



State of Washington PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112
Toll Free 1-877-601-2828 • E-mail: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

October 14, 2013

TO: Members, Public Disclosure Commission
FROM: Andrea McNamara Doyle, Executive Director
SUBJECT: Legislative/Budget Report

Legislation

The Commission has previously decided that it will not introduce any new agency-request legislation for the 2014 legislative session. Instead, staff will continue to advocate for the passage of the PDC-request legislation introduced last session (SB 5257/HB 1377, An Act Relating to modifying timeframes applicable to certain PDC requirements). We had also previously discussed that it is common for legislators, legislative committees, legislative staff, and others (such as lobbyists) to seek input from the Commission or want to know the Commission's position on legislative proposals introduced by others, and the challenge in providing that feedback in a timely manner given the fast pace of the legislative session relative to the Commission's monthly meeting schedule. To assist in meeting that challenge, it was suggested that having the Commission identify some legislative principles would allow staff to provide more meaningful input into the legislative process on your behalf even if you are unable to evaluate each bill in detail before the public hearing on specific proposals.

To that end, attached for your review is a draft Legislative Principles document that seeks to highlight the Commission's priorities for evaluating legislation. The first principle correlates directly to the agency's new 2013-15 Strategic Plan, and states that the Commission will generally support legislative that helps the agency achieve its strategic plan goals. The remaining principles address other key issues the Commission has traditionally focused on in evaluating the merits of legislative proposals. At the end of the document are three additional areas the Commission may also wish to address with guiding principles.

Depending on your discussion at the meeting, staff anticipates that any changes you would like can either be incorporated at the October meeting or brought back for your final review and approval at the December meeting.

DRAFT Principles for Evaluating Legislative Proposals Affecting PDC

Background

The Public Disclosure Commission was created and empowered by Initiative of the People to:

- Provide timely and meaningful public access to accurate information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates; and
- Ensure compliance with and equitable enforcement of Washington's disclosure and campaign finance laws.

The agency is dedicated to fulfilling this mission in order to ensure and enhance public confidence in the political process and government. The Commission therefore evaluates proposed legislation with an eye toward whether the proposals will advance or detract from the agency's mission and vision.

Principles

To that end, the Commission will, generally speaking:

1. Support legislative proposals that:

- Restore Commission and staff capacity to meet core functions that were lost as a result of recessionary budget cuts;
- Increase the agency's ability to achieve and maintain a state-of-the-art system that meets our customers' evolving expectations;
- Increase the effectiveness of our educational and compliance efforts;
- Improve the efficiency and effectiveness of our enforcement efforts;
- Assist the Commission in adapting its methods of receiving and distributing data to the changing technological environments in which we and our customers operate;
- Expand the size of the audience that is aware of the PDC's mission and that accesses PDC data and information.

2. Oppose legislative proposals that diminish the agency's ability to:

- Provide timely and meaningful public access to accurate information about campaign financing, lobbyist expenditures, and the financial affairs of public officials and candidates;
- Assist the regulated community in understanding and complying with existing or new disclosure and campaign finance requirements;
- Investigate and consistently, efficiently, and fairly enforce existing disclosure and campaign finance requirements.

- 3. Support changes to existing campaign finance, lobbying, and personal financial affairs laws that:**
 - Result in the disclosure of more meaningful information to voters and the public;
 - Respond to court decisions interpreting or invalidating provisions of Chapter 42.17A RCW;
 - Recognize, respond to, and anticipate changes in how campaign and lobbying activity is or will be conducted in Washington State, while staying true to the original intent of Initiative 276.

- 4. Support changes to existing PDC or other state laws that will allow more efficient use of state resources without sacrificing the agency's ability to fulfill its mission.**

- 5. Support technical amendments to Chapter 42.17A RCW that improve its consistency and clarity and reduce the risk of confusion or misunderstanding by the public.**

Other possible principles re:

- **Changes to contribution limits (generally neutral)**
- **Commission penalty authority or other remedies (may support, depending on specific proposal)**
- **Enhance agency's ability to improve risk management activities, such as public records production, COOP, security, etc. (may support, depending on specific proposal)**

Budget

Based on Commission feedback at the September meeting, staff has prepared and submitted two decision packages to the Governor's Office for review and possible incorporation into a supplemental budget for the 2014 session. Both decision packages focus on Information Technology needs; the first is a maintenance level request targeting the additional resources we will need to maintain existing software licensing and maintenance agreements in the second year of the biennium, and the second is a performance level request targeting additional IT resources to restore a network administrator position, expired software licenses, and to obtain cloud-based business continuity/disaster-recovery services. Copies of both decision packages are attached to this memo for your review.

Also attached is a copy of the letter sent to Governor Inslee from Chair Ranade on behalf of the Commission, addressing additional IT allotment reductions proposed for the PDC as a result of the \$5 million statewide IT "efficiency" reductions included in the 2013-15 operating budget.

The Governor's Office and the Office of the Chief Information Officer (OCIO) will be reviewing the agency's IT decision packages this fall, with a decision expected by early December when the Governor's budget is released.

Attachments: Draft Principles for Evaluating Legislative Proposals Affecting PDC
Decision Package re: IT Software Maintenance
Decision Package re: IT Security
Letter from PDC Chair to Governor Inslee

DRAFT Principles for Evaluating Legislative Proposals Affecting PDC

Background

The Public Disclosure Commission was created and empowered by Initiative of the People to:

- Provide timely and meaningful public access to accurate information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates; and
- Ensure compliance with and equitable enforcement of Washington's disclosure and campaign finance laws.

The agency is dedicated to fulfilling this mission in order to ensure and enhance public confidence in the political process and government. The Commission therefore evaluates proposed legislation with an eye toward whether the proposals will advance or detract from the agency's mission and vision.

Principles

To that end, the Commission will, generally speaking:

1. Support legislative proposals that:

- Restore Commission and staff capacity to meet core functions that were lost as a result of recessionary budget cuts;
- Increase the agency's ability to achieve and maintain a state-of-the-art system that meets our customers' evolving expectations;
- Increase the effectiveness of our educational and compliance efforts;
- Improve the efficiency and effectiveness of our enforcement efforts;
- Assist the Commission in adapting its methods of receiving and distributing data to the changing technological environments in which we and our customers operate;
- Expand the size of the audience that is aware of the PDC's mission and that accesses PDC data and information.

2. Oppose legislative proposals that diminish the agency's ability to:

- Provide timely and meaningful public access to accurate information about campaign financing, lobbyist expenditures, and the financial affairs of public officials and candidates;
- Assist the regulated community in understanding and complying with existing or new disclosure and campaign finance requirements;
- Investigate and consistently, efficiently, and fairly enforce existing disclosure and campaign finance requirements.

- 3. Support changes to existing campaign finance, lobbying, and personal financial affairs laws that:**
 - Result in the disclosure of more meaningful information to voters and the public;
 - Respond to court decisions interpreting or invalidating provisions of Chapter 42.17A RCW;
 - Recognize, respond to, and anticipate changes in how campaign and lobbying activity is or will be conducted in Washington State, while staying true to the original intent of Initiative 276.
- 4. Support changes to existing PDC or other state laws that will allow more efficient use of state resources without sacrificing the agency's ability to fulfill its mission.**
- 5. Support technical amendments to Chapter 42.17A RCW that improve its consistency and clarity and reduce the risk of confusion or misunderstanding by the public.**

Other possible principles re:

- **Changes to contribution limits (generally neutral)**
- **Commission penalty authority or other remedies (may support, depending on specific proposal)**
- **Enhance agency's ability to improve risk management activities, such as public records production, COOP, security, etc. (may support, depending on specific proposal)**

Agency: 082 Public Disclosure Commission
Decision Package Code/Title: AD IT Software Maintenance
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

This request would fund costs associated with commercial software maintenance and assurance agreements needed to continue core IT functions.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		9,141	9,141
Total Cost		9,141	9,141

Package Description:

This request for a supplemental appropriation of up to \$9,142 in FY 15 will allow the PDC to maintain basic software maintenance and assurance agreements that are necessary to the continued functionality of our IT systems and applications. For more information about this package, please contact Andrea McNamara Doyle, Executive Director, at 664-2735.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

In order to protect our existing investment in IT systems and applications, the agency depends on commercially available software. Software maintenance and assurance agreements provide access to newer versions and minor upgrades and fixes; the latest in security patches; technical support; and other support necessary to continue using the products that allow our electronic filing applications and other IT systems to function. It is incumbent on the Commission to take the steps necessary to protect the state's investment in IT in order to continue to meet legislative mandates required by Chapter 42.17A RCW. In order to sustain our current performance measures and prevent unauthorized access to the Commission's IT infrastructure, it is vitally important to maintain our inventory of commercial software.

To accomplish this, an on-going investment is required to renew the annual and period maintenance and assurance agreements for our production infrastructure's most critical components.

of those products, making our aging systems increasingly vulnerable to risks and incompatible with the evolving technologies used by our customers. The time required to create "work arounds" and other fixes prevent our IT staff from working on newer advances. It also increases our customer support requirements and decreases customer satisfaction by those attempting to utilize our website and electronic filing applications. Replacement costs also then become much higher.

In certain instances, allowing commercial software to become obsolete will create security vulnerabilities that will increase the potential for data corruption or unauthorized access that would result in downtime to restore services.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Current software license and maintenance agreements needing annual renewals:

Annual Renewals	
SSL Certificate	\$ 100
Veeam Backup and Replication	\$2,376
Symantec Endpoint Protection	\$2,378
VMWare Vcenter/Vsphere Enterprise	\$4,287
TOTAL	\$9,141

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This package represents ongoing costs for the most critical commercial off-the-shelf software maintenance, assurance, and support agreements remaining in place.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods\Other Services		9,141	9,141

Agency: 082 Public Disclosure Commission
Decision Package Code/Title: AB IT Software & Security
Budget Period: 2013-15
Budget Level: PL - Performance Level

Recommendation Summary Text:

This request is to provide funding for costs associated with restoring expired software licenses, improving network security, and acquiring cloud-based business continuity/disaster recovery services.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	118,279	125,247	243,526
Total Cost	118,279	125,247	243,526
Staffing	<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual Average</u>
FTEs	.0	1.0	.5

Package Description:

This request will fund the restoration of expired and outdated essential software that the Commission had to let go due to previous rounds of budget reductions. It will also fund the salary, benefits, and equipment required to hire an Information Technology Systems Specialist 3 to be responsible for monitoring the security of the Commission's information technology infrastructure and managing and maintaining the agency's IT Security Program. It will also fund the acquisition and on-going costs of cloud-based business continuity/disaster recovery services.

The PDC is mandated by law to operate a website to allow access to and data from reports filed with the PDC. RCW 42.17A.050. The PDC is mandated by law to operate an electronic report filing system, at no charge to the filers. RCW 42.17A.055. Most candidates and campaigns are now required to file electronically. RCW 42.17A.245. Many lobbyists file electronically, and effective January 1, 2014, all state agencies will be required to file their lobbying reports electronically. SHB 1093 (Chapter 166, Laws of 2013). Electronically filed reports are required by law to be on the PDC's website within two business days. RCW 42.17A.061(1). Copies of reports submitted on paper must be on the PDC's website within four business days of receipt. RCW 42.17A.061(2). The PDC is required by law to report to the Governor and Legislature the results of defined performance measures showing the days that elapse between the time the agency receives reports and when they are accessible on the PDC website. RCW 42.17A.065.

These statutory mandates require IT support and expenditures, and thus, we are an agency that is heavily technology-dependent, particularly in relation to the size of our overall budget and staffing. Maintaining our IT services and support, and online disclosure of information to voters and assistance to filers, is "mission critical." Our customers --- the voters, the public, the media, and filers --- are also increasingly using (and dependent upon) evolving technology. They rightfully expect the PDC to utilize current technology to meet their needs and to help them comply with the law. Additionally, the Commission's investment in IT requires the proactive

disseminating hundreds of thousands of campaign finance, lobbyist, and financial affairs reports each year, allowing voters to "follow the money" in Washington politics.

What are the other important connections or impacts related to this proposal?

In addition to aligning with the Governor's priorities, this request also aligns with the State's IT Strategy in terms of supporting mobile access for external customers; modernizing and improving the functionality of our existing systems for external customers and allowing us to continue innovating for the same purpose; protecting the security of our system by maintaining critical antivirus software; and providing transparency by maintaining our ability to collect, analyze, and report data the citizens have identified as critical to our democracy.

The request is essential to the agency's ability to deliver on its mission of providing timely and meaningful access to accurate information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates; and to the Commission's vision of ensuring and enhancing public confidence in the political process and government.

What alternatives were explored by the agency, and why was this alternative chosen?

The agency previously considered, and submitted a budget decision package for, off-site redundant IT back-up equipment and facilities (which was not funded). Since then, less expensive cloud-based services have emerged that will significantly reduce the one-time and on-going costs of achieving such redundancy.

What are the consequences of not funding this package?

The Commission will continue to be vulnerable to risks and failure to meet its organizational goals and mission in the event of short-term or long-term interruptions to our IT systems caused by natural or man-made disasters. Without the funds to refresh and continue commercial software maintenance and assurance agreements, the agency will lose access to the upgraded versions of those products, making our aging systems increasingly vulnerable to risks and incompatible with the evolving technologies used by our customers. The time required to create "work arounds" and other fixes distract our IT staff from working on newer advances. It also increases our customer support requirements and decreases customer satisfaction by those attempting to utilize our website and electronic filing applications. Replacement costs also then continue to become higher the longer the investment is deferred.

In certain instances, allowing additional commercial software to become obsolete will create security vulnerabilities that will allow for the potential for data corruption or unauthorized access that would result in downtime to restore services.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Software needs:



State of Washington
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112
Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

October 3, 2013

The Honorable Jay Inslee
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

Re: Allotment Reduction for Info Technology Expenditures (3ESSB 5034 Sec. 15);
Vacancies on the Public Disclosure Commission

Dear Governor Inslee:

I write on behalf of the Washington State Public Disclosure Commission. The Commission asked me to express its concerns about two matters: (1) the recent allotment reductions designated for the PDC in information technology, and (2) the current vacancy (and very soon, two vacancies) on the Commission. Both of these matters critically impact our agency's ability to serve the public as required by our statutes. Thank you for the opportunity to provide you input.

Information Technology Reductions

The PDC was created by the people in 1972 via Initiative 276 to provide information to the voters concerning campaign finance, lobbying and similar matters, and to enforce those laws. RCW 42.17A; RCW 42.17A.001 ("It is hereby declared by the sovereign people to be the public policy of the state of Washington ... That political campaign and lobbying contributions and expenditures be fully disclosed to the public and that secrecy is to be avoided.") The Legislature subsequently confirmed that mission at RCW 42.17A.060, where it stated that:

It is the intent of the legislature to ensure that the commission provide the general public timely access to all contribution and expenditure reports submitted by candidates, continuing political committees, bona fide political parties, lobbyists and lobbyists employers. The legislature finds that failure to meet goals for full and timely disclosure threatens to undermine our electoral process.

Today, as required by statute, the vast majority of that disclosure occurs online. The PDC is mandated by law to operate a website to allow access to and data from reports filed with the PDC. RCW 42.17A.050. The PDC is also mandated by law to operate an electronic report filing system, at no charge to the filers. RCW 42.17A.055. Most candidates and campaigns are now required to file electronically. RCW 42.17A.245. Many lobbyists file electronically, and effective January 1, 2014, all state agencies will be required to file their lobbying reports electronically. SHB 1093 (Chapter 166, Laws of 2013). Electronically filed reports are required by law to be on the PDC's website within two business days. RCW 42.17A.061(1). Copies of reports submitted on paper must be on the PDC's website within four business days of receipt. RCW 42.17A.061(2). The practical effect of these laws is that the PDC's website and internet presence have become the agency's primary face to the public. Ultimately, I believe this is consistent with your stated goal of expanding our state government's use of technology in serving the public.

Our agency's statutory mandates and your expressed preference for greater technological innovation require IT support and expenditures, and thus, we are an agency that is heavily technology-dependent, particularly in relation to the size of our overall budget and staffing. Maintaining our IT services and support, and online disclosure of information to voters and assistance to filers, is mission critical. Our customers --- the voters, the public, the media, and filers --- are also increasingly using (and dependent upon) evolving technology. They rightfully expect the PDC to utilize current technology to meet their needs and to help them comply with the law.

However, the PDC's budget has been reduced each year since 2009, to the effect of losing approximately one quarter of our staff and funding during that time. To achieve those reductions, the PDC has been required to eliminate staff and reduce expenditures in every area of the agency. The PDC has reduced staff in the IT division and drastically reduced and deferred IT expenditures. Given the PDC's mandates in RCW 42.17A, and our customers' expectations, the cumulative effect of the reductions is of grave concern to the Commission. In fact, the Commission has recently authorized our Executive Director to prepare a supplemental budget request to your office so it may be submitted to the Legislature for the 2014 session. That request, which we ask you to support, will seek a restoration of a modest portion of the PDC's IT lost capacity.

Meanwhile, on September 25, 2013, the PDC received a memorandum from David Schumacher, OFM Director, explaining allotment reductions for information technology expenditures, per Section 715 of 3ESSB 5034 (Chapter 4, Laws of 2013, 2nd Special Session). The PDC's designated reduction is \$6,000. While this may not seem large, it is significant to our small agency, particularly when considering the several budget reductions previously implemented and in light of the PDC's statutory mandates.

The PDC is an agency unique in state government not only because it is one of the few created by the people, but also because of its online mandates. Further IT reductions for the PDC would not result in any efficiencies. To the contrary, further IT reductions would decrease our agency's ability to serve the public, and to serve it efficiently.

As a result, we request reconsideration of the September 25 IT reduction identified for the PDC. This reduction will not result in efficiency in state government IT procurement, maintenance or operations, as required in 3ESSB 5034 Sec. 15(1). Thus, the PDC should not be considered an “affected state agency” as provided Sec. 15(3).

Commission Vacancies

I also write on behalf of the Commission to urge you to fill the PDC Commissioner position that has been vacant since January 2013, and to make you aware of the next expected vacancy when another term expires at the end of this year.

As you may know, Commission members are appointed by the Governor and confirmed by the state Senate for no more than one full, five-year term. The five Commissioners serve staggered terms, and every December, one Commission member’s term expires and a new Commissioner needs to be appointed. Unlike many other boards and commissions, PDC appointees do not continue serving until their successors are named, so timely appointments are critical to the effective functioning of the Commission. The law recognizes this and provides that vacancies be filled within 30 days. RCW 42.17A.100(4).

Long-term vacancies due to unfilled positions jeopardize the Commission’s ability to act on important enforcement, rulemaking, and policy matters, and otherwise handle PDC business. Three members are required for a quorum, and certain types of actions require three affirmative votes. The Commission has been operating with four members since the end of December when one of the two Republican members’ terms expired. The term of the remaining Republican appointee is scheduled to expire this December, which will leave the Commission with just three members, all Democrats.

As the months pass, we are increasingly concerned about the potential disruption to the agency’s efficient operations, and about the public perception of an unbalanced Commission, should one—and especially if both—of these positions remain vacant for an extended period of time. We have been in regular contact with your staff and are committed to assisting you in any way possible in finding people “of the highest integrity and qualifications,” as required by RCW 42.17A.100(1), to serve in this critical role of ensuring transparency and accountability in our government and our state and local elections.

Please feel free to contact our Executive Director, Andrea McNamara Doyle, at (360) 664-2735, if you have questions about the Commission’s budget, or about Commissioner positions or possible appointees.

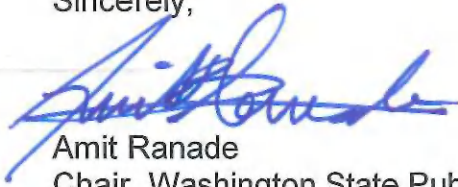
The Honorable Jay Inslee

October 3, 2013

Page 4

Thank you for your attention to these important matters.

Sincerely,



Amit Ranade

Chair, Washington State Public Disclosure Commission

cc: Commissioner Grant Degginger
Commissioner Barry Sehlin
Commissioner Kathy Turner
Andrea McNamara Doyle, Executive Director, Public Disclosure Commission
David Schumacher, Director, Office of Financial Management
Jay Balasbas, Senior Budget Assistant to the Governor
Molly Keenan, Governor's Office Boards and Commissions