

Table of Contents
Campaign Finance and Public Disclosure Board

<i>Agency Profile</i>	1
Agency Expenditure Overview (REVISED)	4
Agency Financing by Fund (REVISED)	5
Agency Change Summary (REVISED)	6
<u>Change Item(s)</u>	7
<i>Maintain Current Service Levels</i>	7
<i>MNIT Azure Cloud</i>	9

<https://cfb.mn.gov>

AT A GLANCE

Campaign Finance Regulation and Disclosure

- Administers registration and reporting for about 850 candidates, 350 political party units, 450 political committees and funds, and 75 independent expenditure committees and funds.
- Approximately 5,500 campaign financial reports will be filed with the Board in 2022. All financial reports are available for public review on the Board’s website.
- Between 2000 and 2020, independent expenditures reported to and regulated by the Board increased from \$3.7 million to over \$26 million, an increase of about 750%.
- The Board will distribute approximately \$2.4 million in public subsidy money to constitutional and legislative candidates in 2022.

Lobbyist Registration and Disclosure

- Administers registration and reporting for about 1,450 lobbyists.
- Approximately 4,500 lobbyist reports filed each year.
- In 2021, the 1,442 principals represented by lobbyists reported over \$73 million in expenditures to influence the official actions of public officials.

Public Officials Financial Disclosure

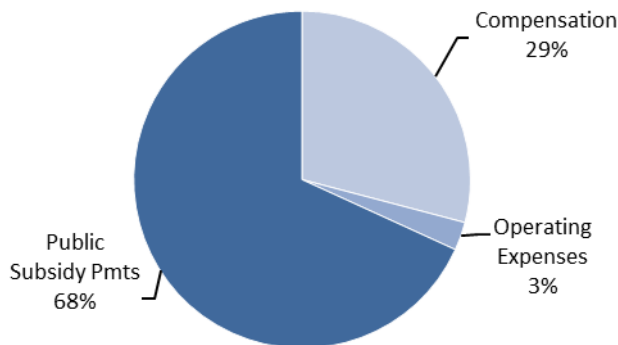
- Currently maintain economic interest disclosure for about 3,100 public official positions. Disclosure reported to the Board now includes county commissioners and judges.

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.

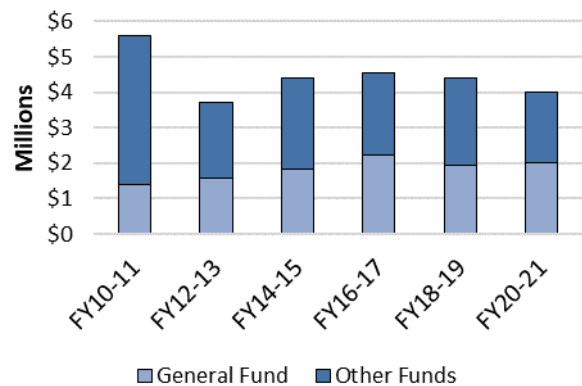
BUDGET

**Spending by Category
FY 2021 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Other Funds represents public subsidy payments. Public subsidy funds are derived from a statutory 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. (M.S. 10A.31)

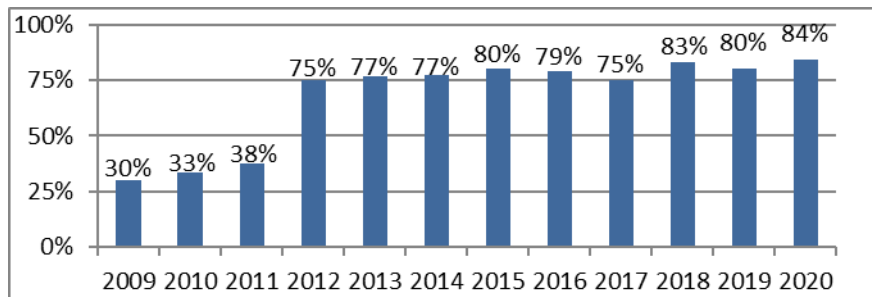
STRATEGIES

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, the financial interests and possible conflict of interests of public officials, and about the associations that lobby in Minnesota. With access to campaign finance, economic interest statements, and lobbying data, citizens will have a higher level of confidence that elected and appointed officials’ decision-making is not unduly influenced by outside interests or the personal interest of the official.
- 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 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.
- The Board uses technology (online reporting and PC based applications) to gather and publish disclosure information to the public in a timely manner. Through the Board’s public disclosure of financial reports and statements, citizen confidence in state government is supported.

RESULTS

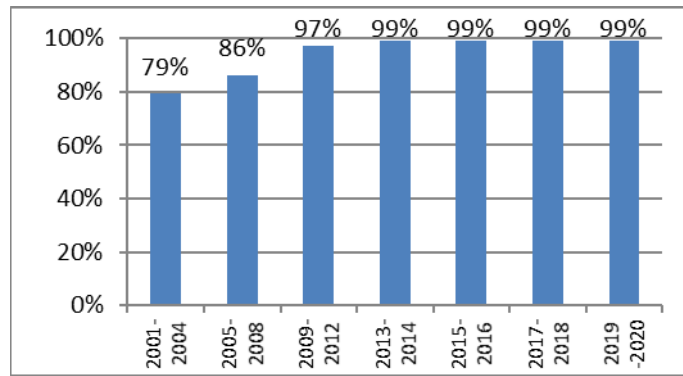
Measure: Quantity – Percentage of campaign finance filers reporting electronically



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.

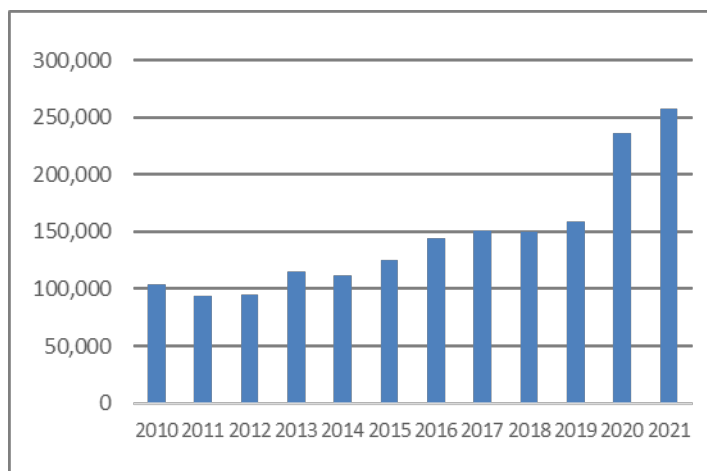
Measure: Quantity – Percent of transactions where donor and recipient reports of contributions reconcile.



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.

Measure: Quantity – Number of visits to Board website. A new website released in 2016 was designed to provide the public with better access to disclosure and compliance information.



Outcome:

- Approximate 90% increase in number of distinct visits to the website from 2015 to 2021.
- Twenty-six new data downloads (CSV files) developed for new website so that interested members of the public have direct access to disclosure data.

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

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<i>Expenditures by Fund</i>								
1000 - General	1,059	1,037	1,024	1,288	1,167	1,167	1,366	1,406
2001 - Other Misc Special Revenue	75	2,206	64	2,636	104	1,323	104	1,323
Total	1,133	3,243	1,088	3,924	1,271	2,490	1,470	2,729
Biennial Change				635		(1,251)		(813)
Biennial % Change				15		(25)		(16)
Governor's Change from Base								438
Governor's % Change from Base								12

Expenditures by Program

Campaign Finance & Publ Disc	1,133	3,243	1,088	3,924	1,271	2,490	1,470	2,729
Total	1,133	3,243	1,088	3,924	1,271	2,490	1,470	2,729

Expenditures by Category

Compensation	939	941	941	999	923	949	993	1,083
Operating Expenses	117	88	83	282	234	208	363	313
Grants, Aids and Subsidies	74	2,206	63	2,636	104	1,323	104	1,323
Other Financial Transaction	3	8	1	7	10	10	10	10
Total	1,133	3,243	1,088	3,924	1,271	2,490	1,470	2,729

Full-Time Equivalent

	8.51	7.83	7.75	8.40	7.40	7.40	8.40	8.40
--	------	------	------	------	------	------	------	------

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
1000 - General								
Balance Forward In		72		121				
Direct Appropriation	1,123	2,143	1,145	2,187	1,167	2,187	1,366	2,426
Open Appropriation	100	1,559	85	1,454	104	1,454	104	1,454
Transfers In	249		347					
Transfers Out	350	2,579	432	2,474	104	2,474	104	2,474
Cancellations		158						
Balance Forward Out	64		121					
Expenditures	1,059	1,037	1,024	1,288	1,167	1,167	1,366	1,406
Biennial Change in Expenditures				217		22		460
Biennial % Change in Expenditures				10		1		20
Governor's Change from Base								438
Governor's % Change from Base								19
Full-Time Equivalents	8.51	7.83	7.75	8.40	7.40	7.40	8.40	8.40

2001 - Other Misc Special Revenue

Balance Forward In	831	616	993	670	363	364	363	364
Receipts	0	4	1	1	1	1	1	1
Transfers In	109	2,579	86	2,474	104	2,474	104	2,474
Transfers Out	249		347	146		93		93
Balance Forward Out	616	993	669	363	364	1,423	364	1,423
Expenditures	75	2,206	64	2,636	104	1,323	104	1,323
Biennial Change in Expenditures				419		(1,273)		(1,273)
Biennial % Change in Expenditures				18		(47)		(47)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	2,187	2,187	2,187	4,374
Base Adjustments				
Biennial Appropriations		(1,020)		(1,020)
Forecast Base	2,187	1,167	2,187	3,354
Change Items				
Maintain Current Service Levels		149	189	338
MNIT Azure Cloud		50	50	100
Total Governor's Recommendations	2,187	1,366	2,426	3,792
Open				
Fund: 1000 - General				
FY2023 Appropriations	1,407	1,407	1,407	2,814
Base Adjustments				
Forecast Open Appropriation Adjustment	(26)	(1,303)	(26)	(1,329)
November Forecast Adjustment	127		127	127
February Forecast Adjustment	(54)		(54)	(54)
Forecast Base	1,454	104	1,454	1,558
Total Governor's Recommendations	1,454	104	1,454	1,558
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	2,636	104	1,323	1,427
Forecast Base	2,636	104	1,323	1,427
Total Governor's Recommendations	2,636	104	1,323	1,427
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	40	40	40	80
Total Governor's Recommendations	40	40	40	80

Campaign Finance and Public Disclosure Board

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	149	189	189	189
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	149	189	189	189
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$149,000 in FY 2024 and \$189,000 in each subsequent year from the general fund to maintain the current level of service delivery at Campaign Finance and Public Disclosure 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 costs increase. 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 change item will not be used to increase the size of the Board staff, it will just allow the Board’s staff to remain at 8.4 FTEs.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. To reduce costs, the Board has already reduced one full time position to a 0.4 position at a lower classification. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes. Overtime, the percentage of the Board’s budget used for salary and benefits has increased dramatically. In fiscal year 2014, 64% of the Board’s budget was used on salary and benefits for nine staff members. That left the Board about 35% of its budget to develop new online applications to support reporting and public disclosure, and maintain a high level of support for the regulated community, and conduct investigations and enforcement of regulatory programs in a timely manner. In fiscal year 2023, the percentage of the Board’s budget used for salary and benefits was 85%. The Board no longer has the budget flexibility to develop new applications to support its mission.

For the Campaign Finance Board, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff complement in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the services the Campaign Finance Board delivers to Minnesotans will be impacted. If the Board does not receive this funding, it will need to cut a staff position, which will reduce service to the regulated community and the public.

It should also be noted that the Board’s responsibilities grew in calendar year 2022. Political committees and funds previously registered in Hennepin County were required to register with the Board and provide disclosure on expenditures and contributions made to influence certain elections in that county. This change in statutory

responsibility has added a new layer of complexity to administration of the campaign finance program. The Board did not ask for an increase to staff size when the statutory change was before the legislature.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For the Campaign Finance Board, this funding will cover rent, IT services, United States Postal Service mailing costs for statutorily required notices, and other operating costs.

Results:

This proposal is intended to allow the Campaign Finance Board to continue to provide current levels of service and information to the public.

Campaign Finance and Public Disclosure Board

FY 2024-25 Biennial Budget Change Item

Change Item Title: MNIT Azure Cloud

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	50	50	50	50
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	50	50	50
FTEs				

Recommendation:

The Governor recommends additional funding of \$50,000 in FY 2024 and each subsequent year from the general fund to move the Campaign Finance and Public Disclosure Board’s (the Board) databases and computer applications to the Azure Cloud solution offered by Minnesota IT Services (MNIT).

Rationale/Background:

The Board was not included in the recent MNIT consolidation, and currently maintains its own servers, array storage, firewalls, and related IT functions. The production servers used to support the campaign finance, economic interest, and lobbying programs are located in the Board’s office suite in the Centennial Office Building. A replication server is hosted at a remote location. The Board’s IT staff is only two individuals. The IT staff maintain the Board’s network, develop applications for use by staff, and develop online reporting application for use by the regulated communities. There are problems and limitations with this approach that will be resolved by moving the Board’s IT infrastructure and data to the Azure cloud solution offered by MNIT.

The Board’s IT staff maintain multiple servers, including daily monitoring of backup and replication processes, applying security patches, and generally operating what amounts to a small data center. This distracts IT staff from more important duties, such as improving Board developed applications for submitting disclosure reports online and turning the data submitted into meaningful disclosure on the Board’s website. Rather than seek an increase in IT staff, the Board believes it would be more efficient to remove itself from operating servers and maintaining cybersecurity for the network, and instead focus on data submitted to the Board, and providing public disclosure of that data.

Additionally, and very importantly, moving the network to the Azure cloud will resolve ongoing problems with physical and cybersecurity threats to Board IT operations. As mentioned earlier, the Board’s production servers are located in the Board’s office suite in the Centennial Office Building. The servers are not in a temperature-controlled environment or in a secured location. Concerns over the security of the servers are addressed if the servers are located in a MNIT Data Center. The Board’s IT staff does the best they can to stay current with cybersecurity threats and the steps needed to mitigate the threat of hackers and ransom ware. But staff are not experts in this area and have limited resources to work with. The Azure Cloud provides very sophisticated security tools and data redundancy that will mitigate cybersecurity risks. Board staff has appeared before the Legislative Commission on Cybersecurity and has heard the members of that commissions concerns about the Board’s network. The Azure Cloud will address these concerns.

Proposal:

The additional funding will only be used for costs related to hosting the Board’s network and databases in the Azure Cloud solution provided by MNIT. The \$50,000 cost is more than the Board can absorb from its current operating budget and is needed as a permanent increase to the Board’s operating budget. This is a new initiative that will address physical and cybersecurity concerns for the Board’s operations.

The scalability, availability, and redundancy provided by a distributed cloud data storage and application solution will protect the Board’s ability to operate during an election year, legislative session, and other critical periods for public disclosure. If the Board’s office was to suffer a fire or other physical damage, or the Board’s servers were hit by a cyberattack, the Board would face tough challenges in recovering and carrying out its mission. Cloud based database storage and applications are much more robust and can provide a significantly shorter recovery time to resume Board operations after a disaster.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

IT Costs

<i>Category</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>
Enterprise Services	50	50	50	50	50	50
Total	50	50	50	50	50	50

Results:

This request does not directly produce more efficient operations or Board transactions, that is not even the goal. The goal is to secure the Board’s databases and applications so that they are available to support the Board’s mission. Without access to data and applications Board operations come to a halt. In a worst case scenario where the Board’s office suite is physically damaged, or the Board’s network is breached and either damaged or ransomed the Azure solution will allow the Board to resume operations in a very short time frame.

The Board will also benefit from being able its IT staff being able to focus more time on application development and client (both internal and external) support and less time on running a network.