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**Campaign Finance and Public Disclosure Board**

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<https://cfb.mn.gov>

### AT A GLANCE

#### Campaign Finance Regulation and Disclosure

- Administers registration and reporting for about 700 candidates, 320 political party units, and 345 political committees and funds, and 60 independent expenditure committees and funds.
- Approximately 4,800 campaign financial reports will be filed with the Board in 2018.
- Between 2000 and 2016, independent expenditures reported to and regulated by the Board increased from \$3.7 million to \$21.3 million.
- Will distribute approximately \$2.2 million in public subsidy money to constitutional and house candidates in 2018.

#### Lobbyist Registration and Disclosure

- Administers registration and reporting for about 1,450 lobbyists.
- Approximately 4,500 lobbyist reports filed each year.
- In 2017, the 1,427 principals represented by lobbyists reported \$75.7 million in expenditures to influence the official actions of public officials. This is the highest amount ever reported to the Board.

#### Public Officials Financial Disclosure

- Currently maintain disclosure for 3,100 public official positions. Disclosure reported to the Board now includes county commissioners and judges.

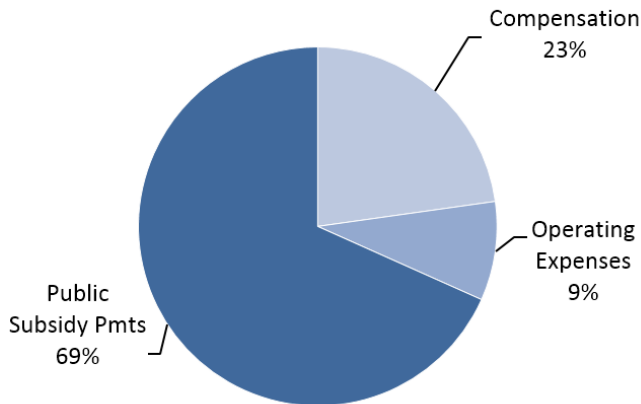
### PURPOSE

The Board's mission is to promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs that will ensure public access to, and understanding of, information filed with the Board. The Board contributes to the statewide goal of **providing efficient and accountable government services**:

- The Board uses technology to gather and publish data, and to facilitate candidates, lobbyists, and officials in providing financial information to citizens and complying with legal requirements.
- Through the Board's financial disclosure and public official integrity programs, citizen confidence in state government is maintained.
- The Board administers a public subsidy program that provides partial funding to candidates who agree to limit their campaign spending; this helps challengers compete with incumbents, and reduces the fundraising demands placed on candidates compared to elections in similar states.
- The Board provides support to candidates so that they can comply with Minnesota's various laws related to campaign finance, which makes running for office easier for ordinary citizens.

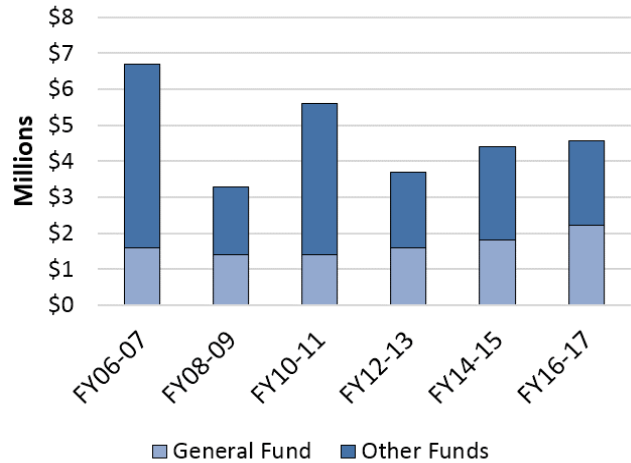
## BUDGET

**Spending by Category  
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

**Historical Spending**



*Other Funds represents public subsidy payments. Public subsidy funds are derived from a \$1,020,000 biennial general fund appropriation and transfers to the special revenue fund based on political party check-off by individuals on state income and property tax forms.*

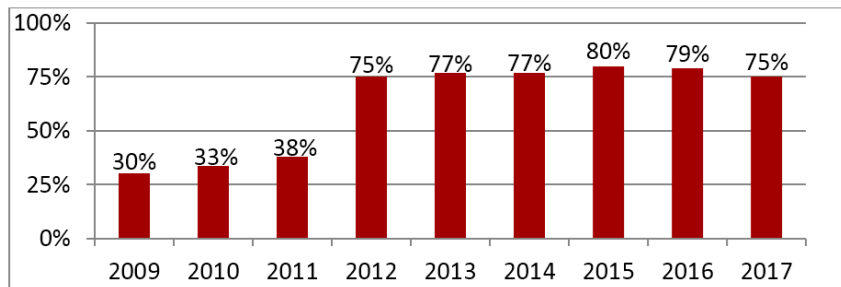
## STRATEGIES

The Campaign Finance and Public Disclosure Board achieves its mission using these strategies:

- Facilitate easier and more universal compliance with Chapter 10A (Minnesota’s campaign finance and public disclosure statutes) by providing strong support for treasurers, most of whom are volunteers, and for other filers so that they can understand and meet the obligations of their positions.
- Cultivate an environment of voluntary compliance by providing educational programs, publications, training, consultation, software, internet applications, and other aids to enable those governed by Chapter 10A to understand and comply with their statutory obligations.
- Provide consistent, non-partisan administration of the compliance and disclosure statutes so that regulated entities understand that when compliance is not voluntary, it will be required through agency action and to ensure that subjects of compliance procedures are treated fairly and impartially.
- Help citizens become better informed about public and private financing of election campaigns and about lobbying. With access to campaign finance and lobbying data, citizens will have a higher level of confidence that elected officials’ decision-making is not unduly influenced by outside interests.
- Provide transparency concerning money in Minnesota politics by publishing campaign finance and other data filed with the Board in easily accessible and meaningful formats for citizen use through its worldwide website, printed materials, and electronic communications.
- Ensure the integrity of the state’s program of partial public financing of political campaigns by determining eligibility, calculating amounts, and distributing public subsidy funding to qualified candidates and parties.

## RESULTS

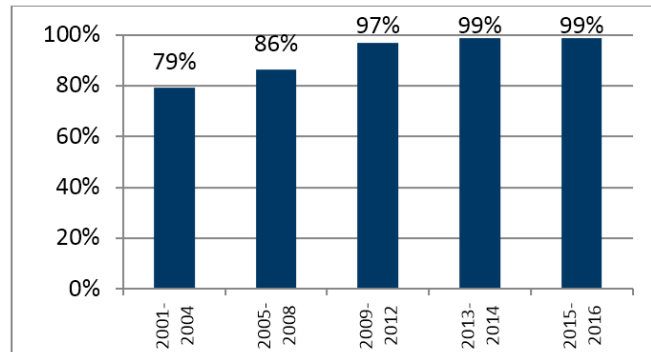
**Measure: Quantity** – Percentage of campaign finance filers reporting electronically



**Outcome:**

- Electronically filed reports are available for public inspection sooner than paper reports.
- The software used to generate electronic reports also performs a compliance check on data entry, helping treasurers identify contributions that should not be accepted, and expenditures that are prohibited.

**Measure: Quantity** – Percent of transactions where donor and recipient reports of contributions reconcile



**Outcome:**

- Accurate campaign finance data is published so that citizens are better informed about money used to influence elections.
- Increased compliance with campaign finance disclosure laws.

**Note:** Differences of \$100 or less excluded from this analysis.

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Minnesota Statutes Chapter 10A provides the legal authority for the Campaign Finance and Public Disclosure Board. ([revisor.mn.gov/statutes/?id=10A](http://revisor.mn.gov/statutes/?id=10A))

# Campaign Finance and Public Disclosure Board

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

## Expenditures by Fund

1000 - General	1,181	1,036	894	1,188	1,048	1,048	1,173	1,123
2001 - Other Misc Special Revenue	103	2,238	92	2,346	84	2,504	84	2,504
<b>Total</b>	<b>1,283</b>	<b>3,273</b>	<b>987</b>	<b>3,534</b>	<b>1,132</b>	<b>3,552</b>	<b>1,257</b>	<b>3,627</b>
Biennial Change				(36)		163		363
Biennial % Change				(1)		4		8
Governor's Change from Base								200
Governor's % Change from Base								4

## Expenditures by Program

Campaign Finance & Publ Disc	1,283	3,273	987	3,534	1,132	3,552	1,257	3,627
<b>Total</b>	<b>1,283</b>	<b>3,273</b>	<b>987</b>	<b>3,534</b>	<b>1,132</b>	<b>3,552</b>	<b>1,257</b>	<b>3,627</b>

## Expenditures by Category

Compensation	775	739	791	923	891	899	966	974
Operating Expenses	405	283	93	261	147	144	197	144
Grants, Aids and Subsidies	103	2,246	92	2,346	84	2,504	84	2,504
Capital Outlay-Real Property		1						
Other Financial Transaction	1	5	10	4	10	5	10	5
<b>Total</b>	<b>1,283</b>	<b>3,273</b>	<b>987</b>	<b>3,534</b>	<b>1,132</b>	<b>3,552</b>	<b>1,257</b>	<b>3,627</b>

## Full-Time Equivalents

	8.61	8.06	7.36	9.00	8.00	8.00	9.00	9.00
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**Campaign Finance and Public Disclosure Board**

**Agency Financing by Fund**

*(Dollars in Thousands)*

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<b>1000 - General</b>								
Balance Forward In	0	86		142				
Direct Appropriation	1,164	2,048	1,036	2,066	1,048	2,068	1,173	2,143
Open Appropriation	137	1,654	112	1,403	85	1,403	85	1,403
Transfers In	912		467	62				
Transfers Out	947	2,666	579	2,485	85	2,423	85	2,423
Cancellations		86						
Balance Forward Out	86		142					
<b>Expenditures</b>	<b>1,181</b>	<b>1,036</b>	<b>894</b>	<b>1,188</b>	<b>1,048</b>	<b>1,048</b>	<b>1,173</b>	<b>1,123</b>
Biennial Change in Expenditures				(134)		14		214
Biennial % Change in Expenditures				(6)		1		10
Governor's Change from Base								200
Governor's % Change from Base								10
Full-Time Equivalents	8.61	8.06	7.36	9.00	8.00	8.00	9.00	9.00

**2001 - Other Misc Special Revenue**

Balance Forward In	1,359	696	1,125	678	695	698	695	698
Receipts	11	1	1	2	2	2	2	2
Transfers In	137	2,666	112	2,423	85	2,423	85	2,423
Transfers Out	707		467	62				
Balance Forward Out	696	1,125	678	695	698	619	698	619
<b>Expenditures</b>	<b>103</b>	<b>2,238</b>	<b>92</b>	<b>2,346</b>	<b>84</b>	<b>2,504</b>	<b>84</b>	<b>2,504</b>
Biennial Change in Expenditures				98		150		150
Biennial % Change in Expenditures				4		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

**Campaign Finance and Public Disclosure Board**

**Agency Change Summary**

*(Dollars in Thousands)*

	FY19	FY20	FY21	Biennium 2020-21
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2019 Appropriations	2,066	2,066	2,066	4,132
<b>Base Adjustments</b>				
Current Law Base Change		(1,020)		(1,020)
Pension Allocation		2	2	4
<b>Forecast Base</b>	<b>2,066</b>	<b>1,048</b>	<b>2,068</b>	<b>3,116</b>
<b>Change Items</b>				
Operating Adjustment		75	75	150
Web-based Campaign Finance Reporter Application		50		50
<b>Total Governor's Recommendations</b>	<b>2,066</b>	<b>1,173</b>	<b>2,143</b>	<b>3,316</b>
<b>Open</b>				
<b>Fund: 1000 - General</b>				
FY2019 Appropriations	1,443	1,443	1,443	2,886
<b>Base Adjustments</b>				
Forecast Open Appropriation Adjustment		(1,358)		(1,358)
November Forecast Adjustment	(40)		(40)	(40)
<b>Forecast Base</b>	<b>1,403</b>	<b>85</b>	<b>1,403</b>	<b>1,488</b>
<b>Total Governor's Recommendations</b>	<b>1,403</b>	<b>85</b>	<b>1,403</b>	<b>1,488</b>
<b>Dedicated</b>				
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	2,346	84	2,504	2,588
<b>Forecast Base</b>	<b>2,346</b>	<b>84</b>	<b>2,504</b>	<b>2,588</b>
<b>Total Governor's Recommendations</b>	<b>2,346</b>	<b>84</b>	<b>2,504</b>	<b>2,588</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	2	2	2	4
<b>Total Governor's Recommendations</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	16	16	16	32
<b>Total Governor's Recommendations</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>32</b>

# Campaign Finance and Public Disclosure Board

## FY 2020-21 Biennial Budget Change Item

### Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	75	75	75	75
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	75	75	75	75
<b>FTEs</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

### Recommendation:

The Governor recommends additional funding of \$150 thousand in the FY 2020-2021 biennium to maintain the current level of service delivery at the Campaign Finance Board.

### Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board last asked for, and received, a change to its base budget for the fiscal year 2014 – 2015 biennium. At that time, the base budget was increased to \$1,000,000 to allow for a staff of nine and for IT related projects.

During the six budget years from 2014 to 2019, the percentage of the Board’s budget that is tied to salary and benefits has increased significantly, as shown in the chart below. The projected salary and benefits for fiscal years 2020 and 2021, shown in bold, increases the percentage to 89% and 91% respectively.

	Base Budget	Salary and Benefits	% of Budget*
FY 2014	\$ 1,000,000	\$ 635,000	64%
FY 2015	\$ 1,000,000	\$ 778,000	78%
FY 2016	\$ 1,014,000	\$ 771,000	76%
FY 2017	\$ 1,028,000	\$ 834,000	81%
FY 2018	\$ 1,036,000	\$ 846,000	82%
FY 2019	\$ 1,048,000	\$ 888,000	85%
<b>FY 2020</b>	<b>\$ 1,048,000</b>	<b>\$ 930,000</b>	<b>89%</b>
<b>FY 2021</b>	<b>\$ 1,048,000</b>	<b>\$ 949,000</b>	<b>91%</b>

*\*Note: the salary and benefits listed in the table is the budgeted amount for that fiscal year. Actual expenditures were lower than the budgeted amount in some years due to vacancies.*

The Board considered reducing other operating expenses as an alternative to requesting an increase to the operating base. However, other fixed operating expenses make that alternative impractical. At the July 2018,



monthly meeting the Board authorized the Executive Director to request an increase to the operating budget sufficient to maintain the agency's current operations and staffing level.

**Proposal:**

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board, this funding will cover known employee compensation growth. The additional funding is not for a new initiative and does not represent a significant change to an existing program. The funding is necessary to: 1) offset increases in staff salary and benefit costs that have occurred in the past six years since the last increase to the Board's operating budget; and 2) offset projected increases in staff salary and benefits in the next four years.

**Equity and Inclusion:**

N/A

**IT Related Proposals:**

N/A

**Results:**

The Board's programs typically are not subject to simple performance measures. However, by all measures, the time it takes the Board to complete its work is directly related to the staff available to complete the work. As recently as FY 2012, the Board operated with only seven staff. A staff of seven resulted in the Board taking months to issue advisory opinions and complete even simple investigations. Additionally, the lack of staff resulted in the end of client training sessions in greater Minnesota, and a lack of progress in critical web-based public disclosure and reporting applications. Restoring staff levels to nine FTEs allowed the Board to restart training in greater Minnesota, develop online reporting for the lobbyist and economic interest programs, upgrade the disclosure provided on the Board's website, and resolve most citizen-initiated Board actions in less time.

The Board's mission is to foster citizen confidence in government by providing and administering programs of regulation and disclosure. This mission requires staff that is experienced in program administration, the conduct of investigations, client training, and producing meaningful data in a context relevant to citizens. This proposal will allow the Board to maintain the staff needed to complete this mission.

**Statutory Change(s):**

N/A

# Campaign Finance and Public Disclosure Board

## FY 2020-21 Biennial Budget Change Item

### Change Item Title: Web-based Campaign Finance Reporter Application

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Recommendation:

The Governor recommends additional, one-time funding of \$50 thousand in FY 2020 to update the Campaign Finance Board's Campaign Finance Reporter application.

#### Rationale/Background:

In 2011, the legislature enacted the Board's recommendation that campaign finance reports of receipts and expenditures must be filed electronically (MS 10A.20, subd 1(c)). The electronic filing may be completed by using the free Campaign Finance Reporter software provided by the Board, or by using third-party vendor software that complies with standards developed by the Board. Electronic filing eliminates the need for manual data entry of reports by Board staff, and makes the data in the Board's systems available to the public more quickly.

The Board currently provides, at no charge, the Campaign Finance Reporter software for use in filing required periodic reports of receipts and expenditures by candidate committees, political party units, political committees, and political funds. The current version of the software is PC based, and was first released in 1998. Board staff is in the process of developing a web-based reporting application that will replace Campaign Finance Reporter.

The Board does waive the requirement to file electronically for good cause. The Board considers good cause to include the use of a computer that is not compatible with Campaign Finance Reporter. Without a Windows emulation program, Campaign Finance Reporter will not work on an Apple computer, and to the Board's knowledge it is not possible to use the software on a Chrome computer. This limitation has forced a number of political committees to file by paper when they would prefer to file electronically.

Additionally, Campaign Finance Reporter provides a number of compliance checks on receipts, contributions, spending limits, and other reporting requirements. Each time there is a statutory change to the compliance requirements of Chapter 10A the code for Campaign Finance Reporter must be modified, and then the upgrade must be provided to each treasurer who uses the software. Although the software alerts users when an upgrade is available, the experience of the Board is that many treasurers ignore this message and continue using a version of Campaign Finance Reporter that is out of date. This problem would be resolved by moving to a web-based reporting system. If the web-based reporting application were modified to reflect a statutory change each treasurer would automatically have the most up-to-date reporting application when they next signed on to work on a report.

**Proposal:**

The Governor recommends a one-time increase of \$50 thousand for professional/technical services for the Board to complete the Campaign Finance Reporter application. This funding will ensure that the web-based application is completed during a non-election year, and available for use during the next election.

The Board is using existing IT staff who currently support Campaign Finance Reporter to develop the on-line reporting application. However, the web-based reporting application must be ready for initial release during calendar year 2019, which is a non-election year for state-level candidates. During a non-election year there is only one report due from registered committees for the year. Releasing the application during a state election year would be too risky because there are multiple reports due during the course of that year.

To insure that the application is ready for release during the non-election year the Board will contract for programming and other professional services related to the web-based reporting application that will supplement the work of staff. In effect, the contracted services will spread out the workload and buy time for staff to complete the project in time for release in 2019.

The Board also intends to use salary savings available in fiscal year 2019 to purchase professional/technical services through June of 2019. The requested funds will provide resources for the project in the second half of calendar year 2019.

**Equity and Inclusion:**

N/A

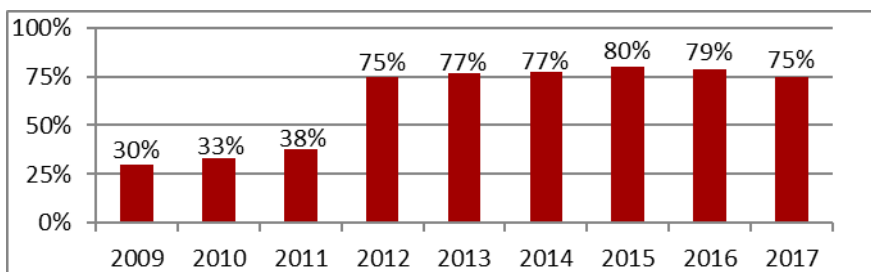
**IT Related Proposals:**

The Board is not a part of MN.IT consolidation. No additional agency staff will be required.

**Results:**

The Board has tracked the number of political committees that file electronically. The percentage of all campaign finance reports filed electronically has been in decline over the last two years. This trend is alarming because committees that file by paper are more likely to have compliance errors that would have been identified if the transactions had been entered into Campaign Finance Reporter. Further, reports filed on paper require staff data entry and therefore are not available for public disclosure as readily as electronic reports.

**Percentage of campaign finance filers reporting electronically**



The Board will consider the move to a web-based reporting application successful if the percentage of reports filed electronically increases during calendar year 2020.

**Statutory Change(s):**

N/A