

**FEDERAL ELECTION COMMISSION
BUDGET REQUEST JUSTIFICATION**

FOR FY 2004

PRESENTED TO THE CONGRESS

PURSUANT TO GPRA AND OMB A-11

March 20, 2003

EXECUTIVE SUMMARY

The Federal Election Commission (FEC) submits a budget request of \$50,440,000 and 391 FTE for FY 2004, an increase of only \$898,129 (1.8%) over our enacted FY 2003 appropriation of \$49,541,871 and 389 FTE. The FEC request conforms to the President's budget request for FY 2004 and is the result of an agreement reached with OMB during the FY 2004 budget preparation process.

The request continues the additional staff resources requested in our amended FY 2003 budget request to comply with and implement the Bipartisan Campaign Finance Reform Act (BCRA) amendments to the Federal Election Campaign Act (FECA) that were enacted in 2002. This request includes the 27 FTE required to meet the Commission's responsibilities under BCRA, concludes the acquisition of space necessary to house the additional staff, and also includes two FTE of temporary staff to process matching fund submissions in the 2004 presidential election cycle.

Other than the temporary staff for the matching funds processing, this request represents a continuation of the FY 2003 funding level, as adjusted for inflation and salary and benefits increases. As such it represents essentially a Current Services request for FY 2004 with no additional funds or staff for new programs or initiatives. As noted, the FEC reached agreement with OMB on this request, after negotiations with the OMB staff over the original FY 2004 pass back.

Delays in FY 2003 Staffing and Space Acquisition

When compared to FY 2003, the Commission request represents a 7.1% increase for personnel costs attributable to the FY 2003 and 2004 COLAs, and staffing of the full 27 FTE increment for BCRA implementation for the entire fiscal year. Due to the almost six month delay in enacting most of the government's FY 2003 appropriations, the FEC was unable to acquire and make available space for the 27 FTE requested in FY 2003 for BCRA implementation, and also was unable to hire the additional staff for the entire fiscal year in 2003. Therefore, the Commission expects to reach a cumulative FTE of only 373.2 FTE for FY 2003.

Much of the personnel increase in the FY 2004 budget therefore reflects the full staffing to the 391 FTE requested, and the funding of the full 4.1% COLA effective in January 2003 for the entire fiscal year in FY 2004. Due to the inability to staff up to the full 389 FTE authorized in FY 2003, the FY 2004 request represents an effective increase of 17.8 FTE based on our projections for staffing in FY 2003. In terms of the requested FTE for both FY 2003 and 2004, the only requested increase in authorized FTE is the two temporary positions for the matching funds processing in the 2004 presidential election.

In addition, the FY 2004 request also represents an overall **decrease** of 8.9% for non-personnel costs. This is due to a 19.1% decrease in non-personnel items other than the rent and the IT initiatives and is largely a factor of larger non-personnel costs required for BCRA implementation in FY 2003 than in FY 2004. In addition, the lapse incurred in staffing up to the

authorized FTE level in FY 2003 has been allocated to cover projected costs of the forced move and construction costs to acquire the 5th floor in our current building.

The FY 2003 FEC Management Plan allocates \$1.2 million in addition to the funds allocated in FY 2002 to provide for forced move costs (moving the Bureau of Public Debt or BPD out of our building) and all construction costs to finish the 5th floor and make adjustments to the rest of the Commission space. The original plan assumed that the FEC would occupy the entire 5th floor for the complete fiscal year in FY 2004; we now are hoping to at least move into swing space and initiate the construction by the close of FY 2003. GSA refused to implement the forced move until the FY 2003 appropriations were enacted and was satisfied that the FEC had sufficient funds to complete the move and the necessary construction.

As a result, the FEC has lost the opportunity in FY 2003 to occupy the space necessary to house additional staff requested to cover the BCRA amendments to the FECA. Our FY 2003 Management Plan now reflects this fact, and the FY 2004 budget covers the cost of rent for swing space and finally the additional floor of space for the staff requested. As we note below, because we were unable to hire additional staff due to the delay in funding and the lack of the necessary space, we have had to pull staff from other programs and use overtime and contract assistance to implement the BCRA in FY 2003. The staff contained in the FY 2004 budget request would allow us to re-deploy staff and try to recover from the impacts of the accelerated implementation of the BCRA amendments for the 2004 election cycle.

The final result is a modest 1.8% increase over FY 2003, yet a request that fills the needs of the agency in FY 2004 with respect to fully implementing the BCRA required changes. The FEC request also includes \$100,000 to enable the agency to meet the requirements of the recently enacted The Accountability of Tax Dollars Act of 2002 that requires federal agencies of the Commission's small size to prepare audited financial statements.

FEDERAL ELECTION COMMISSION OMB AGREEMENT				
FY 2004 BUDGET: BCRA 04 VS. BCRA 03				
	FY 2003 BCRA	DELTA TO FY	FY 2004 BCRA	PERCENT
	373.2 FTE	2004 >>>	391 FTE	CHANGE
PERSONNEL	33,198,800	2,348,200	35,547,000	7.1%
GSA SPACE	3,600,000	490,000	4,090,000	13.6%
ACQUIRE 5TH FLOOR	1,178,571	(1,178,571)	-	
IT PROJECTS	4,810,000	427,500	5,237,500	8.9%
OTHER NON-PERS	6,754,500	(1,289,000)	5,465,500	-19.1%
FINANCIAL AUDIT	-	100,000	100,000	
NON-PERSONNEL	16,343,071	(1,450,071)	14,893,000	-8.9%
TOTAL FEC	49,541,871	898,129	50,440,000	1.8%

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, as amended, (FECA) restrictions on campaign financing and/or its requirements for public disclosure will suffer real and evenhanded consequences for non-compliance.

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

The FY 2004 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

Formerly, the Commission had the mandated responsibility to compile information and review procedures related to the administration of federal elections. That responsibility has been proposed for transfer to the new Election Assistance Commission, which is funded in the President's FY 2004 Budget.

Programs, Objectives and Goals

To accomplish its mission, the FEC has established six 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 2004 Budget:

- Promoting Disclosure (core) - \$10,988,496 and 125.0 FTE
- Obtaining Compliance with the Federal Election Campaign Act (core) - \$13,037,252 and 120.0 FTE

- Administering the Public Financing of Presidential Elections (core) - \$3,723,103 and 37.0 FTE
- Election Administration (core) - \$0 and 0 FTE for FY 2004
- Special IT Projects (management) - \$6,389,900 and 13.5 FTE
- Commission Policy and Administration (management) - \$16,031,248 and 95.5 FTE

The following table depicts the increases for BCRA implementation by Commission objective contained in the FY 2004 request. As expected, the major increases are for the Disclosure and Compliance objectives, and for the IT initiatives to make all IT-based disclosure processes compliant with the BCRA amendments. The increase for Public Financing reflects the two temporaries for matching funds certification.

FEDERAL ELECTION COMMISSION OMB AGREEMENT					
FY 2004 BUDGET: BCRA INCREASES BY OBJECTIVE					
OBJECTIVE	FTE	PERS	NON-PERS	TOTAL	PERCENT
COMPLIANCE	10	\$ 955,194	\$ 62,000	\$ 1,017,194	30%
DISCLOSURE	16	\$ 1,113,506	\$ 275,000	\$ 1,388,506	41%
PUBLIC FINANCING	2	\$ 58,500	\$ -	\$ 58,500	2%
POLICY ADMIN	1	\$ 91,800	\$ 312,500	\$ 404,300	12%
IT	-	\$ -	\$ 500,000	\$ 500,000	15%
TOTALS	29	\$ 2,219,000	\$ 1,149,500	\$ 3,368,500	

Election Assistance Commission

The President's FY 2004 budget includes 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). It is expected that the new Commission will be established in late FY 2003 and the OEA will be transferred with all existing assets to the EAC for the entire FY 2004.

Building on Past Successes

In FY 2002 and 2003, the FEC achieved several major successes: meeting statutory and court deadlines for the BCRA implementation and legal challenges to the BCRA; expansion of the compliance program; implementation of mandatory electronic filing; and issuance of the revision of the Voting Systems Standards (VSS). These successes are the result of FEC efforts and support from our Congressional oversight committees. Swift Congressional action on mandatory electronic filing for large filers and the establishment of an administrative fine program, as recommended in the PricewaterhouseCoopers *Technology and Performance Audit and Management Review of the Federal Election Commission*, resulted in programs allowing the FEC to carry out its disclosure and compliance missions more effectively. 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 has 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.

While the Commission was successful in meeting its responsibilities under the BCRA implementation, the additional staff for FY 2004 is necessary to allow recovery in those programs where resources were pulled to meet the BCRA changes. This includes enforcement, litigation, policy, compliance and disclosure and informational outreach programs. The demands of the compressed time frame for the BCRA implementation had a major impact on Commission programs across the board.

FEC Compliance Program

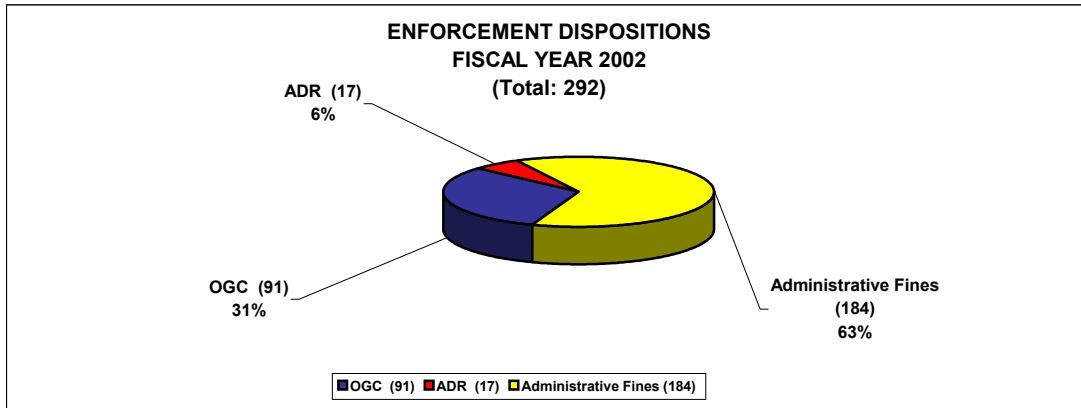
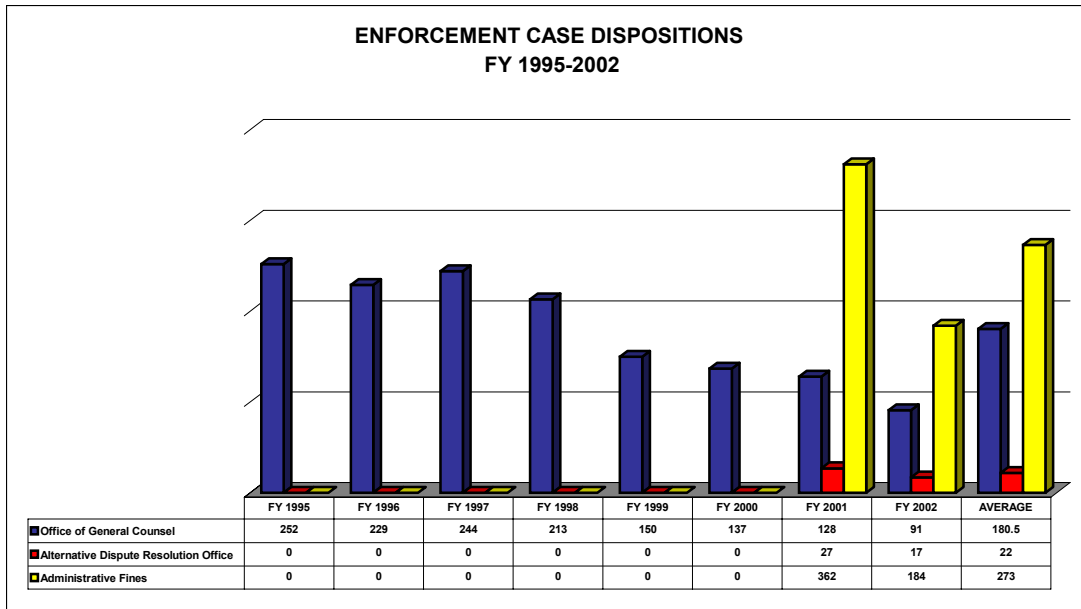
The Administrative Fine Program, initiated in July 2000, and the Alternative Dispute Resolution (ADR) program, initiated in October 2000, were established to allow the Office of General Counsel enforcement resources to focus on more substantive and significant cases, permit the FEC to resolve cases that would otherwise not have been activated, and increase the number of compliance actions handled in the FEC enforcement program.

For example, from FY 1995 through FY 2000, the FEC closed an average of 205 cases each fiscal year. In FY 2001, with the addition of the administrative fine and ADR programs, the FEC closed 517 cases, a 152% increase over the FY 1995-2000 annual average of 205 cases. In FY 2002, the FEC closed 292 cases, including enforcement, ADR and administrative fine cases.

The ADR program affords both the FEC and the respondent parties the opportunity to resolve cases more rapidly. This is another 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, the ADR office concluded 73 agreements with respondents and formally closed 51 cases (as of March 7, 2003) in an average of 119 days from the time matters were referred to the ADR office.

The FEC enforcement goals established in the Strategic Plan and annual Performance Plan seek to activate more enforcement cases and reduce the number of cases dismissed without substantive action. These goals build on the FY 2000 record when the FEC closed over 70% of the cases processed with some form of substantive action and over 50% of the average monthly caseload was actively being processed.

At the same time, the FEC has improved the OGC enforcement tracking process through the Case Management System. In addition, future productivity benefits are expected from document imaging and management systems.



Electronic Filing Program

The mandatory electronic filing program began in January 2001. In July 2001, 2,460 committees electronically filed either their Mid-Year Reports or their July monthly Reports, with 1,135 committees filing electronically for the first time. Election-cycle-to-date financial activity for those committees filing electronically represented 82% of the total disbursements for all committees filing reports, excluding Senate filers. The 2002 year-end filings included electronically filed reports from 3,236 PAC, Party and Campaign committees. For all filers, excluding Senate committees, the election-cycle-to-date figures represent 84% of the total disbursements reported.

Electronic filing has increased the timeliness, scope, and amount of data available to FEC staff and external users of campaign finance disclosure information.

Voting Systems Standards

The FEC issued the draft technical Voting Systems Standards (VSS) designed as voluntary standards for election administration officials charged with selecting and using voting systems in federal elections. The final technical standards were released formally at a conference hosted by the FEC's Office of Election Administration (OEA) in 2002. They also were disseminated in educational outreach workshops and through other OEA efforts. The new EAC will be able to build upon the work accomplished by the Commission's OEA in developing operational guidelines for election administrators to improve the operational management of federal elections.

The Commission believes that, within the context of limited funding, support for OEA initiatives to disseminate the new VSS and to begin work on operational guidelines for election administration was critical to continuing to ensure the integrity of federal elections. The Commission believes that the past OEA efforts will provide the new agency with a good foundation for the location that the political branches of government have determined to place additional resources for election reform issues.

Funding Required to Continue FEC Programs

The success of these initiatives has resulted, and will continue to result in, improved disclosure through electronic filing, improved compliance through varied enforcement programs, and improved federal election administration through updating and enhancing the VSS.

When considered within the context of the continuing record levels of total federal campaign finance activity each election cycle, resulting in more than a 1000% increase since 1976, these initiatives have enabled the Commission to handle an expanding workload without proportionate requests for additional staff. The FEC has relied on information technology (IT) to automate and streamline disclosure and compliance programs to respond to the expansion in campaign finance activity with stable levels of staff resources.

In order 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 2004 to continue 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 2004 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 OMB Level for FY 2004

The FEC request contained in the President's FY 2004 Budget 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 2004 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 2004 budget represents minimal increases from the final enacted funding for the Commission in FY 2003. 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 FY 2004 and 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 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 efforts are made to enforce 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 the automation of the reports review process
- Develop and maintain IT capabilities:

- * Support the mandatory electronic filing program
- * Complete 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 the FEC website
- * Support the case management system

**DIFFERENCE FY 2003 TO FY 2004
President's FY 2004 Budget Request for FEC**

	FY 2003 Appropriation	\$49,866,000
-	FY 2003 Rescission	\$ 324,129
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=	Adjusted FY 2003 Appropriation	\$49, 541,871
+	Increase in pay, benefits	\$ 2,337,200
+	Increase in overtime/transit subsidy/other	\$ 11,000
+	Increase in rent	\$ 490,000
+	Increase in IT program costs	\$ 427,500
+	Cost of financial audit preparation	\$ 100,000
-	Change in BCRA related and other non-personnel costs	(\$ 1,289,000)
-	Decrease in space acquisition costs	(\$ 1,178,571)
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	Subtotal for changes to FY 2003 for FY 2004 Request:	\$ 898,129
=	Budget for FY 2004 (President's Budget FY 2004)	\$50,440,000

FEDERAL ELECTION COMMISSION FY 2004 BUDGET REQUEST

The Federal Election Commission (FEC) submits a budget request of \$50,440,000 and 391 FTE for FY 2004, an increase of \$898,129 (1.8%) over our FY 2003 appropriation. This request represents a continuation of the FY 2003 funding level, as adjusted for inflation and salary and benefits increases, full staffing of the 391 FTE requested, and with no programmatic increases other than two temporary staff for matching fund certifications and preparation for a full financial audit in 2004. This request was arrived at during negotiations with the OMB during the preparation of the FY 2004 President's Budget Request. As a result of the negotiations, the FEC agreed to support the President's request for the FEC for FY 2004.

As a result, the funding level contained in this budget request will enable the Commission to:

Continue to meet all deadlines and requirements for the 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 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 enhancement of the Voting Systems Standards and provide for limited development of operational guidelines for the administration of federal elections; Continue other Office of Election Administration efforts to disseminate information and assist elections officials to improve the conduct of federal elections
- Continue the Administrative Fine and Alternative Dispute Resolution programs
- Continue the automation of the reports review process
- Develop and maintain IT capabilities:

- * Support the mandatory electronic filing program
- * Complete 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 development of portal, web-based access to FEC data: Portals Development Project (PDP)
- * Maintain the FEC website
- * Support the case management system

Information Technology (IT) Enhancements

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

- Client/server environment development and conversion
- Document management system development and implementation
- Enhanced automated review of disclosure reports
- Capability to process paper filings with OCR system
- 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

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

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

The IT enhancements included in the FY 2004 budget will enable the FEC to make necessary changes to the electronic filing process to ensure that all BCRA changes are complied with for the 2004 election cycle. Educational and outreach efforts by the Commission have been successful, as the first results indicate a high compliance with the mandatory electronic filing requirements.

Full realization of the potential of mandatory electronic filing will require the funding of several of our programmatic requests for FY 2003 and 2004. 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 and 2003, as well as the BCRA impacts, some of these projects may be delayed until FY 2004.

By the 2004 election cycle, based upon our experiences with the 2002 cycle and the results of the RAD business process review, as well as the data mining project, the FEC expected to realize the full benefits of both electronic filing and the IT enhancements in the document processing and reports review programs. This full realization will be delayed until at least FY 2005.

Point of Entry

The IT Enhancements supports implementation and 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.

Summary of Request and Differences from FY 2003

The following set of tables summarizes the FY 2004 request and the differences from FY 2003. As noted in the Executive Summary, the net increase in FY 2004 is only a 1.8% increase over FY 2003: a total of \$898,129. The increase in personnel costs is due mainly to the full funding of the 391 FTE requested; although authorized 389 FTE in FY 2003 the FEC will only be able to reach about 373.2 FTE due to delayed enactment of the FY 2003 appropriation and the lack of additional space to house the 27 FTE requested for BCRA implementation in FY 2003.

The FY 2004 request assumes that, although delayed by the late enactment of the FY 2003 appropriation and the unwillingness of GSA to therefore implement a forced move, the FEC will initiate a forced move and construction project to acquire the 5th floor by the close of FY 2003. We therefore assume that we will either occupy swing space or the completed 5th floor for the entire FY 2004 period, and will be able to staff up accordingly.

TABLE 1: FEC FY 2003 TO FY 2004: SUMMARY DIFFERENCES

FEDERAL ELECTION COMMISSION			
FY 2004 BCRA BUDGET: FY 2003 VS. FY 2004			
COMMISSION	FY 2003 BCRA	INCREMENT	FY 2004 BCRA
SUMMARY	373.2 FTE	17.8 FTE	391 FTE
SALARIES/BENEFITS	32,272,800	2,337,200	34,610,000
11.10 SALARIES	25,818,240	1,869,760	27,688,000
12.10 BENEFITS	6,454,560	467,440	6,922,000
12.10 TRANSIT SUBSIDY	315,000	10,000	325,000
11.50 OVERTIME	231,000	(49,000)	182,000
11.82 WITNESSES	5,000	-	5,000
11.52 CASH AWARDS	350,000	50,000	400,000
13.01 OTHER	25,000	-	25,000
PERSONNEL	33,198,800	2,348,200	35,547,000
21.01 TRAVEL	402,000	(48,500)	353,500
22.01 TRANS/THGS	45,000	(15,000)	30,000
23.11 GSA SPACE	3,600,000	490,000	4,090,000
23.21 COM. SPACE	49,500	-	49,500
23.31 EQUIP RENT	229,000	18,000	247,000
23.32 TELE LOCAL	190,000	10,000	200,000
23.33 LDIST/TELEG	33,500	(1,500)	32,000
23.34 TELE INTCTY	40,000	2,000	42,000
23.35 POSTAGE	205,000	(35,000)	170,000
24.01 PRINTING	604,500	(145,500)	459,000
24.02 MICROFILM	28,000	1,000	29,000
25.11 TRAINING	211,000	(6,500)	204,500
25.12 ADMIN EXP	134,500	8,500	143,000
25.13 DEP/TRANSC	125,000	(27,000)	98,000
25.14 IT CONTRACTS	1,925,000	305,000	2,230,000
25.21 CONTRACTS	1,060,000	(381,000)	679,000
25.23 REPAIR/MAIN	5,000	-	5,000
25.24 TUITION	33,500	-	33,500
25.31 FED AGENCY	1,548,571	(1,235,071)	313,500
25.32 FED TRAINING	57,500	500	58,000
25.41 FACIL MAINT	147,500	(57,500)	90,000
25.71 EQUIP/MAINT	236,000	46,500	282,500
25.72 SFT/HRDWRE	3,508,000	68,500	3,576,500
26.01 SUPPLIES	405,000	(17,000)	388,000
26.02 PUBS	264,000	16,500	280,500
26.03 PUBS SERV	273,000	4,000	277,000
31.01 EQP PURCH	494,000	(407,000)	87,000
31.02 CAPITALIZED IT	225,000	(225,000)	-
31.03 NON-CAPT IT	264,000	181,000	445,000
NON-PERSONNEL	16,343,071	(1,450,071)	14,893,000
TOTAL FEC	49,541,871	898,129	50,440,000

TABLE 2: PERCENTAGE INCREASES FROM FY 2003

FEDERAL ELECTION COMMISSION OMB AGREEMENT				
FY 2004 BUDGET: BCRA 04 VS. BCRA 03				
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IT PROJECTS	4,810,000	427,500	5,237,500	8.9%
OTHER NON-PERS	6,754,500	(1,289,000)	5,465,500	-19.1%
FINANCIAL AUDIT	-	100,000	100,000	
NON-PERSONNEL	16,343,071	(1,450,071)	14,893,000	-8.9%
TOTAL FEC	49,541,871	898,129	50,440,000	1.8%

TABLE 3: FEC STAFFING

FEC FTE FY 2004 BUDGET REQUEST					
OFFICE/ DIVISION	FY 2003 389 FTE AUTHOR. LEVEL	FY 2003 373.2 FTE PROJ. LEVEL	FY 2004 362 FTE BASE LEVEL	FY 2004 INCREMENT	FY 2004 391 FTE BCRA LEVEL
COMMISSIONERS	20.0	21.5	22.0	-	22.0
STAFF DIRECTOR	13.4	13.3	15.0	-	15.0
PLANNING AND MGMT	2.0	2.0	2.0	-	2.0
PERSONNEL	6.0	6.3	6.0	1.0	7.0
PRESS	5.0	5.0	5.0	-	5.0
EEO	1.0	1.0	1.0	-	1.0
ADR	3.0	3.0	2.0	1.0	3.0
OAR	3.0	3.0	2.0	1.0	3.0
ADMINISTRATION	21.0	21.0	21.0	-	21.0
AUDIT	41.0	40.3	40.0	3.0	43.0
INFORMATION	14.0	13.5	13.0	1.0	14.0
GENERAL COUNSEL	128.0	120.4	118.0	10.0	128.0
OEA	5.0	4.3	-	-	-
DATA SYSTEMS	53.6	53.6	54.0	-	54.0
DISCLOSURE	14.0	12.7	13.0	1.0	14.0
REPORTS ANALYSIS	55.0	48.3	44.0	11.0	55.0
I. G. OFFICE	4.0	4.0	4.0	-	4.0
COMMISSION TOTAL	389.0	373.2	362.0	29.0	391.0
FY 2003 AUTHORIZED AT 389 FTE, DUE TO SPACE LIMITATIONS WILL APPROACH 373 FTE.					

TABLE 4: BCRA INCREASES BY OBJECTIVE

FEDERAL ELECTION COMMISSION OMB AGREEMENT					
FY 2004 BUDGET: BCRA INCREASES BY OBJECTIVE					
OBJECTIVE	FTE	PERS	NON-PERS	TOTAL	PERCENT
COMPLIANCE	10	\$ 955,194	\$ 62,000	\$ 1,017,194	30%
DISCLOSURE	16	\$ 1,113,506	\$ 275,000	\$ 1,388,506	41%
PUBLIC FINANCING	2	\$ 58,500	\$ -	\$ 58,500	2%
POLICY ADMIN	1	\$ 91,800	\$ 312,500	\$ 404,300	12%
IT	-	\$ -	\$ 500,000	\$ 500,000	15%
TOTALS	29	\$ 2,219,000	\$ 1,149,500	\$ 3,368,500	

FEC Staffing and Workloads

FY 2004 will encompass the 2004 primary and pre-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 should continue for the 2004 elections. The 2004 election is expected to be as competitive as the 2000 and 2002 cycles.

Despite large increases in Commission workloads because of increasing federal election-related campaign finance activity, the FEC has been relying on management initiatives and information technology advancements to improve productivity rather than adding staff. Total disbursements in federal elections have increased by over 1000% since 1976: from \$300 million to over \$3.7 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 congressional election in the 2002 election cycle could ultimately reach \$3 billion in total disbursements for federal campaigns, from 8,000 committees filing over 90,000 reports and generating 2.5 million itemized transactions in the

FEC Disclosure Database. For the 2004 cycle, campaign finance activity could exceed \$4 billion in total disbursements from 8,500 committees filing over 90,000 reports and generating 3 million itemized transactions.

Realizing additional future efficiencies from the mandatory electronic filing program will help keep staffing needs at current levels in the disclosure program. The Commission has managed new records for total campaign finance activity in presidential and congressional elections each election cycle since 1992, with limited staff increases. Our original request for FY 2003 only provided for additional staff and resources for the OEA, with no additional staff for any other programs. The final FY 2003 request included the 27 additional FTE allocated to the BCRA amendments enacted in FY 2002. Our FY 2004 request includes on the BCRA staff and two FTE for matching fund certifications in the 2004 elections.

Despite the prospect of continuing increases in record amounts of campaign finance activity in federal elections, the FEC has requested no additional resources for the disclosure, compliance and enforcement programs other than to cover the BCRA impacts. Given the expected total volume of money involved in the 2002 and 2004 election cycles, we believe that the FEC request for FY 2004 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 six major core and management programs.

The core programs are:

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

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.

The management programs are:

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

Within each of the core programs, the Commission has defined specific objectives. To achieve these objectives, the Commission must accomplish certain goals. To the extent that the agency succeeds in reaching these goals and objectives, it will fulfill its fundamental mission. The core and management programs 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 2002-2004						
PROGRAM	FY 2002		FY 2003		FY 2004	
	\$	FEC %	\$	FEC %	\$	FEC %
PROMOTE DISCLOSURE	\$ 8,720,545	20%	\$ 10,965,151	22%	\$ 10,988,496	22%
OBTAIN COMPLIANCE	\$ 11,364,220	26%	\$ 12,719,707	26%	\$ 13,037,252	26%
PUBLIC FINANCING	\$ 2,194,534	5%	\$ 2,099,219	4%	\$ 3,723,103	7%
ELECTIONS ADMIN.	\$ 781,559	2%	\$ 675,900	1%	\$ -	0%
IT/EF PROJECTS	\$ 6,230,586	14%	\$ 5,932,313	12%	\$ 6,389,900	13%
COMM. POLICY/ADMIN.	\$ 14,927,879	34%	\$ 17,149,581	35%	\$ 16,301,248	32%
COMMISSION TOTAL	\$ 44,219,323		\$ 49,541,871		\$ 50,440,000	

TABLE 5B: COMMISSION BUDGET BY PROGRAM COSTS									
FY 2002-2004									
OBJECTIVE	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
PROMOTE DISCLOSURE	\$ 7,301,309	\$ 9,075,469	\$ 9,309,985	\$ 1,419,236	\$ 1,889,682	\$ 1,678,511	\$ 8,720,545	\$ 10,965,151	\$ 10,988,496
OBTAIN COMPLIANCE	\$ 10,117,533	\$ 11,339,730	\$ 11,759,844	\$ 1,246,686	\$ 1,379,978	\$ 1,277,409	\$ 11,364,220	\$ 12,719,707	\$ 13,037,252
PUBLIC FINANCING	\$ 1,918,850	\$ 1,848,428	\$ 3,397,905	\$ 275,684	\$ 250,791	\$ 325,198	\$ 2,194,534	\$ 2,099,219	\$ 3,723,103
ELECTIONS ADMIN.	\$ 497,598	\$ 444,900	\$ -	\$ 283,961	\$ 231,000	\$ -	\$ 781,559	\$ 675,900	\$ -
IT/EF PROJECTS	\$ 1,500,554	\$ 1,122,313	\$ 1,152,400	\$ 4,730,032	\$ 4,810,000	\$ 5,237,500	\$ 6,230,586	\$ 5,932,313	\$ 6,389,900
COMM. POLICY/ADMIN.	\$ 8,346,909	\$ 9,367,960	\$ 9,926,866	\$ 6,580,969	\$ 7,781,621	\$ 6,374,382	\$ 14,927,879	\$ 17,149,581	\$ 16,301,248
COMMISSION TOTAL	\$ 29,682,754	\$ 33,198,800	\$ 35,547,000	\$ 14,536,569	\$ 16,343,071	\$ 14,893,000	\$ 44,219,323	\$ 49,541,871	\$ 50,440,000

TABLE 5C: COMMISSION BUDGET BY PROGRAM FTE						
FY 2002-2004						
PROGRAM	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
PROMOTE DISCLOSURE	105.2	30%	121.7	33%	125.0	32%
OBTAIN COMPLIANCE	111.5	32%	120.7	32%	120.0	31%
PUBLIC FINANCING	22.6	6%	20.5	5%	37.0	9%
ELECTIONS ADMIN.	4.9	1%	4.3	1%	0.0	0%
IT/EF PROJECTS	19.4	5%	13.5	4%	13.5	3%
COMM. POLICY/ADMIN.	89.4	25%	92.5	25%	95.5	24%
COMMISSION TOTAL	353.0		373.2		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 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 2004 are summarized in Tables 6A and 6B.

TABLE 6A: DISCLOSURE PROGRAM COSTS									
FY 2002-2004									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
PUBLIC DISCLOSURE	\$ 721,950	\$ 738,000	\$ 831,000	\$ 161,237	\$ 253,000	\$ 198,500	\$ 883,187	\$ 991,000	\$ 1,029,500
DATA SYSTEMS	\$ 1,160,223	\$ 1,787,388	\$ 1,835,304	\$ 638,911	\$ 683,650	\$ 705,925	\$ 1,799,134	\$ 2,471,038	\$ 2,541,229
INFORMATION	\$ 797,218	\$ 979,200	\$ 1,053,800	\$ 215,115	\$ 616,500	\$ 487,000	\$ 1,012,333	\$ 1,595,700	\$ 1,540,800
PRESS OFFICE	\$ 451,947	\$ 517,000	\$ 535,700	\$ 45,736	\$ 58,000	\$ 62,500	\$ 497,683	\$ 575,000	\$ 598,200
OGC POLICY/REGS/AO'S	\$ 1,808,388	\$ 2,446,221	\$ 2,256,702	\$ 159,165	\$ 215,532	\$ 154,086	\$ 1,967,553	\$ 2,661,752	\$ 2,410,788
REPORTS ANALYSIS	\$ 2,361,583	\$ 2,607,660	\$ 2,797,480	\$ 199,072	\$ 63,000	\$ 70,500	\$ 2,560,655	\$ 2,670,660	\$ 2,867,980
PROGRAM TOTAL	\$ 7,301,309	\$ 9,075,469	\$ 9,309,985	\$ 1,419,236	\$ 1,889,682	\$ 1,678,511	\$ 8,720,545	\$ 10,965,151	\$ 10,988,496
COMMISSION PERCENT	25%	27%	26%	10%	12%	11%	20%	22%	22%

TABLE 6B: DISCLOSURE PROGRAM FTE						
FY 2002-2004						
OFFICE/DIVISION	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
PUBLIC DISCLOSURE	12.7	100%	12.7	100%	14.0	100%
DATA SYSTEMS	15.0	30%	21.5	40%	21.5	40%
INFORMATION	11.9	100%	13.5	100%	14.0	100%
PRESS OFFICE	4.6	100%	5.0	100%	5.0	100%
OGC POLICY/REGS/AO'S	19.3	17%	25.0	21%	22.0	17%
REPORTS ANALYSIS	41.7	93%	44.0	91%	48.5	88%
PROGRAM TOTAL	105.2		121.7		125.0	
COMMISSION PERCENT	30%		33%		32%	

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. 23). 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 (a PwC recommendation.) A total of two FTE’s allows 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. These part-time staff also will assist the auditors in performing Title 26 audits of Presidential committees that receive public funds. This proposal, along with other procedural changes, 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 begin to process matching fund requests in the last quarter of FY 2003 in anticipation of the 2004 presidential primaries (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

In past budget requests, the Commission has asked for additional resources for its compliance program. The Commission is only seeking additional staff resources for its compliance programs in this budget request 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. It is important to note, however, that maintaining previous staffing levels in OGC will limit the Commission’s capability to handle new major cases that may arise from the 2002 cycle.

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.

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 150 cases. The Commission will close 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 and 1998) and those stemming from the 2000 cycle.

Administrative Fine Program and ADR

The Commission undertook two compliance initiatives in FY 2000 and 2001 to maximize the use of enforcement resources. Based on a legislative mandate, the FEC implemented an administrative fine program in July 2000 to reduce the OGC staff resources required to enforce timely filing of disclosure reports. 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.

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

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.

200 complaints and about 125-150 internal referrals. Historically, the FEC has closed about 40% of its cases with some form of substantive action, dismissing the others without formal action either due to staleness or lack of substantive issues. From FY 1998-2000, the Commission was 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 205 cases each fiscal year. In FY 2001, the Commission closed a total of 517 enforcement matters or compliance actions, including cases in the administrative fine and ADR programs. This represents a 152% increase. In FY 2002, the FEC closed 184 administrative fine 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 PwC 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 2004 are summarized in Tables 7A and 7B.

TABLE 7A: COMPLIANCE PROGRAM COSTS									
FY 2002-2004									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
REPORTS ANALYSIS	\$ 181,225	\$ 254,840	\$ 374,920	\$ 24,178	\$ 25,000	\$ 24,000	\$ 205,403	\$ 279,840	\$ 398,920
DATA SYSTEMS	\$ 170,166	\$ 290,970	\$ 298,770	\$ 290,414	\$ 310,750	\$ 320,875	\$ 460,580	\$ 601,720	\$ 619,645
AUDIT	\$ 1,744,023	\$ 2,280,164	\$ 1,339,570	\$ 102,410	\$ 82,906	\$ 56,686	\$ 1,846,433	\$ 2,363,070	\$ 1,396,256
OGC ENFORCEMENT	\$ 4,413,216	\$ 5,919,855	\$ 6,975,259	\$ 388,429	\$ 521,586	\$ 476,266	\$ 4,801,645	\$ 6,441,441	\$ 7,451,525
OGC LITIGATION	\$ 2,239,403	\$ 2,005,901	\$ 2,154,124	\$ 197,101	\$ 176,736	\$ 147,082	\$ 2,436,504	\$ 2,182,637	\$ 2,301,206
OGC PFESP	\$ 862,030			\$ 75,871			\$ 937,901	\$ -	\$ -
LEGAL DOCUMENT INDEX	\$ -	\$ -	\$ -	\$ 116,299	\$ 205,000	\$ 205,000	\$ 116,299	\$ 205,000	\$ 205,000
ADR	\$ 281,750	\$ 311,400	\$ 327,800	\$ 46,387	\$ 37,000	\$ 37,000	\$ 328,137	\$ 348,400	\$ 364,800
OAR	\$ 225,721	\$ 276,600	\$ 289,400	\$ 5,597	\$ 21,000	\$ 10,500	\$ 231,318	\$ 297,600	\$ 299,900
PROGRAM TOTAL	\$ 10,117,533	\$ 11,339,730	\$ 11,759,844	\$ 1,246,686	\$ 1,379,978	\$ 1,277,409	\$ 11,364,220	\$ 12,719,707	\$ 13,037,252
COMMISSION PERCENT	34%	34%	33%	9%	8%	9%	26%	26%	26%

TABLE 7B: COMPLIANCE PROGRAM FTE						
FY 2002-2004						
OFFICE/DIVISION	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
REPORTS ANALYSIS	3.2	7%	4.3	9%	6.5	12%
DATA SYSTEMS	2.2	4%	3.5	7%	3.5	6%
AUDIT	21.1	54%	25.9	64%	15.0	35%
OGC ENFORCEMENT	47.1	42%	60.5	50%	68.0	53%
OGC LITIGATION	23.9	21%	20.5	17%	21.0	16%
OGC PFESP	9.2	8%				
LEGAL DOCUMENT INDEX						
ADR	2.4	100%	3.0	100%	3.0	100%
OAR	2.4	100%	3.0	100%	3.0	100%
PROGRAM TOTAL	111.5		120.7		120.0	
COMMISSION PERCENT	32%		32%		31%	

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

** Contract for legal document imaging and indexing

Program III: Public Financing (Core Program)

Objectives

Under the Public Financing Program, the Commission seeks to:

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

Goals

To reach the objectives described above, the Commission will:

- Complete all public funding audits within two years of the 2000 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 2004, the resources needed to complete the 2000 cycle and prepare to implement the public financing program in the 2004 election cycle are summarized in Tables 8A and 8B.

TABLE 8A: PUBLIC FINANCING PROGRAM COSTS									
FY 2001-2003									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
AUDIT	\$ 1,462,996	\$ 1,267,736	\$ 2,500,530	\$ 85,908	\$ 46,094	\$ 105,814	\$ 1,548,904	\$ 1,313,830	\$ 2,606,344
DATA SYSTEMS	\$ 15,470	\$ 91,448	\$ 128,044	\$ 151,015	\$ 161,590	\$ 166,855	\$ 166,485	\$ 253,038	\$ 294,899
OGC	\$ 440,385	\$ 489,244	\$ 769,330	\$ 38,760	\$ 43,106	\$ 52,529	\$ 479,145	\$ 532,350	\$ 821,859
PROGRAM TOTAL	\$ 1,918,850	\$ 1,848,428	\$ 3,397,905	\$ 275,684	\$ 250,791	\$ 325,198	\$ 2,194,534	\$ 2,099,219	\$ 3,723,103
COMMISSION PERCENT	6%	6%	10%	2%	2%	2%	5%	4%	7%

TABLE 8B: PUBLIC FINANCING PROGRAM FTE						
FY 2002-2004						
OFFICE/DIVISION	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
AUDIT	17.7	46%	14.4	36%	28.0	65%
DATA SYSTEMS	0.2	0%	1.1	2%	1.5	3%
OGC	4.7	4%	5.0	4%	7.5	6%
PROGRAM TOTAL	22.6		20.5		37.0	
COMMISSION PERCENT	6%		5%		9%	

Program IV: Election Administration (Core Program)

Contained in the President's FY 2004 Budget as part of the Election Assistance Commission (EAC); expected to be transferred to the EAC in late FY 2003.

Objectives

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

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

Goals

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

- Grant and oversee research contracts on issues of concern to election administrators.
- Assist state election officials in implementing the NVRA, collect data on the impact of that law on election administration, and report to Congress thereon by June 30, 2004.
- Serve as an on-call resource to election officials with immediate needs for technical and legal information.
- Help state and local election officials adapt to changing technology and legal requirements.
- Disseminate revisions to the Voting Systems Standards (VSS), originally issued in 1990; revisions initiated in FY 1999 for a total multiyear cost of over \$500,000 for this project.
- Develop operational guidelines to complement the technical VSS; to assist state and local elections administrators in improving the management and conduct of federal elections in 2004 and future elections.

Summary

Resources needed to reach these goals in FY 2002 and 2003 are summarized in Table 9A and 9B.

TABLE 9A: ELECTIONS ADMINISTRATION PROGRAM COSTS									
FY 2002-2004									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
ELECTIONS ADMIN.	\$ 497,598	\$ 444,900		\$ 283,961	\$ 231,000		\$ 781,559	\$ 675,900	\$ -
PROGRAM TOTAL	\$ 497,598	\$ 444,900	\$ -	\$ 283,961	\$ 231,000	\$ -	\$ 781,559	\$ 675,900	\$ -
COMMISSION PERCENT	2%	1%	0%	2%	1%	0%	2%	1%	0%

TABLE 9B: ELECTIONS ADMINISTRATION PROGRAM FTE						
FY 2002-2004						
OFFICE/DIVISION	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
ELECTIONS ADMIN.	4.9	100%	4.3	100%		
PROGRAM TOTAL	4.9		4.3		0.0	
COMMISSION PERCENT	1%		1%		0%	

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

The Commission will allocate \$6,389,900 of its FY 2004 budget request to fund IT initiatives and the electronic filing program. This amount, which is provided for in the FEC’s IT Strategic Plan,⁵ represents an increase of \$427,500 (7.7%) from the FY 2002 IT budget of \$5,932,313. This funding will enable the FEC to continue the installation of the new client/server infrastructure, meet its statutory responsibilities under mandatory electronic filing, and undertake additional initiatives to further enhance the IT systems at the FEC.

IT Enhancements

Under the FY 2004 Budget Request, the agency will continue to implement and expand upon the IT enhancements initiated in previous years, including Client/Server development and conversion.

Electronic Filing

Progress to Date

By 1998, the FEC electronic filing system was implemented, and was optional for any political committee, other than Senate committees and the national parties’ Senate campaign committees.⁶ During FYs 2000 and 2001, the FEC continued to develop incentives to encourage committees to file voluntarily their reports electronically, and in the 2000 election cycle more than 1,000 committees filed their reports electronically.

The mandatory electronic filing provision in the FY 2000 Treasury and General Government Appropriations bill required the FEC to establish thresholds for mandatory electronic filing for committees effective for the 2002 election cycle. The rulemaking was implemented by December 2000. The FEC has the capacity to handle all electronically filed reports. To initiate the program, the FEC:

⁵ The FEC’s IT Strategic Plan is a running five-year plan, reviewed and updated annually. (See Appendix B.)

⁶ Senate committees and the national parties’ Senate campaign committees are required by law to file their reports with the Secretary of the Senate. Consequently, these committees are unable to participate at this time in the FEC’s electronic filing program.

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

Future Efforts

The FEC will continue to review the electronic filing procedures to improve the process, including:

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

Development of new processes to improve internal document flow in the mandatory electronic filing environment will continue into FY 2003 and FY 2004. The automated review of reports will be expanded and enhanced. Spending on this initiative during FY 2004 also includes funds for on-going operation and maintenance of the electronic filing system during the 2002 and 2004 election cycles.

Data Input

The FEC will continue to input manually the data taken from reports filed by Senate committees and committees that do not meet the established threshold and choose not to file electronically.

Data Mining

In FY 2003, \$250,000 was originally requested to develop data mining to review disclosure data for patterns of behavior that may extend to more than one filer. As a result of the BCRA implementation, this project may now be delayed until FY 2004.

Response to Growing Demand for Information

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

Larger Audience Using Data

Additionally, the new technology has broadened the audience for existing services. In the past, for example, a limited community of campaign finance specialists accessed the FEC data-base through the Direct Access Program (DAP), a fee-for-service program.⁷ The agency has now made it possible for these same experts—and the public as a whole—to access the data cost-free on the Internet. During FY 2001, the agency continued its conversion from the DAP to the FEC website.

Point of Entry Completed

The Commission successfully completed its Point-of-Entry initiative in 2000. Under this program, all political committees (except Senate committees and the national parties' Senate campaign committees⁸) file their reports with the Commission (either on paper or electronically). The Commission scans the paper documents to make images that are available for review on FEC computers and on the Website. Images of Senate documents are electronically transmitted to the FEC and automatically added to the FEC imaging database. Electronically filed documents are imaged and retrievable from the Website, in the same format as if filed on paper. Imaged filings are available for calendar years 1993 through the present cycle.

Summary: Electronic Filing and IT Enhancements

The total request for IT enhancements and electronic filing in FY 2004 is \$6,389,900. Tables 10A and 10B summarize the costs contained in the FY 2004 budget. The IT Strategic Plan discusses the initiatives planned for FY 2004 and beyond. The major new initiative scheduled to begin in FY 2003 with completion in FY 2007, is the portal development project that will integrate the IT systems into a web-based access environment for both external and internal users.

⁷ While used primarily by the campaign finance community, the Direct Access Program has always been available to the public.

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

TABLE 10A: COMPUTERIZATION INITIATIVES COSTS									
FY 2002-2004									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
ADP ENHANCEMENTS	\$ 897,239	\$ 831,343	\$ 853,630	\$ 3,663,850	\$ 3,358,500	\$ 3,696,000	\$ 4,561,089	\$ 4,189,843	\$ 4,549,630
ELECTRONIC FILING	\$ 502,763	\$ 207,836	\$ 213,407	\$ 1,037,761	\$ 1,377,000	\$ 1,441,000	\$ 1,540,524	\$ 1,584,836	\$ 1,654,407
PT. OF ENTRY/INTERNET	\$ 100,553	\$ 83,134	\$ 85,363	\$ 28,421	\$ 74,500	\$ 100,500	\$ 128,974	\$ 157,634	\$ 185,863
PROGRAM TOTAL	\$ 1,500,554	\$ 1,122,313	\$ 1,152,400	\$ 4,730,032	\$ 4,810,000	\$ 5,237,500	\$ 6,230,586	\$ 5,932,313	\$ 6,389,900
COMMISSION PERCENT	5%	3%	3%	33%	29%	35%	14%	12%	13%

TABLE 10B: COMPUTERIZATION INITIATIVES FTE						
FY 2002-2004						
OFFICE/DIVISION	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
ADP ENHANCEMENTS	11.6	23%	10.0	19%	10.0	19%
ELECTRONIC FILING	6.5	13%	2.5	5%	2.5	5%
PT. OF ENTRY/INTERNET	1.3	3%	1.0	2%	1.0	2%
PROGRAM TOTAL	19.4		13.5		13.5	
COMMISSION PERCENT	5%		4%		3%	

Program VI: Commission Policy and Administration (Management Program)

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

TABLE 11A: COMMISSION POLICY AND ADMIN. PROGRAM COSTS									
FY 2002-2004									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
COMMISSIONERS	\$ 2,597,903	\$ 2,711,600	\$ 2,772,200	\$ 28,557	\$ 77,000	\$ 47,500	\$ 2,626,460	\$ 2,788,600	\$ 2,819,700
STAFF DIRECTOR	\$ 1,959,259	\$ 2,093,600	\$ 2,373,300	\$ 140,352	\$ 331,500	\$ 322,500	\$ 2,099,611	\$ 2,425,100	\$ 2,695,800
ADMINISTRATIVE	\$ 1,537,789	\$ 1,730,700	\$ 1,794,000	\$ 6,245,141	\$ 7,188,071	\$ 5,830,500	\$ 7,782,930	\$ 8,918,771	\$ 7,624,500
IG OFFICE	\$ 381,573	\$ 398,400	\$ 417,800	\$ 12,206	\$ 17,000	\$ 17,500	\$ 393,779	\$ 415,400	\$ 435,300
DATA SYSTEMS	\$ 1,036,465	\$ 1,163,881	\$ 1,195,081	\$ 81,316	\$ 87,010	\$ 89,845	\$ 1,117,781	\$ 1,250,891	\$ 1,284,926
OGC GENERAL COUNSEL	\$ 833,920	\$ 919,779	\$ 974,485	\$ 73,397	\$ 81,040	\$ 66,537	\$ 907,317	\$ 1,000,819	\$ 1,041,022
CASH AWARDS	\$ -	\$ 350,000	\$ 400,000				\$ -	\$ 350,000	\$ 400,000
PROGRAM TOTAL	\$ 8,346,909	\$ 9,367,960	\$ 9,926,866	\$ 6,580,969	\$ 7,781,621	\$ 6,374,382	\$ 14,927,879	\$ 17,149,581	\$ 16,301,248
COMMISSION PERCENT	28%	28%	28%	45%	48%	43%	34%	35%	32%

TABLE 11B: COMMISSION POLICY AND ADMIN. PROGRAM FTE						
FY 2002-2004						
OFFICE/DIVISION	FY 2002		FY 2003		FY 2004	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
COMMISSIONERS	21.0	100%	21.5	100%	22.0	100%
STAFF DIRECTOR	22.2	100%	22.6	100%	25.0	100%
ADMINISTRATIVE	19.9	100%	21.0	100%	21.0	100%
IG OFFICE	4.0	100%	4.0	100%	4.0	100%
DATA SYSTEMS	13.4	27%	14.0	26%	14.0	24%
OGC GENERAL COUNSEL	8.9	8%	9.4	8%	9.5	7%
CASH AWARDS	0.0		0.0		0.0	
PROGRAM TOTAL	89.4		92.5		95.5	
COMMISSION PERCENT	25%		25%		24%	