

APPENDIX A
FEDERAL ELECTION COMMISSION
FY 2002 PERFORMANCE REPORT
PURSUANT TO THE GPRA

March 20, 2003

Submitted to Congress/OMB
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FEDERAL ELECTION COMMISSION FY 2002 PERFORMANCE REPORT

SUMMARY

The Federal Election Commission (FEC) submits concurrently to the Congress and to the Office of Management and Budget its FY 2002 Performance Report pursuant to the requirements of the Government Performance and Results Act (GPRA) and the Federal Election Campaign Act (FECA). The report provides the FY 2002 Performance Plan, measures FEC performance against the objectives and goals identified in the FEC Performance Plan, and presents major program accomplishments.

The funding the FEC has received to support our programs, particularly the annual earmarked funds to carryout the IT initiatives, has been a key factor in Commission performance. This funding has been vital to the modernization and enhancement of our IT systems. The funding has allowed the FEC to accomplish its mission and achieve its program objectives despite record levels of campaign finance activity in each successive election cycle, and with a minimal addition of FTE in staff. A combination of Commission management and program initiatives along with sufficient funding for the IT projects has enabled the FEC to cope with increasing and changing demands for campaign finance data and information.

BACKGROUND

The FEC is a personnel intensive regulatory agency, with roughly 70% of our annual appropriations expended on salaries and benefits. Of the remaining 30%, 8% is allocated to GSA rent costs; 11% to legislatively earmarked IT projects, 5% to support programs, including the Office of Election Administration (OEA), audits, compliance, enforcement, disclosure and informational outreach programs; and 6% for overhead support costs such as phones, postage, equipment and supplies.

FY 2002 Appropriation

During FY 2002 the Commission expended \$44,219,323 to support 353 FTE and in a manner designed to maximize the effectiveness and efficiency of our programs. A total of \$6,230,586 was expended on earmarked IT programs during the FY; this included \$4,730,032 for hardware, software, contracts, supplies and equipment and \$1,500,554 for 19.4 FTE. During FY 2002 the Commission also received a Supplemental Appropriation of \$750,000 to initiate a forced move to acquire additional space to house staff required to implement the BCRA amendments to the FECA. The FEC established an RWA account with GSA to cover forced move and construction costs in our efforts to acquire an additional floor of space to house 27 FTE for the BCRA implementation. The FEC supplemented the \$750,000 with available funds to set aside a total of \$1.1 million for the forced move and construction.

FY 2002 PERFORMANCE REPORT FEDERAL ELECTION COMMISSION PERFORMANCE MEASURES, GOALS AND TARGETS

PERFORMANCE MEASURES AND GOALS

The FEC Strategic Plan noted the difficulty in developing true measures of performance for the FEC mission. It is difficult to define and measure public awareness of the political and campaign finance systems. It is also difficult to measure the impact of the FEC on the public's confidence in the political process. However, the Commission has developed a set of performance indicators to measure FEC success in achieving improved public confidence in the political process.

If we are successful in meeting our performance targets for timely review and processing of reports, if we meet our targets for resolving enforcement actions in a timely manner, and if we are successful in informing and educating the public about campaign finance, the desired outcomes should be met: public confidence in the FEC's ability to fairly and effectively apply campaign finance rules and to promote disclosure, thereby enabling the electorate to make informed choices in the electoral process.

The FEC Strategic Plan identifies performance goals by election cycle or other multi-year periods. In this report, FEC FY 2002 performance is compared to the FY 2002 Performance Plan.

FY 2002 PERFORMANCE TARGETS AND RESULTS

Program I: Disclosure

Objective: Promote Disclosure of Campaign Finance Activity and Provide Information on the FECA and FEC Regulatory Actions

Outcome: The public can make informed choices in the electoral process because of full disclosure of the sources of candidate campaign funding.

Accomplishments: FEC disclosure provided information to the public faster and in more flexible formats. In addition, the foundation has been established for future IT enhancements that will improve automated review of reports.

Current Services Performance Level (362 FTE)

Public Disclosure Division: met statutory deadline for placing reports on the public record within 48 hours of receipt for over 99% of all reports received. Because the Senate campaign reports are filed first at the Secretary of the Senate Office, Senate reports are not as timely as the reports for which the FEC has point of entry responsibilities. However, the FEC meets the goal of placing Senate reports on the

public record within 48 hours of their availability to the FEC. Public Disclosure also met the timeframe of responding to requests for information within 72 hours of their receipt by the FEC.

Data Systems Division (DSDD): met statutory deadline for indexing and making reports available for review within 48 hours of receipt for over 99% of reports received, by coding and entering summary information on all reports. DSDD has two key measures for timeliness of processing reports: how many days from receipt of reports to completion of all itemized data on 95% of the reports, and the number of days to complete half of the reports, i.e. how many days required to process the median of the reports. These measures show that half of all reports are processed very timely, but that it takes longer to process the full database. In essence, the major, higher priority reports are processed more rapidly, but it may take much longer to complete the processing of itemized data for all reports, including the smaller paper filed reports.

With electronic filing of the larger reports, excluding Senate reports, now mandatory, we expect to see the median days to process reports continue to improve significantly. However, processing the Senate and smaller non-electronically filed reports will still require several days longer. For FY 2002, performance improved to 6 median days for the 2002 cycle reports, compared to 10 median days for the 2000 cycle reports. This compared to 9 median days (and 27 days to 95% completion) for the 1998 cycle, which had improved from previous cycles, but the sheer volume of activity had degraded the timeliness of the 2000 cycle data processing.

Although the FEC met the target of completing coding and entry of itemized data within 45 days of receipt at the Commission for 95% of all documents for the 2000 election cycle, the days required to reach 95% completion for the 2002 cycle increased to 50 days as of September 30, 2002 (60 days as of February 28, 2003.).

FEDERAL ELECTION COMMISSION PERFORMANCE/WORKLOAD INDICATORS							
DATABASE CYCLE	DOCUMENTS FILED	TRANSACTIONS PROCESSED	MEDIAN DAYS TO PROCESS	DAYS TO 95% COMPLETE	TRNS/DOC AVERAGE	TOTAL \$DISB. (MILLIONS OF \$)	DATE 95% ENTRY ACHVD
1988	75,299	694,016	9	82	9.2	\$ 1,607	Mar-88
1990	73,324	769,474	7	34	10.5	\$ 1,115	Jun-89
1992	83,276	1,435,262	13	132	17.2	\$ 2,051	Sep-91
1994	81,167	1,382,696	14	69	17.0	\$ 1,708	Nov-93
1996	85,914	1,976,524	10	39	23.0	\$ 2,738	Aug-95
1998	80,279	1,698,063	9	27	21.2	\$ 2,021	Aug-97
2000	90,023	2,454,413	10	45	27.3	\$ 3,756	Jun-99
2002	78,475	2,077,745	6	60	26.5	\$ 3,099	Jun-01
2004	90,500	2,500,000	1	5	27.6	\$ 4,100	
2002 AND 2004 AS OF 2/28/03; 2004 PROJECTED							

A significant factor in this increase is the mail delays in 2001 and 2002. Beginning on October 17, 2001, mail service to the Commission was disrupted as a result of the anthrax attacks and subsequent irradiation of mail addressed to federal agencies in Washington, DC. Sporadic delivery of mail resumed in December 2001, and regular

daily delivery resumed in January 2002. Irradiation of mail caused significant mail delays through the July Quarterly report deadline of July 15, 2002. In addition to the delivery delay, the irradiation process destroyed a number of paper filings and most diskette filings. The US Postal Service refined the irradiation process, and by the October Quarterly report deadline of October 15, 2002, few paper filings were affected by irradiation and most diskettes could be read.

Irradiation now appears to be delaying mail delivery generally by one or two days. Further, there are persistent delays in the processing of reports filed with the Secretary of the Senate because mail addressed to the Senate is sent to an off-site mail facility before delivery to the Secretary of the Senate.

In addition, the fact that Senate reports and non-electronically filed reports below the mandatory \$50,000 threshold must be processed manually requires the FEC to operate both an electronic and manual filing system. The larger Senate reports are processed before the smaller non-electrically filed committees and take longer to complete, thus delaying the processing of the smaller reports.

Finally, the increase in total campaign finance activity in federal elections in recent election cycles has lengthened processing times. The following table notes that total disbursements in federal elections grew 1,112% from the 1976 cycle with \$310 million to the 2000 cycle (900% for the 2002 congressional cycle) at \$3.75 billion.

NON-FEDERAL OR SOFT MONEY TOTALS				TOTAL DISBURSEMENTS GROWTH		
CYCLE	TOTAL \$DISB. (MILLIONS OF \$)	INCREASE PREV CYCLE	INCREASE SINCE 1992	(MILLIONS OF \$) 1976 \$310	INCREASE PREV CYCLE	INCREASE SINCE 1976
1992	\$ 165			\$ 2,051		562%
1994	\$ 214	30%	30%	\$ 1,708	-17%	451%
1996	\$ 459	114%	178%	\$ 2,738	60%	783%
1998	\$ 361	-21%	119%	\$ 2,021	-26%	552%
2000	\$ 848	135%	414%	\$ 3,756	86%	1112%
2002	\$ 874	3%	430%	\$ 3,099	-17%	900%

In addition, since 1984, the increase in the number of documents filed (29% compared to 2000 cycle), the number of itemized transactions processed per cycle (400%), and the average number of itemized transactions per document (300%), highlight the increase in FEC workloads. Without mandatory electronic filing, the Commission could not have handled the increases in workloads with out large increases in staffing.

DATABASE CYCLE	DOCUMENTS FILED	INCREASE SINCE 1984	TRANSACTIONS PROCESSED	INCREASE SINCE 1984	TRANS/DOC AVERAGE	INCREASE SINCE 1984
1984	70,041		507,461		7.2	
2000	90,023	29%	2,454,413	384%	27.3	276%
2002	85,278	22%	2,308,606	355%	27.1	274%
2002 PROJECTED AS OF 12/31/02						

Although the median time to process documents has improved significantly (about 50% improvement from 11 or 10 days to 5 or 6 days), the volume of financial activity coupled with the need to operate a parallel manual system for the Senate and smaller committee reports creates delays in reaching the 95% completion target of 45 days

Reports Analysis Division (RAD): reviewed all high priority disclosure reports for the 2000 and 2002 election cycles within 100 days of filing by committees, ensuring that the most significant committees are reviewed first and allowing referrals for audits and enforcement actions under sections 437g and 438(b) of the FECA.

RAD also responded to 100% of filers' requests for assistance within 2 business days and reviewed 100% of all statements received within 30 days. Finally, RAD prepared notices to committees for all reviewed reports requiring further information (Requests for Further Information or RFAIs) within 18 days of review.

With 14,671 unreviewed reports from the 2002 cycle and 1,295 unreviewed reports from the 2000 cycle as of September 30, 2002, RAD also met the targets of less than 15,000 unreviewed reports from the 2002 cycle and a total backlog of less than 16,000 reports.

As the workloads for RAD continue to expand due to increasing financial activity in federal campaigns, enhanced and expanded automated review will be required to allow RAD to meet its goals at current staffing. Although RAD did not review 60% of all quarterly reports within 90 days of receipt (75% within 120 days), the review program is structured to review the highest priority committees first, and to meet the requirement that all Audit referrals take place within six months of the election for all candidate committees. As a result, the goal of issuing all Requests for Additional Information (RFAIs) within 90 days of receipt of the original reports will be met for the larger, most significant committees.

The impact of the increases in workloads and financial activity on the reports review process is evident in the following table:

FEDERAL ELECTION COMMISSION PERFORMANCE/WORKLOAD INDICATORS							
DATABASE CYCLE	DOCUMENTS FILED	DATE 90% REVIEW ACHVD	STATUS AS OF FEBRUARY AFTER ELECTION				
			FILED	REVIEWED	BACKLOG	% REVIEWED	
1988	75,299	May-89	69,041	55,167	13,874	79.9%	
1990	73,324	May-91	66,603	50,954	15,649	76.5%	
1992	83,276	Aug-93	74,234	48,320	25,914	65.1%	
1994	81,167	May-95	73,977	55,520	18,457	75.1%	
1996	85,914	Jul-97	75,818	51,607	24,211	68.1%	
1998	80,279	Jun-99	73,930	60,548	13,382	81.9%	
2000	90,023	Sep-01	78,997	47,148	31,849	59.7%	
2002	78,475		78,475	59,551	18,924	75.9%	
2004	882		882	48	834	5.4%	

2002 AS OF 2/28/03

The Office of General Counsel: prepared all Advisory Opinions in a timely manner, thus meeting the statutory deadlines for issuance (or concluded action) on Advisory Opinions. The Commission also met the 45-60 day target for Advisory Opinion reconsiderations as well as the 15-day target for deficient request notices.

OGC also maintained targets for completing all rulemaking petitions filed pursuant to 11 C.F.R. Part 200, as well as revisions to pertinent regulatory sections, as directed by the Commission. Additionally, OGC responded to all requests for legal assistance from the FOIA officer, and all FOIA appeals, within the statutory deadlines.

The need to shift resources from enforcement to meet the strict statutory deadlines for the promulgation of the BCRA regulations enabled OGC to meet its targets for policy issues but did adversely impact on the enforcement program (see below.)

Information Division: responded to 100% of requests for general information on FEC and FECA within 72 hours, 14 days for written requests.

Additionally, the Information Division:

- Responded to 100% of requests for copies of forms, the FECA and Regulations, and Commission brochures and guidelines within 72 hours.

- Notified all filers of upcoming reporting periods, and provided copies of forms as a pre-reporting notice; and published the monthly FEC Record newsletter.

- Published the statutorily required **Annual Report** in similar fashion to current comprehensive efforts, and published the following:

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

All Offices: the Press Office, RAD, Disclosure, and Information all met the goal of responding to requests for assistance, data or information within 72 hours for over 95% of all requests; within 14 days for all requests requiring written responses. The Press Office meets the statutory deadline for FOIA responses for 95% of all FOIA requests. It should be noted that the use of the FEC Website has reduced demands on FEC staff to respond to requests and has replaced thousands of requests for data and information to staff with hundreds of thousands of visits (and millions of hits) on the FEC Website. It should be noted that the mail problems due to the anthrax attack did impact on how timely requests were delivered to the FEC. However, once requests were received, they were responded to within our performance targets for responses to requests.

Program II: Compliance

Objective: Obtain Compliance with the FECA and Enforcement of the FECA

Outcome: The perception by the regulated community that disclosure reports must be accurately and timely filed; that there are real consequences for non-compliance with the FECA; and that the FEC will impartially and speedily enforce the FECA.

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

Current Services Performance Level (362 FTE)

Reports Analysis Division (RAD): reviewed the highest priority reports within 100 days of receipt for the 2002 election cycle disclosure reports filed by committees and referred committees for potential audits and/or enforcement actions. All audits of authorized Committees from the 1998 and 2000 cycles were initiated within six months of the election per the requirements of the FECA.

The Office of General Counsel (OGC): processed and closed 91 enforcement cases in FY 2002, meeting the target for 50% of cases that were substantively closed in FY 2002 (65%). Moreover, the Office exceeded its active case ratio targets for the year with a 67% active case average over the course of the fiscal year.

During the peak of the 2002 election cycle, the FEC was faced with strict deadlines for implementing the Bipartisan Campaign Reform Act (BCRA) amendments to the Federal Election Campaign Act (FECA). The Commission had to meet strict statutory deadlines for promulgating the new regulations required to implement the new provisions of the statute. In addition, the BCRA provided for expedited review of the constitutionality of the new law, and the FEC was faced with very tight court-imposed deadlines for the discovery and legal brief preparation for the court challenges to the BCRA.

The regulations and legal discovery work commenced in the spring and summer of 2002 and carried over into fiscal year 2003. As a result, the Office of General Counsel (OGC) shifted staff from enforcement and other teams to the regulations group. This shift of staffing affected the compliance and enforcement programs. This impact will continue into FY 2003 and will not be remedied until the additional staff is on board and adequately housed, most likely in FY 2004.

As a result, the average OGC caseload was 163 cases, with 29 conciliation agreements. In addition, the Commission initiated one offensive litigation case directly from enforcement since FY 2000. One aspect of the administrative fine program is that cases once classified as offensive litigation are now categorized as defensive litigation if they reach the litigation stage of the administrative fine program.

It is expected that by FY 2004 the addition of extra compliance program staff and the conclusion of the BCRA implementation will allow the FEC to increase resources committed to enforcement and increase the cases closed. During the fiscal year, OGC devoted resources to and actively participated in other Commission enforcement programs, such as the Alternative Dispute Resolution program and the Offense Profile initiative.¹

OGC also reviewed 438(b) audit reports within 6-8 weeks as well as routine matters in two weeks. The Office also answered audit queries in an average of 25 days from receipt and responded to RAD requests for review of debt settlement plans within 10 days, completing review of complex debt settlement plans within 60 days. With respect to RAD requests for review of administrative terminations, OGC met the stated processing goals for administrative terminations.

Finally, with respect to litigation matters, the Office met the stated performance measures. OGC was mainly involved in preparing the defense of the BCRA amendments to constitutional challenges during the fiscal year. All of the offensive litigation pleadings were filed within 90 days of the Commission's determination to file suit. In addition, briefs and pleadings in all matters were filed on a timely basis as imposed by court rule or order. This Office also made at least one attempt to settle each offensive case with enough time to allow the Commission to consider any settlement proposal prior to filing suit. These efforts resulted in three cases being settled. Moreover, OGC ensured that all pleadings and briefs represented the Commission's positions persuasively, that the status of active cases was reported to the Commission on a monthly basis, and that a system for obtaining satisfaction of all judgments imposing civil penalties was maintained.

The Office of Administrative Review (OAR): was established in July 2000 to review committees' and treasurers' written responses to the Commission's reason to believe findings and proposed civil money penalties (challenges), monitor payments of civil money penalties sent to the Commission's lockbox, forward unpaid civil money penalties to the Department of Treasury (Treasury) for collection, and serve as liaison to Treasury for these debts. Three months later, by the beginning of FY 2001, OAR was fully staffed and receiving and reviewing challenges, preparing written recommendations to the

¹ The Alternative Dispute Resolution program permits cases that may otherwise be dismissed without substantive treatment to be resolved by the Commission through a negotiated settlement. Three cases were returned from the ADR program to OGC to be processed pursuant to the regular enforcement process. In addition, the Office devoted resources to assess whether cases were appropriate for the ADR program.

Commission, monitoring payments, and working with Treasury staff on debt referral procedures. In 2002, 183 administrative fine cases were placed on the public record, with penalties exceeding \$250,000.

The Administrative Fine program has successfully enabled the Commission to expedite and regularize the enforcement of the filing provisions of the FECA. It has increased compliance with the filing requirements and has improved timely filing of disclosure reports. Given that timely and accurate filing of disclosure reports is vital to full disclosure of campaign finance activity, the program has been successful. It has also been successful in that it has reduced the staff resources required to enforce the reporting requirements of the FECA and process the fines for those committees failing to meet the filing deadlines.

The Alternative Dispute Resolution or ADR Program: was established in FY 2000 and became fully operational in FY 2001. In FY 2002 a total of 17 cases were settled and closed with agreements approved by the Commission. These cases were resolved within an average of 161 days from receipt by the ADR team and represented cases that would not have been activated and processed by the enforcement program; in other words they would have been dismissed with no formal Commission action. The ADR program has enabled the Commission to expand the reach of the FEC enforcement program and has provided alternative solutions to resolving cases, usually within an expedited timeframe. As such it has met the FEC goals of improving the timeliness of enforcement and increasing the number of cases resolved with substantive Commission actions rather than dismissed.

Audit Division: the performance target for Audit was to complete 20-25 authorized committee audits and 20-25 unauthorized committee audits from the 2000 and 2002 election cycles. As of September 30, 2002, the division had completed or initiated 21 authorized committee audits under 438(b). In addition, the division had released 4 unauthorized committee audits and begun another 12 unauthorized committee audits. All of the authorized committee audits were initiated within 6 months of the election as required by the FECA. In addition, a 437(g) audit began in FY 2002. Audit maintained a stand-alone Title 2 Audit program even during the presidential election cycles. In addition, the goal of expanding the Title 2 Audits from about 20-25 per cycle to 40-45 per cycle was achieved. A total of 17 Title 2 audits were released during FY 2002, and 20 were in process, with 11 at the final report stage.

Program III: Public Financing

Objective: Administer Public Financing

Outcome: The public funding program is implemented so that the availability of federal funds does not become an issue in the campaign; so that qualified presidential candidates receive entitled funds expeditiously; so that public monies are correctly spent on qualified campaign expenditures and are fully accounted for; and so that the public is assured that the FECA has been impartially enforced in a timely manner.

Accomplishments: FEC public financing accomplishments in FY 2002 were to stay on track to meet the two-year deadline to complete presidential audits and still maintain a “stand alone” Title 2 audit program with available audit resources. Timely completion of the certification and audit of public funds will assure the public that the public financing system was properly implemented and enforced.

Current Services Performance Level (362 FTE)

Audit: all matching fund requests were reviewed and certified for payment within required timeframes. The FEC is on target for completing, within 2 years of the 2000 general election, audits of the 10 Presidential primary candidates who received federal funding. In addition, audits of 3 general election candidates and of 5 convention committees should also be completed within 2 years of the general election. As of the end of FY 2002, 3 post-primary audits had been released, with the remaining 7 at the final report stage. Four convention committee audits had been released, with one at the final report stage. All three general election audits were at the final report stage. The report to Congress on the 2000 matching fund process is on schedule to be completed within 2 ½ years of the general election.

OGC: reviewed and commented on preliminary audit reports on Title 26 committees during the fiscal year. Comments were prepared within eight weeks of completion of the preliminary Title 26 audits for the 2000 cycle, with one comment completed two business days late.² Additionally, OGC prepared reports to the Commission on any enforcement matters arising out of Title 26 audits and presidential campaigns during the fiscal year.³ On a less frequent basis, OGC prepared reports to the Commission on any additional enforcement matters arising out of Title 26 audits and presidential campaigns.⁴

² The performance measure for legal reviews of all 2000 presidential audit reports and repayment matters for 2000 cycle publicly funded committees were not applicable for FY 2002.

³ The performance measure stating that OGC will complete all investigations of 2000 presidential matters within the four-year presidential election cycle was not applicable for FY 2002.

⁴ During the fiscal year, the Office also had some Title 26 enforcement matters held in abeyance pending completion of an audit.

Program IV: Office of Election Administration

Objective: Administer Office of Election Administration (OEA)

Outcome: The state and local election officials charged with administering federal elections are able to hold fair elections efficiently with public confidence in the integrity of the results; to enable elections administrators to comply with the Voting Accessibility and NVRA statutes. The FEC is required by the NVRA to report to Congress on the impact of the law after each election. The Office of Election Administration represents virtually the only direct federal assistance to the multitude of state and local elections officials charged with administering federal elections. The ability, or inability, to properly administer elections and tally elections results can affect the outcome of assuring public faith in the electoral process.

Accomplishments: the major FEC accomplishment in FY 1999-2002 was to complete the update of the technical Voting Systems Standards (VSS) to improve elections officials' abilities to select certified voting equipment that meets the requirements for an accurate electoral tabulation process.

Current Services Performance Level (362 FTE)

OEA: In FY 2002, OEA released the revised and updated Voting System Standards—the *voluntary* technical standards for state and local election officials. The standards allow election officials to procure voting tabulation systems that meet set criteria. OEA first developed these VSS in the 1980s and the FEC has been requesting funds to update them over the past several fiscal years. In previous years, since FY 1998, the FEC has been reallocating OEA funds from other projects and additional FEC resources to complete the VSS update. In FY 2001, an additional \$160,000 was appropriated to allow for the completion of the VSS update.

The Commission also requested funding for a major increase in the OEA program to provide for further enhancements to the VSS and to develop management or operational guidelines for administering federal elections. Funding for this program was denied in FY 2002 and was not included in the President's FY 2003 budget request. The OEA initiated limited work on developing the management guidelines.

The FEC has been committing OEA and Commission resources to the update and revision of the technical VSS since well before the 2000 elections. The FEC reallocated additional funds to the OEA VSS program in fiscal years 1998, 1999, and 2000, as well as in FY 2001. With limited resources, the Commission has been successful in providing some assistance to the state and local elections officials charged with administering federal elections. The technical VSS were formally released in 2002. The OEA has also

met its responsibilities with regard to the National Voter Registration Act (NVRA) and the Voting Disability and Accessibility Act.

A new Election Assistance Commission has been established and is expected to begin operations in late FY 2003; this new agency is contained in the President's FY 2004 budget request, and the OEA will be transferred to the agency.

Information Technology (IT) Projects

Objective: Successfully Implement IT Projects to Improve FEC Programs

Outcome: A cross-cutting set of projects for IT development and enhancements to allow the FEC to meet its objectives and goals. The two major initiatives are the IT Enhancements and the Electronic Filing projects. Enhanced IT systems throughout the Commission have been implemented in FY 2001-2002.

Accomplishments: FEC IT accomplishments include installation of a new accounting and finance system; installation of an upgraded and enhanced electronic filing system; development and design of new systems for the FEC web, internet, and imaging programs; migration of the main FEC IT system to a client/server environment; and installation of new IT equipment and systems for in-house staff support of disclosure and compliance programs, as well as upgraded service to outside users of FEC disclosure data and reports.

Current Services Performance Level (362 FTE)

Data Systems: met congressional mandates for three identified IT initiatives funded with earmarked appropriations over the last several fiscal years. The initiatives included:

- Continued to provide point of entry for filing House disclosure documents at the FEC; scanning all documents and transmitting images to the House Office in usable format for that office; eliminating duplicate processing at FEC and House office.
- Continued the multi-year enhancement and upgrade of IT systems for all Commission Offices and Divisions: continued development and deployment of a client/server based IT system and the development of a replacement for the existing FEC document imaging system.
- Developed and implemented a mandatory electronic filing system (with thresholds) for 2002 cycle for disclosure reports required to be filed under the FECA; interim, voluntary system initiated on January 1, 1997.

Data Systems has continued to upgrade and enhance the electronic filing system and concurrently implement the upgraded IT systems in order to develop automated

review procedures. This will enable the FEC to cope with increasing workloads with static staff resources. In order to meet the document processing and review deadlines for over \$3.75 billion in federal campaign finance activity in the 2000 election cycle, progress on electronic filing and processing of reports, and ultimately the automated review process, was vital to the success of the FEC. With the total of \$3.1 billion in activity in the 2002 congressional cycle, and a projected \$4 billion in the 2004 presidential cycle, the success of the IT initiatives is of key importance to the FEC. Successful progress on the IT enhancements in the past several fiscal years has set the foundation for continued implementation of enhancements in FY 2003 and later years.

FY 2002 FEC ACCOMPLISHMENTS

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

The FEC accomplishments in FY 2002 also improved the timeliness and increased the substantive action in enforcement cases, as well as focused our limited resources on more complex, substantive cases. The FEC initiated several projects that continued into FY 2002. Significant successes in FY 2002 include:

Completion of the regulations implementing the Bipartisan Campaign Reform Act, meeting aggressive 90 and 270-day regulatory deadlines. The Commission completed extensive revisions to the regulations to implement the BCRA amendments to the FECA under very strict statutory timeframes, and met stringent court imposed deadlines for the discovery and legal brief preparation process in court challenges to the constitutionality of the BCRA provisions.

Establishment of the Alternative Dispute Resolution (ADR) program as a permanent program. In FY 2002 the Commission accepted 17 agreements reached under this program, which was designed to handle administrative complaints and Title 2 audit referrals to free enforcement and litigation resources for more complex, significant cases. A total of 28 cases were closed in FY 2002.

Implementation of the client/server disclosure system, the successful and on-time completion of a \$2.3 million upgrade.

Release of the revised and updated Voting System Standards—the *voluntary* technical standards for state and local election officials. The standards allow election officials to procure voting tabulation systems that meet set criteria. The Commission's Office of Election Administration (OEA) completed a multi-year project to update the Voting Systems Standards (VSS) to improve elections officials' abilities to select certified voting equipment that meets the requirements

for an accurate electoral tabulation process. First initiated in FY 1998, the new updated VSS were formally released in FY 2002

Placement of 183 administrative fine cases on the public record, with penalties exceeding \$250,000. Implementation of the administrative fine program freed enforcement resources for more complex, substantive cases and enhanced disclosure by improving timely filing.

Expansion of the Case Management System to the ADR program. The Case Management system now provides case tracking, case management, and time reporting for ADR as well as OGC programs. Data from the Case Management system can be used to produce MIS and budget and planning data for OGC programs.

As a result of the ADR program, the administrative fine program, the Case Management System, and the OGC Enforcement Priority System (EPS), the FEC has been improving the timeliness of enforcement actions and increasing the percentage of the caseload actively worked on. Since FY 1995, the Commission has used the EPS to triage cases, dismiss those with a lower priority and eliminate stale cases. The goal of all the initiatives has been to focus limited enforcement resources on the more complex, substantive cases, to increase the percentage of cases activated, and to improve the ratio of cases closed with substantive action rather than dismissed with no action. As a result of efforts since FY 1995, but particularly in FY 2000-2002, there were some significant improvements in enforcement:

Over 50 percent of cases were activated FY 1998-2002, an improvement over the average of 35-40% from FY 1995-1997;

The ratio of active to inactive pending cases on average improved to over 50% in FY 1999-2002, with the highest active ratio ever, 67% in FY 2002.

A dramatic increase in cases closed with substantive action, from 43% in FY 1999 to 76% in FY 2000, and 65% in FY 2001. There was some fall-off in FY 2002 (due somewhat to the BCRA implementation impact), with the substantive case closing at 51%; but the target of 50% was still met.

ENFORCEMENT CASES IN PROCESS: ACTIVE AND INACTIVE

MONTHLY AVERAGE NUMBER PENDING				
FISCAL YEAR	INACTIVE CASES	ACTIVE CASES	TOTAL CASES	PERCENT ACTIVE
1995	174	145	319	45%
1996	122	125	247	51%
1997	217	102	319	32%
1998	107	93	200	47%
1999	79	117	196	60%
2000	98	102	200	51%
2001	98	108	206	52%
2002	53	110	163	67%

DISPOSITION OF CASES CLOSED: SUBSTANTIVE VS. DISMISSED

FISCAL YEAR	CASES DISMISSED UNDER EPS	CASES DISMISSED/ "OTHER"	CASES CLOSED IN FY	TOTAL CASES CLOSED	PERCENT CASES DISMISSED	PERCENT CASES CLOSED
1995	121	3	128	252	49%	51%
1996	131	2	96	229	58%	42%
1997	133	19	92	244	62%	38%
1998	145	-	68	213	68%	32%
1999	78	7	65	150	57%	43%
2000	25	8	107	140	24%	76%
2001	43	-	81	124	35%	65%
2002	32	-	59	91	35%	65%