

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	712	712	712	712	1,424
Recommended	712	712	694	694	1,388
Change		0	(18)	(18)	(36)
% Biennial Change from 2004-05					-2.5%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	684	777	694	694	1,388
Open Appropriations					
Special Revenue	103	3,929	80	1,950	2,030
Statutory Appropriations					
Special Revenue	26	0	0	0	0
Total	813	4,706	774	2,644	3,418
 <u>Expenditures by Category</u>					
Total Compensation	515	574	568	582	1,150
Other Operating Expenses	169	203	126	112	238
Payments To Individuals	26	3,705	0	1,790	1,790
Local Assistance	103	224	80	160	240
Total	813	4,706	774	2,644	3,418
 <u>Expenditures by Program</u>					
Campaign Finance	813	4,706	774	2,644	3,418
Total	813	4,706	774	2,644	3,418
 <u>Full-Time Equivalent (FTE)</u>					
	7.9	9.3	9.0	9.3	

CAMPAIGN FINANCE & PUB DIS BD

Change Summary

<i>Dollars in Thousands</i>				
	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
<i>Fund: GENERAL</i>				
FY 2005 Appropriations	712	712	712	1,424
Subtotal - Forecast Base	712	712	712	1,424
Change Items				
Budget Reduction	0	(18)	(18)	(36)
Total Governor's Recommendations	712	694	694	1,388
<i>Fund: GENERAL</i>				
Planned Open Spending	0	160	5,400	5,560
Change Items				
Eliminate State Funded Campaign Checkoff	0	(160)	(5,400)	(5,560)
Total Governor's Recommendations	0	0	0	0
<i>Fund: SPECIAL REVENUE</i>				
Planned Open Spending	3,929	0	0	0
Change Items				
Eliminate State Funded Campaign Checkoff	0	80	1,950	2,030
Total Governor's Recommendations	3,929	80	1,950	2,030
<u>Revenue Change Items</u>				
<i>Fund: SPECIAL REVENUE</i>				
Change Items				
Eliminate State Funded Campaign CheckOff	0	80	1,950	2,030

CAMPAIGN FINANCE & PUB DIS BD

Change Item: Budget Reduction

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$18)	(\$18)	(\$18)	(\$18)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$18)	(\$18)	(\$18)	(\$18)

Recommendation

The Governor recommends a direct General Fund appropriation of \$694,000 each year of the FY 2006-07 biennium, a reduction of \$18,000 annually.

Background

Currently, board activities are supported by a direct general fund appropriation, which funds salaries, rent, and other operating expenses. The reduction will require cuts in other operating expenses and potentially in salaries. The agency should also seek operational efficiencies by redesigning their operations or collaborating with other agencies to share services.

Relationship to Base Budget

The recommended reduction represents 2.5% of the General Fund base budget.

CAMPAIGN FINANCE & PUB DIS BD

Change Item: Eliminate State Funded Campaign Checkoff

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$160)	(\$5,400)	(\$160)	(\$2,400)
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	80	1,950	80	450
Revenues	80	1,950	80	450
Net Fiscal Impact	(\$160)	(\$5,400)	(\$160)	(\$2,400)

Recommendation

The Governor recommends eliminating the state's contribution associated with the tax check-off campaign contributions under M.S. Ch. 10A.31 and allowing flexible contributions from \$1 to \$25 for individual filers and \$50 for joint filers. Because the "no cost to tax filer" provision has acted as an incentive to contribute, it is assumed that if it were eliminated, contributions to campaigns through state tax forms would decrease by 50%. Therefore, the payments in check-off subsidies to candidates and party units would be reduced to \$80,000 in FY 2006 and \$1.95 million in FY 2007.

The Governor also recommends eliminating the state General Fund appropriation to the Campaign Finance Board. This \$1.5 million appropriation, in the odd numbered fiscal year, is used to finance political party activities and campaigns.

This change item reflects only the reduced expenditure portion of the recommendation. There is an associated change item in the Department of Revenue budget recommendations because of the implications to Minnesota tax law.

Background

Current law allows taxpayers to designate that \$5 be paid from the General Fund into a political party or General Fund account for subsidizing state election campaigns in Minnesota for candidates and parties who comply with specific campaign finance laws including spending limit agreements. The Governor recommends continuing to allow taxpayers to contribute to public campaign accounts on state tax returns from \$1 to \$25, but the contributions would be at the cost of the filers.

This change item does not affect the Political Contribution Refund program.

Relationship to Base Budget

Current base estimates for tax check-off subsidies are forecast at \$160,000 in FY 2006 and \$3.9 million in FY 2007.

The board would not experience any reduction in workload associated with the proposal, because it is assumed that the number of expenditures as well as the distribution of rules and funds would continue. Therefore, there would be no decrease in operating expenditures for this change item.

Key Measures

It is possible that fewer candidates would request public campaign subsidies if the funding is reduced. Therefore, it is possible that compliance with public disclosure and the percentage of candidates who choose to agree to the spending limits in order to receive the subsidies would decline as well.

Statutory Change: M.S. Chapter 10A.31

Agency Purpose

The Campaign Finance and Public Disclosure Board is the service and regulatory agency that develops and implements administration and enforcement of M.S. 10A, the Ethics in Government Act. Agency staff supports a six-member bipartisan board, appointed by the governor for staggered four-year terms. 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 which will ensure public access to and understanding of information filed with the board.

Core Functions

Core functions of the Campaign Finance and Public Disclosure Board include administration and management of the:

- ◆ registration and public disclosure by state legislative, constitutional, and judicial office candidates, political party units, political committees, and political funds;
- ◆ registration and public disclosure by lobbyists and their principals attempting to influence state legislative actions, administrative action, and the official action of metropolitan governmental units;
- ◆ disclosure of economic interests, conflicts of interest, and representation of a client for a fee under circumstances defined in M.S. 14 and M.S. 216B.243 by public and metropolitan governmental unit officials; and
- ◆ distribution of payments from the state's public subsidy program that provides public funding to qualified state candidates and the state committees of political parties and allows those candidates and parties to give political contribution refund receipts to individual contributors.

Operations

The Campaign Finance and Public Disclosure Board assists clients in meeting the requirements of the law by:

- ◆ making all forms available in the board office, on the board's website, and mailing required disclosure forms to clients up to three weeks prior to the reporting date;
- ◆ conducting training classes to aid clients in record keeping, reporting, and electronic filing;
- ◆ providing free campaign finance software to candidates for state and judicial offices to assist them in record keeping and to enable them to file required reports electronically;
- ◆ providing electronic filing of lobbyist reports;
- ◆ maintaining an agency website that provides forms and publications for downloading, board advisory opinions, board meeting agendas and minutes, board member and staff information, lists of clients, and summaries of past filings, etc.;
- ◆ maintaining an inbound voice line and fax line;
- ◆ providing in-office client-use computers for customers who do not have access to the Internet;
- ◆ providing a copier for client use in copying information from filed reports; and
- ◆ working with the legislature to ensure that the statute is understandable and easy to administer.

Agency operations directly affect candidates for state office, lobbyists, and public officials by assisting them in compliance with the statute. The general public and news media are benefited by timely, easy access to campaign, lobbying, and public official information filed through agency web base applications.

Key Measures

- ⇒ Agency-developed electronic filing for lobbyist disclosure was used by approximately 50% of the registered lobbyists required to file periodic reports.
- ⇒ Agency interactive website information is updated daily to keep the public informed.

At A Glance

In FY 2004, the board administered programs covering:

- ◆ 722 candidate committees
- ◆ 342 political party units
- ◆ 360 political committees and funds
- ◆ 3,260 lobbyist registrations
- ◆ 1,328 reporting public officials
- ◆ \$4.5 million in public subsidy payments to candidates in FY 2003

Budget

The board's operating budget is funded by a direct general fund appropriation from the Minnesota Legislature.

Staff salaries currently include nine full-time and one student worker position. Agency operations include all non-subsidy disbursements made to assist clients and are always higher in the second year of the biennium due to the elections cycle.

Contact

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	Actual FY2004	Budgeted FY2005	Governor's Recomm.		Biennium 2006-07
			FY2006	FY2007	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	372	0	0	0	0
Other Revenues:					
General	34	43	41	38	79
Special Revenue	0	0	2	2	4
Total Non-Dedicated Receipts	406	43	43	40	83
<u>Dedicated Receipts:</u>					
Other Revenues:					
Special Revenue	9	2	80	1,950	2,030
Total Dedicated Receipts	9	2	80	1,950	2,030
Agency Total Revenue	415	45	123	1,990	2,113