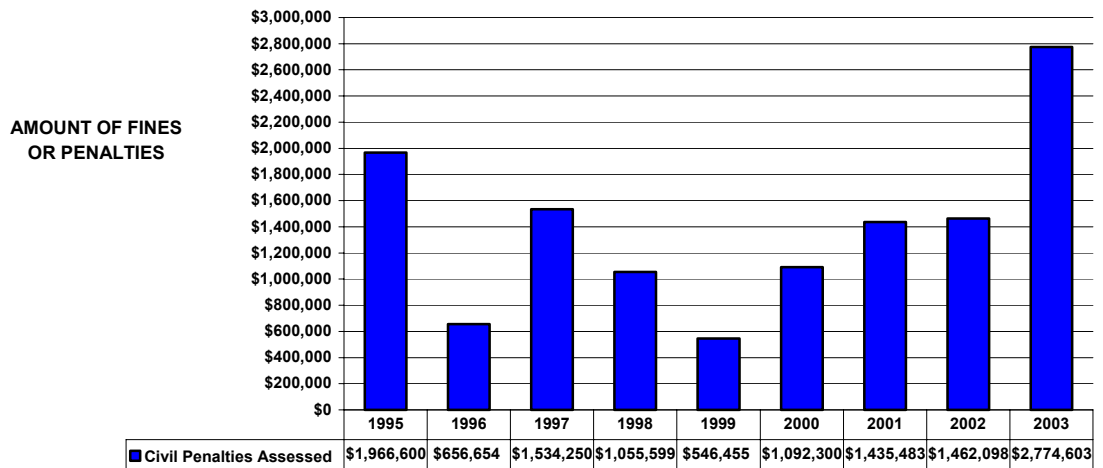
For the OGC Enforcement program itself, from FY 1995 to 2000, 287 of a total of 1,180 cases were closed with civil penalties, or 24% of the cases closed had civil penalties collected. From FY 2001 to 2003, OGC closed 90 out of 305 cases with civil penalties (30%). In addition, while the average from FY 2001 to 2003 is 30 cases per fiscal year with civil penalties, compared to an average of 48 cases with civil penalties per fiscal year from FY 1995 to 2000, the total civil penalties collected in each of the last three years equals or exceeds the civil penalties collected in each of the previous six fiscal years. This is all evidence that the overall compliance program is allowing OGC to focus limited enforcement resources on more substantial, significant cases.

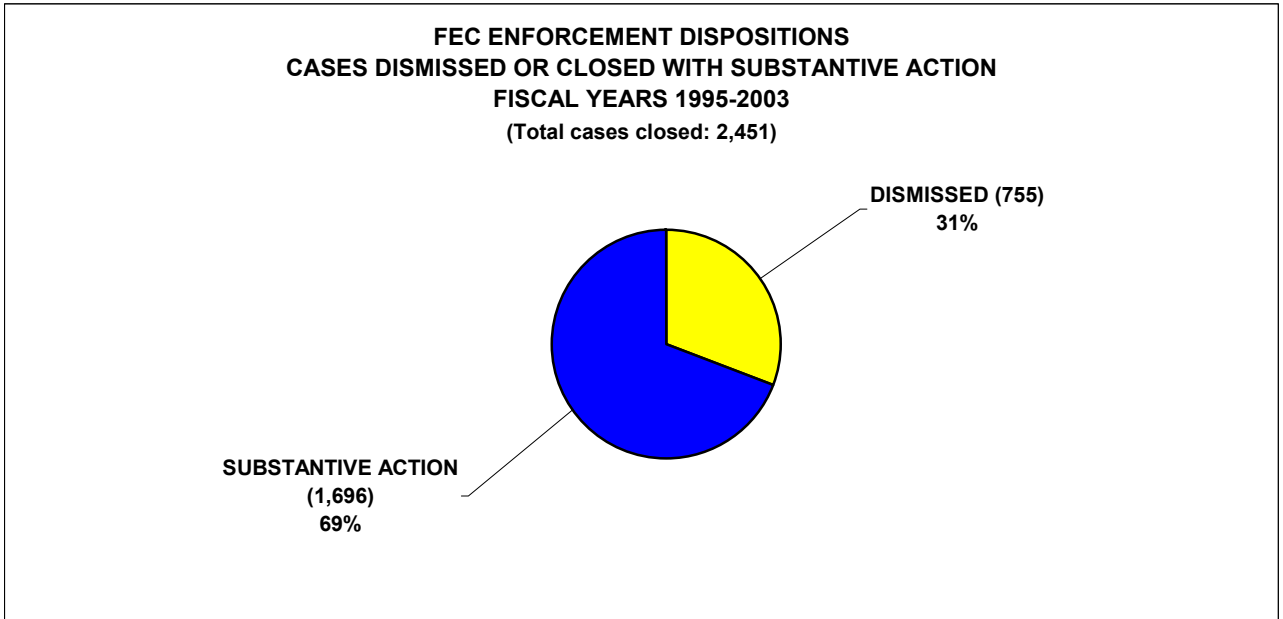
Furthermore, from FY 1995 to 2000, 54% of OGC cases were dismissed without substantive action; that decreased to 33% from FY 2001 to 2003. Even more encouraging is the fact that the average days required to close a case with substantive action improved from an average of 610 days for the period of FY 1995-2000 to an average of 503 days during FY 2001-2003. This represents an 18% improvement (on a median days required to close a case basis, the improvement was 28%). All of this analysis is strong evidence that the FEC has successfully increased the overall FEC enforcement presence, has increased the number of cases closed with substantive action, has collected more civil penalties and fines on a per case basis, has expedited the closing of cases both within OGC and by use of the ADR and Administrative Fine programs, and has achieved these successes with out large increases in enforcement staff. Clearly since FY 2001 through 2003, the FEC has made significant improvements in the compliance program.

**FEC ENFORCEMENT DISPOSITIONS
TOTAL CASES CLOSED
FISCAL YEARS 1995-2003**



**FEC ENFORCEMENT DISPOSITIONS
TOTAL FINES & PENALTIES ASSESSED
FISCAL YEARS 1995-2003**





FEC Disclosure and Informational Outreach Programs

The FEC recognizes that with limited resources it must rely on voluntary compliance with the FECA as amended by the BCRA. In addition to fostering a belief that the campaign finance disclosure laws will be enforced when significant violations do occur, the Commission has relied on effective outreach and informational programs to reduce violations due to lack of understanding of the laws. Generally, the FEC efforts such as the 800 informational line, the campaign finance workshops and seminars, and the campaign guides and brochures, have all received high marks from the elections community, the media, and the public.

A recent hearing on the FEC enforcement process held by our House Oversight Committee was noteworthy for the consistently high marks given by members to the FEC staff and informational programs. The FEC received high praise for its efforts to educate and inform the election community, and the responsiveness, professionalism and accuracy of the information provided by FEC staff was remarked upon numerous times.

In addition, the FEC disclosure programs are generally praised, and often FEC data and reports provide the foundation for analysis and further study by the media and elections interest groups. The FEC continues to operate a store-front disclosure office in Public Records, but also increasingly serves the media and the public through the FEC web site and other electronically provided data and publications. While the Commission will continue to print and make available copies of brochures and publications, increasingly the needs of the election community, the public and the press are served by electronically available data and reports. The FEC continues to upgrade and enhance its website, the electronic filing system and other electronic systems, and to adapt to changes required by BCRA or any other changes to the FECA.

Funding Required to Continue FEC Programs

To continue reaping the benefits of automation in our disclosure and compliance programs without adding additional staff, it is imperative that the Commission receive the requested resources in FY 2005 to implement the automated review of financial disclosure reports, to initiate the portal development project to enhance the analysis and accessibility of information, and to continue the alternative compliance programs. The FEC FY 2005 budget request complies with the Administration goal to use IT improvements to enhance program productivity, as well as Human Resources (HR) and financial management support.

Impact of Continuing the OMB Level for FY 2005

The FEC request continues funding for the staff necessary to fully implement the changes required by the BCRA amendments to the FECA. Administering the campaign finance laws in the 2002 election cycle required a concerted effort from the Commission prior to the enactment of the BCRA amendments. Now even greater efforts will be required to successfully implement the BCRA changes during what is certain to be another record setting election cycle for total campaign disbursements in federal elections.

As noted, the FY 2005 budget represents minimal increases from the final enacted funding for the Commission in FY 2004. This funding is required to provide the Commission with the space and resources to house and support a full complement of staff in the peak period of the 2004 election cycle, as represented by the first part of FY 2005.

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

- Continue to meet all deadlines and requirements for the full BCRA implementation
- Complete all 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 and timely efforts are made to enforce the FECA
- Maintain and enhance existing Commission educational and informational outreach programs designed to foster knowledge of the FECA and voluntary compliance with the disclosure and limitations provisions of the statute
- Continue disclosure programs that disseminate data and analytical reports to the media and private organizations for use in further analysis and more widespread disclosure of campaign finance information to the general public and the election community
- Continue the Administrative Fine and Alternative Dispute Resolution programs

- Continue and enhance the automation of the reports review process
- Develop and maintain IT capabilities:
 - * Support and enhance the mandatory electronic filing program
 - * Continue the conversion to a client server environment
 - * Complete the conversion to a Commission-wide document management system
 - * Complete the changes necessary to implement the BCRA amendments to the FECA
 - * Initiate development of portal, web-based access to FEC data: Portals Development Project (PDP)
 - * Maintain and enhance the FEC website
 - * Support the case management system

**DIFFERENCE FY 2004 TO FY 2005
FY 2005 Budget Request for FEC**

	FY 2004 Appropriation	\$50,440,000
	(Does not include the \$800,000 for the OEA to be transferred to the EAC)	
+	Increase in pay, benefits (COLAs, WIG increases)	\$ 2,119,500
	WIG step increases:	\$ 430,000
	FY 2004 COLA annualized in 2005:	\$ 346,000
	FY 2005 COLA of 4.0 %:	\$1,014,000
	Full 391 FTE and benefits costs (health, etc.):	\$ 329,500
+	Increase in overtime/transit subsidy/other	\$ 180,000
-	Change in rent (Decrease in space acquisition costs)	\$ -109,000
+	<u>Change in BCRA related and other non-personnel costs</u>	<u>\$ 111,500</u>
	Subtotal for changes to FY 2004 for FY 2005 Request:	\$ 2,302,000
=	Budget for FY 2005	\$52,742,000

FEDERAL ELECTION COMMISSION FY 2005 BUDGET REQUEST

The Federal Election Commission (FEC) submits a budget request of \$52,742,000 and 391 FTE for FY 2005, an increase of \$2,302,000 (4.56%) over the expected FY 2004 appropriation. This request represents a continuation of the FY 2004 funding level, as adjusted for inflation and salary and benefits increases, full staffing of the 391 FTE requested, and with no programmatic increases. This request level was arrived at during preliminary negotiations with OMB staff during the preparation of the FY 2005 President's Budget Request.

As a result, the funding level contained in this budget request will enable the FEC to continue to meet all deadlines and requirements for the full BCRA implementation subsequent to the final Supreme Court ruling, and:

- Complete all 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
- Maintain existing Commission educational and informational outreach programs designed to foster knowledge of the FECA and voluntary compliance with the disclosure and limitations provisions of the statute
- Continue disclosure programs that disseminate data and analytical reports to the media and private organizations for use in further analysis and more widespread disclosure of campaign finance information to the general public and the election community
- Continue the Administrative Fine and Alternative Dispute Resolution programs
- Continue and enhance the automation of the reports review process
- Develop and maintain IT capabilities:
 - * Support and enhance the mandatory electronic filing program
 - * Continue the conversion to a client server environment
 - * Complete the conversion to a Commission-wide document management system
 - * Complete the changes necessary to implement the BCRA amendments to the FEC
 - * Initiate the Portal Development Project (PDP)
 - * Maintain and enhance the FEC website
 - * Support the case management system

Information Technology (IT) Enhancements

The budget request funds IT initiatives as outlined in the attached IT Strategic Plan, including the following areas:

- Client/server environment development and conversion
- Document management system development and implementation
- Enhancing telecommunications infrastructure
- Enhanced automated review of disclosure reports
- Computer security
- Case Management and related tracking systems
- Financial management and human resources IT systems
- Website enhancement
- Portal Development Project (PDP)—web based access to FEC data

Electronic Filing

The IT enhancements included in the FY 2005 budget will enable the FEC to make any necessary changes to the electronic filing process to incorporate any BCRA changes.

Full realization of the potential of mandatory electronic filing will require the funding of several of our IT projects for FY 2005. These initiatives include enhanced automated review, the data-mining project, and the upgrades of the disclosure systems particularly those required by the BCRA changes. Due to funding levels in FY 2002 to 2004, as well as the BCRA impacts, some of these projects were delayed until FY 2004 and 2005.

By the 2006 election cycle, based upon our experiences with the 2002 and 2004 cycles and the results of the RAD business process review, as well as the data mining project, the FEC expects to begin to realize the benefits of both electronic filing and the IT enhancements in the document processing and reports review programs.

As the electronic filing system has been implemented, it has been moved from the IT enhancements budget to the base IT operations budget. Future significant enhancements to the basic program will be included in the IT enhancements budget.

Point of Entry

The base IT budget supports operation of an enhanced document imaging system. The updated imaging system and the new client server infrastructure enhance both the external user interface with the disclosure process and FEC internal processing and use of in-house documents. As a result, this implemented program has been moved from the IT enhancements budget to the base IT operations budget.

Summary of Request and Differences from FY 2004

The following tables summarize the FY 2005 request and the differences from FY 2004. As noted in the Executive Summary, the net increase in FY 2005 is 4.56% over FY 2004 for a \$2,302,000 increase. The increase in personnel costs results primarily from full funding of the 391 FTE requested and COLAs. Although authorized 391 FTE in FY 2004, the FEC will reach approximately 385 FTE because of the delay in acquiring additional space to house the 27 FTE requested for BCRA implementation in FY 2003. The FY 2005 request assumes that the FEC will occupy the newly acquired additional space at 999 E Street throughout FY 2005 and will staff up accordingly.

TABLE 1: PERCENTAGE INCREASES FROM FY 2004

FY 2004>5 PERCENTAGE CHANGES				
CATEGORY	FY 2004	INCREMENT	PERCENT	FY 2005
SALARIES/BENEFITS	35,105,500	2,119,500	6.04%	37,225,000
OTHER	923,000	180,000	19.50%	1,103,000
PERSONNEL	36,028,500	2,299,500	6.38%	38,328,000
NON-PERSONNEL	14,411,500	2,500	0.02%	14,414,000
TOTAL	50,440,000	2,302,000	4.56%	52,742,000

TABLE 2: FEC STAFFING

FEC FTE FY 2005 BUDGET					
OFFICE/ DIVISION	FY 2003 389 FTE BCRA LEVEL	FY 2003 MAN. PLAN	FY 2004 BCRA LEVEL	FY 2005 INCREMENT	FY 2005 BUDGET BCRA LEVEL
COMMISSIONERS	20.0	21.5	22.0	-	22.0
STAFF DIRECTOR	13.4	13.3	15.0	-	15.0
PLANNING AND MGMT PERSONNEL	2.0	2.0	2.0	-	2.0
PRESS	6.0	6.3	7.0	-	7.0
EEO	5.0	5.0	5.0	-	5.0
ADR	1.0	1.0	1.0	-	1.0
OAR	3.0	3.0	3.0	-	3.0
ADMINISTRATION	3.0	3.0	3.0	-	3.0
AUDIT	21.0	21.0	21.0	-	21.0
INFORMATION	41.0	40.3	43.0	-	43.0
GENERAL COUNSEL	14.0	13.5	14.0	-	14.0
OEA	128.0	120.4	128.0	-	128.0
DATA SYSTEMS	5.0	4.3	-	-	-
DISCLOSURE	53.6	53.6	54.0	-	54.0
REPORTS ANALYSIS	14.0	12.7	14.0	-	14.0
I. G. OFFICE	55.0	48.3	55.0	-	55.0
COMMISSION TOTAL	4.0	4.0	4.0	-	4.0
COMMISSION TOTAL	389.0	373.2	391.0	-	391.0

TABLE 3: SUMMARY CHANGES FROM FY 2004 TO FY 2005

FEDERAL ELECTION COMMISSION FY 2005 BUDGET						
	FY 2003/2004 BCRA LEVEL				FY 2005 BUDGET 11/18/2003	
FY 2005	FY 2003	FY 2004	FY 2004	FY 2004	FY 2005	FY 2005
18-Nov-03	REVISED	INCREMENT	BCRA	WITH OEA	BUDGET	BUDGET
BUDGET REQUEST	MAN. PLAN	2003>2004	MAN. PLAN	MAN. PLAN	16-Jul-03	391 FTE
OBJECT CLASS	362 FTE	INCREMENT	384 FTE	384 FTE	PRELIMINARY	FINAL
CODE	SUMMARY	SUMMARY	SUMMARY	SUMMARY	SUMMARY	SUMMARY
SALARIES/BENEFITS	31,966,960	3,138,540	35,105,500	35,555,600	37,225,000	37,225,000
11.10 SALARIES	25,414,961	2,669,439	28,084,400	28,444,480	29,780,000	29,780,000
12.10 BENEFITS	6,254,499	766,601	7,021,100	7,111,120	7,445,000	7,445,000
12.10 TRANSIT SUBSIDY	297,500	27,500	325,000	325,000	375,000	375,000
11.50 OVERTIME	207,642	(12,642)	195,000	195,000	250,000	250,000
11.82 WITNESSES	548	2,452	3,000	3,000	3,000	3,000
11.52 CASH AWARDS	428,413	(53,413)	375,000	375,000	450,000	450,000
13.01 OTHER	-	25,000	25,000	25,000	25,000	25,000
PERSONNEL	32,603,563	3,127,437	36,028,500	36,478,600	38,328,000	38,328,000
21.01 TRAVEL	273,154	29,846	303,000	343,000	462,000	381,500
22.01 TRANS/THGS	38,008	2,992	41,000	41,000	50,000	51,000
23.11 GSA SPACE	3,389,000	530,000	3,919,000	4,014,000	4,318,000	3,810,000
23.21 COM. SPACE	69,900	(13,900)	56,000	56,000	62,000	61,000
23.31 EQUIP RENT	309,826	(36,326)	273,500	283,500	265,000	270,000
23.32 TELE LOCAL	175,000	10,000	185,000	185,000	200,000	195,000
23.33 LDIST/TELEG	36,550	(1,550)	35,000	35,000	40,500	37,000
23.34 TELE INTCTY	29,700	5,300	35,000	35,000	50,000	40,000
23.35 POSTAGE	215,752	(45,752)	170,000	200,000	200,000	175,000
24.01 PRINTING	483,333	17,667	501,000	531,000	541,000	519,000
24.02 MICROFILM	26,600	1,400	28,000	28,000	30,000	29,000
25.11 TRAINING	125,556	5,444	131,000	136,000	146,000	192,500
25.12 ADMIN EXP	59,220	32,280	91,500	96,500	104,500	102,000
25.13 DEP/TRANSC	50,576	424	51,000	51,000	61,000	55,000
25.14 IT CONTRACTS	1,326,202	988,798	2,315,000	2,315,000	2,456,000	2,495,000
25.21 CONTRACTS	892,613	(274,113)	618,500	741,000	505,000	588,000
25.23 REPAIR/MAIN	2,000	500	2,500	2,500	5,000	3,000
25.24 TUITION	12,550	3,950	16,500	16,500	18,500	18,500
25.31 FED AGENCY	2,528,184	(2,048,184)	480,000	480,000	435,000	540,000
25.32 FED TRAINING	57,712	40,788	98,500	98,500	118,500	75,000
25.41 FACIL MAINT	151,768	(61,768)	90,000	90,000	118,000	108,000
25.71 EQUIP/MAINT	211,874	57,126	269,000	279,000	294,000	281,500
25.72 SFT/HRDWRE	3,108,154	(1,812,654)	1,295,500	1,295,500	1,771,500	1,771,500
26.01 SUPPLIES	315,192	49,808	365,000	365,000	370,500	380,500
26.02 PUBS	206,314	20,186	226,500	226,500	270,000	236,500
26.03 PUBS SERV	241,473	13,527	255,000	255,000	282,000	266,500
31.01 EQP PURCH	424,655	(352,655)	72,000	74,400	128,000	78,000
31.02 CAPITALIZED IT	2,038,167	339,333	2,377,500	2,377,500	1,011,000	1,569,000
31.03 NON-CAPT IT	139,275	(29,275)	110,000	110,000	143,000	85,000
NON-PERSONNEL	16,938,308	(2,526,808)	14,411,500	14,761,400	14,456,000	14,414,000
80.21 RESERVE	-	-	-	-	-	-
TOTAL FEC	49,541,871	600,629	50,440,000	51,240,000	52,784,000	52,742,000

TABLE 4: FY 2005 BUDGET BY DIVISION/OFFICE

FEC FY 2005 BUDGET BY DIVISION/OFFICE				
DIVISION/OFFICE		FY 2003	FY 2004	FY 2005
COMMISSIONERS		2,841,706	2,823,500	2,988,900
STAFF DIRECTOR		3,644,646	4,252,500	4,531,800
SDO STAFF		1,419,578	1,557,100	1,597,200
PLANNING AND MNGMT		246,484	255,900	271,700
PERSONNEL		632,930	1,056,100	1,152,000
PRESS OFFICE		575,361	586,200	653,900
EEO		155,896	134,200	154,500
ADR		323,693	352,800	369,300
OAR		290,704	310,200	333,200
ADMINISTRATION		9,328,702	7,583,500	7,887,800
AUDIT		3,612,447	3,880,800	4,257,400
INFORMATION		1,367,292	1,497,800	1,486,400
GENERAL COUNSEL		12,657,373	14,029,900	14,855,400
IT DIVISION		11,339,776	11,234,400	11,267,200
PUBLIC DISCLOSURE		842,971	989,000	1,034,700
REPORTS ANALYSIS		2,911,539	3,614,400	3,869,200
IG OFFICE		417,102	534,200	563,200
TOTAL		48,963,554	50,440,000	52,742,000
OEA		578,317	800,000	-
FINAL TOTAL		49,541,871	51,240,000	52,742,000

FEC Staffing and Workloads

FY 2005 will encompass the 2004 general election peak period and most of the post-election disclosure and enforcement work for that election cycle. The 2000 elections broke all records for total financial activity in federal elections, and this record level of financial activity may continue for the 2004 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 1100% since 1976: from \$300 million to over \$3.7 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. The FEC has processed these record level workloads with minimal increases in the staff processing and reviewing the reports.

As a result of the dramatic increase in activity, our available 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 resources available. Because of 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.

Total campaign finance activity for the 2004 cycle should exceed \$4 billion in total disbursements from 8,500 committees filing over 90,000 reports and generating 3 million itemized transactions. The 2006 cycle, while a congressional cycle, should be slightly lower than the 2004 presidential cycle. Nevertheless, total disbursements should exceed \$3 billion in 2006, with over 8,000 committees filing 85,000 to 90,000 reports and from 2.5 to 3 million itemized transactions.

Despite the prospect of continuing increases in campaign finance activity in federal elections, the FEC has requested no additional resources for the disclosure, compliance and enforcement programs. Given the expected total volume of money involved in the 2004 and 2006 election cycles, we believe that the FEC request for FY 2005 is fully supported and is a modest one.

FEC 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 elections¹

Programs

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

The core programs are:

- Promoting Disclosure

¹ 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.

- Obtaining Compliance with the Federal Election Campaign Act (FECA)
- Administering the Public Financing of Presidential Elections

The management programs are:

- Information Technology, 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 are described below in terms of their objectives and related goals, and a series of tables supplement the explanation.

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.

TABLE 5A: COMMISSION BUDGET BY PROGRAM COSTS						
FY 2003-2005						
PROGRAM	FY 2003		FY 2004		FY 2005	
	\$	FEC %	\$	FEC %	\$	FEC %
PROMOTE DISCLOSURE	\$ 9,906,196	20%	\$ 12,286,108	24%	\$ 13,158,379	25%
OBTAIN COMPLIANCE	\$ 12,696,915	26%	\$ 13,366,065	26%	\$ 13,420,167	25%
PUBLIC FINANCING	\$ 1,621,527	3%	\$ 3,034,416	6%	\$ 4,268,899	8%
ELECTIONS ADMIN.	\$ 578,317	1%	\$ -	0%	\$ -	0%
IT/EF PROJECTS	\$ 7,593,921	15%	\$ 5,425,900	11%	\$ 4,730,500	9%
COMM. POLICY/ADMIN.	\$ 17,144,995	35%	\$ 16,327,511	32%	\$ 17,164,055	33%
COMMISSION TOTAL	\$ 49,541,871		\$ 50,440,000		\$ 52,742,000	

TABLE 5B: COMMISSION BUDGET BY PROGRAM COSTS									
FY 2003-2005									
OBJECTIVE	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
PROMOTE DISCLOSURE	\$ 8,311,948	\$ 9,269,433	\$ 9,802,904	\$ 1,594,248	\$ 3,016,675	\$ 3,355,475	\$ 9,906,196	\$ 12,286,108	\$ 13,158,379
OBTAIN COMPLIANCE	\$ 11,396,528	\$ 11,966,735	\$ 11,894,978	\$ 1,300,387	\$ 1,399,330	\$ 1,525,189	\$ 12,696,915	\$ 13,366,065	\$ 13,420,167
PUBLIC FINANCING	\$ 1,419,305	\$ 2,740,277	\$ 3,877,072	\$ 202,222	\$ 294,139	\$ 391,826	\$ 1,621,527	\$ 3,034,416	\$ 4,268,899
ELECTIONS ADMIN.	\$ 447,031	\$ -	\$ -	\$ 131,286	\$ -	\$ -	\$ 578,317	\$ -	\$ -
IT/EF PROJECTS	\$ 2,169,921	\$ 2,255,900	\$ 2,355,500	\$ 5,424,000	\$ 3,170,000	\$ 2,375,000	\$ 7,593,921	\$ 5,425,900	\$ 4,730,500
COMM. POLICY/ADMIN.	\$ 8,807,696	\$ 9,796,155	\$ 10,397,546	\$ 8,337,299	\$ 6,531,356	\$ 6,766,509	\$ 17,144,995	\$ 16,327,511	\$ 17,164,055
COMMISSION TOTAL	\$ 32,552,430	\$ 36,028,500	\$ 38,328,000	\$ 16,989,441	\$ 14,411,500	\$ 14,414,000	\$ 49,541,871	\$ 50,440,000	\$ 52,742,000

TABLE 5C: COMMISSION BUDGET BY PROGRAM FTE						
FY 2003-2005						
PROGRAM	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
PROMOTE DISCLOSURE	109.7	30%	119.8	31%	118.8	30%
OBTAIN COMPLIANCE	118.5	33%	122.7	31%	113.2	29%
PUBLIC FINANCING	14.8	4%	29.0	7%	39.5	10%
ELECTIONS ADMIN.	4.2	1%	0.0	0%	0.0	0%
IT/EF PROJECTS	25.8	7%	26.5	7%	26.5	7%
COMM. POLICY/ADMIN.	88.4	24%	93.0	24%	93.0	24%
COMMISSION TOTAL	361.4		391.0		391.0	

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.

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. This is a pre-electronic filing goal that will be adjusted after our experience with the 2002 and 2004 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 2005 are summarized in Tables 6A and 6B.

TABLE 6A: DISCLOSURE PROGRAM COSTS									
FY 2003-2005									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
PUBLIC DISCLOSURE	\$ 714,453	\$ 829,500	\$ 883,200	\$ 128,518	\$ 159,500	\$ 151,500	\$ 842,971	\$ 989,000	\$ 1,034,700
IT DIVISION	\$ 1,110,192	\$ 1,183,942	\$ 1,234,095	\$ 806,628	\$ 2,184,325	\$ 2,590,250	\$ 1,916,820	\$ 3,368,267	\$ 3,824,345
INFORMATION	\$ 990,425	\$ 1,055,800	\$ 1,129,900	\$ 376,867	\$ 442,000	\$ 356,500	\$ 1,367,292	\$ 1,497,800	\$ 1,486,400
PRESS OFFICE	\$ 532,808	\$ 532,700	\$ 591,400	\$ 42,553	\$ 53,500	\$ 62,500	\$ 575,361	\$ 586,200	\$ 653,900
OGC POLICY/REGS/AO'S	\$ 2,311,923	\$ 2,476,631	\$ 2,629,538	\$ 194,391	\$ 133,350	\$ 135,225	\$ 2,506,314	\$ 2,609,981	\$ 2,764,763
REPORTS ANALYSIS	\$ 2,652,147	\$ 3,190,860	\$ 3,334,772	\$ 45,291	\$ 44,000	\$ 59,500	\$ 2,697,438	\$ 3,234,860	\$ 3,394,272
PROGRAM TOTAL	\$ 8,311,948	\$ 9,269,433	\$ 9,802,904	\$ 1,594,248	\$ 3,016,675	\$ 3,355,475	\$ 9,906,196	\$ 12,286,108	\$ 13,158,379
COMMISSION PERCENT	26%	26%	26%	9%	21%	23%	20%	24%	25%

TABLE 6B: DISCLOSURE PROGRAM FTE						
FY 2003-2005						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
PUBLIC DISCLOSURE	11.7	100%	14.0	100%	14.0	100%
IT DIVISION	13.2	25%	13.3	25%	13.3	25%
INFORMATION	13.3	100%	14.0	100%	14.0	100%
PRESS OFFICE	5.3	100%	5.0	100%	5.0	100%
OGC POLICY/REGS/AO'S	23.2	20%	24.0	19%	24.0	19%
REPORTS ANALYSIS	43.0	93%	49.5	90%	48.5	88%
PROGRAM TOTAL	109.7		119.8		118.8	
COMMISSION PERCENT	30%		31%		30%	

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. 18). 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 2004 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. Two FTE allow the Audit Division to hire eight part-time student interns, which will enable the FEC to conduct approximately 40-45 Title 2 audits per cycle as opposed to the previous 20-25 per cycle. The part-time staff assists the auditors in performing Title 26 audits of Presidential committees that receive public funds. This program, along with other procedural changes, allows the Commission to maintain the Title 2 audit program even during presidential election cycles. In contrast, over the previous four cycles (1991-92 through 1997-98) an average of 9 authorized and 12 non-authorized committees had been slated for audit.

This budget also will allow the Commission to meet its goal of processing federal matching funds and completing the Title 26 Presidential audits within two years after the presidential elections. One FTE is dedicated to four temporary positions to complete processing matching fund requests in the first quarter of FY 2005 for the 2004 presidential primary campaigns (see Public Financing objective below).

Enforcement

Because the majority (65% 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.”)²

² 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.

In past budget requests, the Commission has asked for additional resources for its compliance program. The Commission only sought additional staff resources for its compliance programs in FY 2003-2004 to cope with the changes to the FECA contained in the BCRA amendments. OGC expects to maintain performance levels from pre-BCRA implementation, when staff was pulled from enforcement to work on regulations and court cases.

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

- Maintain a monthly average active caseload of at least 50 percent of the total caseload.
- Close an estimated 100-125 cases. The Commission will close at least 50 percent of those cases through substantive Commission action.
- Initiate several civil actions in federal court under 2 U.S.C. 437g(a)(6) to enforce the FECA/BCRA, and defend against several actions in federal court challenging the Commission's determinations under the Administrative Fines program pursuant to 2 U.S.C.437g(a)(4)(C)(iii). (It is not possible to predict the number of such actions in either category. In recent years, the Commission has initiated a maximum of six actions under 2 U.S.C. 437g(a)(6) in any given year, and defended a maximum of eight administrative fine determinations in any given year.)..
- Maintain the Enforcement Priority System (EPS),³ 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 issues⁴—including those remaining from earlier election cycles (1996, 1998 and 2000) and those stemming from the 2002 cycle.

Administrative Fine Program and ADR

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. The administrative fine program frees Commission resources for more complex, substantive enforcement actions.

The Commission also implemented, on a pilot basis, 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, which was made a permanent part of the Commission on October 1, 2002, aims to expedite resolution of enforcement matters and to reduce the cost of processing complaints, and therefore, enhance overall FEC enforcement. This program also frees Commission resources for other, more significant enforcement matters.

³ 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.

⁴ Examples of complex legal issues include possible “soft money” abuse, claims of improper coordination or express advocacy, and alleged laundered and/or foreign contributions.

Summary

Since 1995, with the institution of the Enforcement Priority System (EPS), the Commission's enforcement workload has averaged about 215 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 had 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 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 OGC enforcement resources to more complex, substantive matters. These programs expanded the number of compliance actions that the Commission enforcement program could process and resolve. From FY 1995 (when the EPS was installed) through FY 2000, the Commission averaged closing 197 cases each fiscal year. In FY 2001, the Commission closed a total of 518 enforcement matters or compliance actions, including cases in the administrative fine and ADR programs. This represents a 163% increase. In FY 2003, comparable to FY 2001, the FEC closed a total of 535 cases.

These two programs have allowed the Commission to expand the scope and reach of the enforcement process, and to streamline the case resolution process for late and non-filer cases, as well as to expedite the resolution of cases under ADR that might not have been activated under the EPS process (and might never have reached substantive resolution under the formal enforcement process). The two new programs help to ensure that limited enforcement resources are focused on more substantive and significant cases, yet allow the Commission to pursue the successful resolution of a major increase in the total number of cases processed. This is in response to both recommendations from the review of the FECA and the FEC, and a desire by the Commission to improve the timeliness of FEC compliance actions. The administrative fine program was also congressionally mandated in language in the Commission's appropriations legislation.

The Commission has set goals of activating more enforcement cases and dismissing fewer cases without substantive action. The ultimate goals of the ADR and administrative fine programs, the Case Management system, and other information technology enhancements to the enforcement program are to speed up the resolution of cases and to increase the number of cases closed with substantive Commission action.

With the conclusion of the BCRA implementation and the addition of the requested staff for OGC, the Commission expects to return to a more "normal" enforcement program; enforcement activities were disrupted in FY 2002 and 2003 due to the BCRA amendments and the shifting of staff from enforcement to regulations and litigation (BCRA cases.)

The resources needed to meet the objectives and goals of the Compliance Program in FY 2005 are summarized in Tables 7A and 7B.

TABLE 7A: COMPLIANCE PROGRAM COSTS									
FY 2003-2005									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
REPORTS ANALYSIS	\$ 191,201	\$ 354,540	\$ 446,928	\$ 22,900	\$ 25,000	\$ 28,000	\$ 214,101	\$ 379,540	\$ 474,928
IT DIVISION	\$ 126,158	\$ 151,331	\$ 157,741	\$ 366,649	\$ 672,100	\$ 797,000	\$ 492,807	\$ 823,431	\$ 954,741
AUDIT	\$ 2,917,696	\$ 2,431,637	\$ 1,320,363	\$ 143,377	\$ 95,395	\$ 65,767	\$ 3,061,074	\$ 2,527,033	\$ 1,386,130
OGC ENFORCEMENT	\$ 5,301,479	\$ 6,346,368	\$ 6,902,536	\$ 445,759	\$ 341,709	\$ 354,966	\$ 5,747,237	\$ 6,688,077	\$ 7,257,502
OGC LITIGATION	\$ 2,262,097	\$ 2,063,859	\$ 2,410,409	\$ 190,202	\$ 111,125	\$ 123,956	\$ 2,452,299	\$ 2,174,984	\$ 2,534,366
OGC PFESP *							\$ -	\$ -	\$ -
LEGAL DOCUMENT IINDEX**	\$ -	\$ -	\$ -	\$ 115,000	\$ 110,000	\$ 110,000	\$ 115,000	\$ 110,000	\$ 110,000
ADR	\$ 316,693	\$ 327,300	\$ 343,800	\$ 7,000	\$ 25,500	\$ 25,500	\$ 323,693	\$ 352,800	\$ 369,300
OAR	\$ 281,204	\$ 291,700	\$ 313,200	\$ 9,500	\$ 18,500	\$ 20,000	\$ 290,704	\$ 310,200	\$ 333,200
PROGRAM TOTAL	\$ 11,396,528	\$ 11,966,735	\$ 11,894,978	\$ 1,300,387	\$ 1,399,330	\$ 1,525,189	\$ 12,696,915	\$ 13,366,065	\$ 13,420,167
COMMISSION PERCENT	35%	33%	31%	8%	10%	11%	26%	26%	25%

*Office of General Counsel's old Public Financing, Ethics, and Special Projects staff

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TABLE 7B: COMPLIANCE PROGRAM FTE						
FY 2003-2005						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
REPORTS ANALYSIS	3.1	7%	5.5	10%	6.5	12%
IT DIVISION	1.5	3%	1.7	3%	1.7	3%
AUDIT	32.2	85%	28.0	65%	14.0	33%
OGC ENFORCEMENT	53.2	46%	61.5	48%	63.0	49%
OGC LITIGATION	22.7	20%	20.0	16%	22.0	17%
OGC PFESP						
LEGAL DOCUMENT IINDEX						
ADR	2.9	100%	3.0	100%	3.0	100%
OAR	2.9	100%	3.0	100%	3.0	100%
PROGRAM TOTAL	118.5		122.7		113.2	
COMMISSION PERCENT	33%		31%		29%	

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 and 2004 Presidential general elections.
- Successfully resolve all enforcement cases within the statutory time limits.
- Process the certifications quickly and accurately. (The bulk of these will be completed during FY 2004.)

Summary

For FY 2005, the resources needed to complete any residual matters from the 2000 cycle and implement the public financing program in the 2004 election cycle are summarized in Tables 8A and 8B.

TABLE 8A: PUBLIC FINANCING PROGRAM COSTS									
FY 2003-2005									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
AUDIT	\$ 525,548	\$ 1,302,663	\$ 2,735,037	\$ 25,826	\$ 51,105	\$ 136,233	\$ 551,373	\$ 1,353,767	\$ 2,871,270
IT DIVISION	\$ 16,821	\$ 44,509	\$ 46,395	\$ 102,662	\$ 168,025	\$ 199,250	\$ 119,483	\$ 212,534	\$ 245,645
OGC	\$ 876,936	\$ 1,393,105	\$ 1,095,641	\$ 73,735	\$ 75,009	\$ 56,344	\$ 950,671	\$ 1,468,114	\$ 1,151,984
PROGRAM TOTAL	\$ 1,419,305	\$ 2,740,277	\$ 3,877,072	\$ 202,222	\$ 294,139	\$ 391,826	\$ 1,621,527	\$ 3,034,416	\$ 4,268,899
COMMISSION PERCENT	4%	8%	10%	1%	2%	3%	3%	6%	8%

TABLE 8B: PUBLIC FINANCING PROGRAM FTE						
FY 2003-2005						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
AUDIT	5.8	15%	15.0	35%	29.0	67%
IT DIVISION	0.2	0%	0.5	1%	0.5	1%
OGC	8.8	8%	13.5	11%	10.0	8%
PROGRAM TOTAL	14.8		29.0		39.5	
COMMISSION PERCENT	4%		7%		10%	

Program IV: Information Technology (Management Program)

The Commission will allocate \$11,267,200 to fund IT operations, including \$4,730,500 to fund IT initiatives. As discussed in the FEC's IT Strategic Plan,⁵ the IT funding in FY 2005

⁵ The FEC's IT Strategic Plan is a running five-year plan, reviewed and updated annually. (See Attachment A.)

will enable the FEC to continue the migration to the client/server infrastructure and undertake additional initiatives to further enhance the IT systems. Non-personnel IT costs decrease by \$170,500 from FY 2004 to FY 2005, reflecting the planned implementation of several systems currently in development.

Tables 9A and 9B summarize the IT costs contained in the FY 2005 budget. The IT Strategic Plan discusses the initiatives planned for FY 2004 and beyond. The major new initiative scheduled to begin in FY 2005 with completion in FY 2008, is the portal development project that will integrate the IT systems into a web-based access environment for both external and internal users.

TABLE 9A: IT COSTS									
COMPUTERIZATION INITIATIVES FY 2003-2005									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
IT ENHANCEMENTS	\$ 2,169,121	\$ 2,255,900	\$ 2,355,500	\$ 5,424,000	\$ 3,170,000	\$ 2,375,000	\$ 7,593,121	\$ 5,425,900	\$ 4,730,500
PROGRAM TOTAL	\$ 2,169,121	\$ 2,255,900	\$ 2,355,500	\$ 5,424,000	\$ 3,170,000	\$ 2,375,000	\$ 7,593,121	\$ 5,425,900	\$ 4,730,500
COMMISSION PERCENT	8%	6%	6%	32%	22%	16%	15%	11%	9%
BASE IT PROGRAM FY 2003-2005*									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
IT DIVISION	\$ 2,280,059	\$ 2,448,000	\$ 2,551,700	\$ 1,466,596	\$ 3,360,500	\$ 3,985,000	\$ 3,746,655	\$ 5,808,500	\$ 6,536,700
COMMISSION PERCENT	8%	7%	7%	9%	23%	28%	8%	12%	12%
* ALLOCATED TO THE CORE PROGRAMS AND OBJECTIVES									
TOTAL IT PROGRAM FY 2003-2005									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
IT DIVISION	\$ 4,449,180	\$ 4,703,900	\$ 4,907,200	\$ 6,890,596	\$ 6,530,500	\$ 6,360,000	\$ 11,339,776	\$ 11,234,400	\$ 11,267,200
COMMISSION PERCENT	16%	13%	13%	41%	45%	44%	23%	22%	21%

TABLE 9B: IT FTE						
COMPUTERIZATION INITIATIVES FY 2003-2005						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
IT ENHANCEMENTS	25.8	49%	26.5	49%	26.5	49%
PROGRAM TOTAL	25.8		26.5		26.5	
COMMISSION PERCENT	7%		7%		7%	
BASE IT PROGRAM FY 2003-2005*						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
IT DIVISION	27.1	51%	27.5	51%	27.5	51%
COMMISSION PERCENT	7%		7%		7%	
* ALLOCATED TO THE CORE PROGRAMS AND OBJECTIVES						
TOTAL IT PROGRAM FY 2003-2005						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
IT DIVISION	52.9	100%	54.0	100%	54.0	100%
COMMISSION PERCENT	15%		14%		14%	

Program VI: Commission Policy and Administration (Management Program)

Tables 10A and 10B 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, and printing, are allocated to specific Commission objectives and programs.

TABLE 10A: COMMISSION POLICY AND ADMIN. PROGRAM COSTS									
FY 2003-2005									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
COMMISSIONERS	\$ 2,801,990	\$ 2,784,000	\$ 2,940,400	\$ 39,716	\$ 39,500	\$ 48,500	\$ 2,841,706	\$ 2,823,500	\$ 2,988,900
STAFF DIRECTOR	\$ 2,050,603	\$ 2,415,300	\$ 2,508,400	\$ 404,285	\$ 213,000	\$ 217,000	\$ 2,454,888	\$ 2,628,300	\$ 2,725,400
ADMINISTRATIVE	\$ 1,708,819	\$ 1,805,200	\$ 1,951,500	\$ 7,619,883	\$ 5,778,300	\$ 5,936,300	\$ 9,328,702	\$ 7,583,500	\$ 7,887,800
IG OFFICE	\$ 403,052	\$ 419,700	\$ 447,700	\$ 14,050	\$ 114,500	\$ 115,500	\$ 417,102	\$ 534,200	\$ 563,200
IT DIVISION	\$ 1,026,087	\$ 1,068,218	\$ 1,113,469	\$ 190,657	\$ 336,050	\$ 398,500	\$ 1,216,744	\$ 1,404,268	\$ 1,511,969
OGC GENERAL COUNSEL	\$ 817,145	\$ 928,737	\$ 986,077	\$ 68,707	\$ 50,006	\$ 50,709	\$ 885,852	\$ 978,743	\$ 1,036,786
CASH AWARDS	\$ -	\$ 375,000	\$ 450,000				\$ -	\$ 375,000	\$ 450,000
PROGRAM TOTAL	\$ 8,807,696	\$ 9,796,155	\$ 10,397,546	\$ 8,337,299	\$ 6,531,356	\$ 6,766,509	\$ 17,144,995	\$ 16,327,511	\$ 17,164,055
COMMISSION PERCENT	27%	27%	27%	49%	45%	47%	35%	32%	3%

TABLE 10B: COMMISSION POLICY AND ADMIN. PROGRAM FTE						
FY 2003-2005						
OFFICE/DIVISION	FY 2003		FY 2004		FY 2005	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
COMMISSIONERS	21.3	100%	22.0	100%	22.0	100%
STAFF DIRECTOR	21.7	100%	25.0	100%	25.0	100%
ADMINISTRATIVE	21.0	100%	21.0	100%	21.0	100%
IG OFFICE	4.0	100%	4.0	100%	4.0	100%
IT DIVISION	12.2	23%	12.0	22%	12.0	22%
OGC GENERAL COUNSEL	8.2	7%	9.0	7%	9.0	7%
PROGRAM TOTAL	88.4		93.0		93.0	
COMMISSION PERCENT	24%		24%		24%	