

# Biennial Report of the Alaska Public Offices Commission

Covering Calendar Years 2012 and 2013

Dated: January, 2014

#### Commissioners:

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# Biennial Report of the Alaska Public Offices Commission

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# **Executive Summary**

The Alaska Public Offices Commission (APOC) delivers services to the public and elected and other public officials in Alaska to encourage public confidence in the political process. It is required by AS 15.13.030(8) to "prepare and publish a biennial report concerning the activities of the commission, the effectiveness of this chapter, its enforcement by the attorney general's office, and recommendations and proposals for change". APOC's last biennial report was published in January of 2013. The biennial report is published annually to provide greater continuity as the agency undergoes changes as a result of instituting electronic filing.

Calendar year 2013 complaint and advisory opinion activity was lower than 2012, because there was no state election during 2013. The agency experienced considerable activity regarding referendum petition activity and ballot initiative actions. Municipal elections also generated agency activity. Complaint and advisory opinion activity for 2013 is the lowest for the agency since 2007. Education and training by the agency may have contributed to this decline.

Major events in 2013 included signature gathering for legalizing marijuana, increasing the minimum wage, and resource extraction issues. Additionally, a signature drive concerning a state-wide referendum petition was successfully completed. That matter has been certified for the 2014 primary ballot.

The electronic filing system has helped filers to efficiently complete and submit required reports. The same system has also enabled staff to complete more and higher quality audits of the wide variety of reports the agency receives. The ability to conduct more audits has led to a higher activity level for agency staff.

There was minimal staff turnover in 2013, a significant change from previous years; As a result staff has become more proficient because of increased continuity and experience.

#### **Activities of the Commission**

APOC's mission is to encourage the public's confidence in their elected and appointed public officials by administering Alaska's disclosure statutes and publishing financial information regarding the activities of election campaigns, public officials, lobbyists and lobbyist employers.

# The Laws Administered by APOC

APOC administers four disclosure laws. These laws require the disclosure of information that enables citizens to identify the influence of private interests on public decision-making.

- 1 <u>Campaign Disclosure (AS 15.13)</u> (CD) requires state and municipal candidates, and political groups, to file periodic, detailed reports disclosing all campaign contribution and expenditure activities. The campaign disclosure law directly limits the influence of contributors on candidates by limiting the size of campaign contributions.
- **Regulation of Lobbying (AS 24.45)** (**LOB**) requires lobbyists to register with APOC, and to file monthly reports of income from lobbying and lobbying expenditures during any month in which the legislature is in session, including special session. If the legislature is not in session, lobbyists file quarterly reports. Employers of lobbyists are required to file quarterly reports of lobbying payments and expenditures.
- 3 <u>Legislative Financial Disclosure (AS 24.60.200 260)</u> (LFD) requires legislators, legislative directors, and the members of the Select Committee on Legislative Ethics to file personal financial disclosure statements listing business relationships, sources of income (and for legislators the amount of income), and indebtedness.
- 4 <u>Public Official Financial Disclosure (AS 39.50)</u> (POFD) requires all state and many municipal candidates, elected officials, and many appointed state and local officials to file personal financial disclosure statements, listing business relationships, the source of all income, and indebtedness.

#### **Core Services**

- Disclose information to aid Alaskans in making informed decisions regarding their elected officials.
- Administer laws upholding the transparency of the financial affairs of public officials, lobbyists and their employers, political groups, and municipal and state candidates.
- Interpret the disclosure laws and assist in compliance by conducting training.
- Provide forms and manuals for candidates, groups, lobbying activities, and public officials.
- Examine and compare reports for possible violations of the disclosure laws and compel the filing of required reports.

#### Disclose information for informed decisions

In 2013 Alaska newspapers used APOC data for source material regarding municipal elections and ballot initiatives. Reporters found the data on the agency's website without the aid of APOC staff, although media did contact staff to find more esoteric data. Considerable media coverage was devoted to sources for contributions to specific ballot questions and candidates' campaigns. APOC is providing readily accessible information to the public to enable informed decisions.

Website visit information is useful in illustrating the use of on-line resources. Figure 1 shows how the public uses APOC's website resources. It includes graphs demonstrating POFD/CD, lobbyist, and APOC website visits.

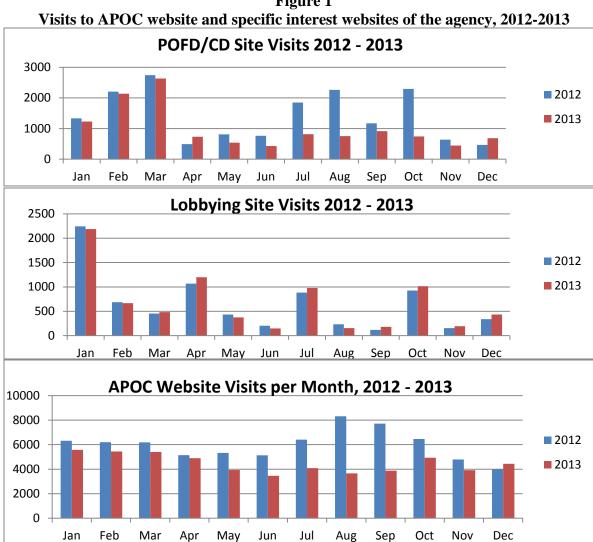


Figure 1

Source: <a href="https://webstats.state.ak.us/Nihuo3/Applications/Apoc\_Forms/">https://webstats.state.ak.us/Nihuo3/Applications/Apoc\_Forms/</a>; https://webstats.state.ak.us/Nihuo3/Applications/Apoc\_Insight/; The data show the level of web site activity in non-state election years such as 2013 is substantially lower than in years with state office elections.

# Administer laws upholding financial transparency

APOC activities include addressing complaints and advisory opinions related to the four disclosure laws. The volume of both complaints and advisory opinions rose in calendar year 2010 since it was a gubernatorial election year. The volume of complaints and advisory opinions for calendar year 2012 was less than that of 2010 and only slightly above 2011 as shown in Figure 2. The activity for 2013 has been the lowest since 2007. Training and outreach activities have continued in 2013 with more efforts to bring training throughout the state. Most of the complaints in 2013 dealt with issues from 2012 or from activities related to the upcoming 2014 election. APOC staff has also spent considerable time working with filers to ensure that they are aware of filing requirements. This was important in 2013 since gathering signatures for ballot propositions and referendum activities constituted a great deal of activity filers during the year. These activities are guided by a seldom used and complex set of statues and regulations. Appendix 1 contains a summary of advisory opinions for 2012 and 2013.

70 60 50 40 Advisory Opinions 30 ■ Complaint Cases 20 10 2008 2009 2010 2011 2012 2013 2007 Source: APOC Records

Figure 2 **Volume of APOC Complaints and Advisory Opinions 2007-2013** 

## Interpret disclosure laws and assist in compliance

APOC staff regularly works with the public to respond to a variety of questions that do not rise to the level of a formal advisory opinion. From January 1, 2012 to December 31, 2012 APOC staff spent 304 hours working on 19 advisory opinions. In general the average advisory opinion took just over eight staff hours to complete. During the same period, staff spent nearly seven times as many hours, 2,118 hours, in

providing direct service to the public in responding to questions regarding APOC laws. In 2013 APOC staff devoted 2,938 hours providing direct service to the public and 245 hours on 7 advisory opinions. In each of the years noted one or two of the advisory opinions were exceptionally complex and required time that skewed the average. APOC staff believes this is a direct result of an emphasis on training and outreach. APOC staff has been told that it is no longer viewed as a punitive agency, but one more interested in educating filers and the public. This directly impacts assisting in compliance.

APOC is making a concerted effort to expand educational activity as a larger part of APOC's mission through providing more training opportunities for candidates and lobbyists. Understanding the APOC statutes may lead to fewer complaints and more transparent campaign and lobbying activity. Where a complaint takes on average 50 hours to complete, the average advisory opinion requires significantly less time to complete. Providing interpretive information and timely advisory opinions enables APOC staff to provide more attention to assisting in compliance rather than recommending penalties.

In 2013 APOC began its outreach and education initiative earlier to decrease the number of potential errors on early reports for municipal candidates and to educate regarding POFD issues. Questions about ballot initiatives were the basis for numerous telephone calls, staff also began to address the reporting requirements for ballot proposals and independent expenditures as well. Appendix 3 reflects training session data and Appendix 4 reflects outreach activity.

These activities have been very cost effective in terms of the cost of travel for the various presentations. In 2012 providing 44 training sessions throughout the state and having 492 people attend cost \$3,081; or, \$70 per session or \$6.26 per attendee. The 15 outreach activities throughout the state cost \$1,522 for 15 sessions with 332 people attending; or, \$101 per session or \$4.58 per attendee. Over the course of the year through outreach and training activities APOC staff was able to directly work with 824 people at 59 activities; or 14 people per activity at a cost of \$5.60 per person. In 2013, 21 training activities served 226 people costing a total of \$4,170, or \$199 per session or \$18.45 per attendee and eleven outreach activities had 351 attendees at a cost of \$1,059 or \$3.02 per attendee. The cost was higher in 2013 as some inexperienced staff members were accompanied by experienced staff and there was additional travel to more locations. Additionally, some sessions addressed complex subjects and more staff went to ensure continuity of information. While some of this training dealt specifically with the 2013 state-wide municipal election,

<sup>&</sup>lt;sup>1</sup> Only the cost of travel is included here as the staff time involved would have been spent on other APOC activities if the travel and presentations had not been conducted.

the material also covered issues relating to the 2014 election. In 2014, training activities will increase because of election activities, and staff is fully trained. Considering the cost of completing complaint investigations and the lower number of complaints, this was money and time used for training are resources well spent.

### **Examine and compare reports**

Electronic filing began in 2012, APOC staff spent more than 689 hours auditing and comparing reports nearly double the time of the previous year. In 2013 staff spent over 1,670 hours auditing reports; again more than doubling the previous year. Figure 3 shows the increase in time spent auditing and comparing reports. In many cases filers were in substantial compliance, but with some errors, and they amended their reports upon request. Others were found to have more substantial errors and either paid a civil penalty or a complaint was filed against them.

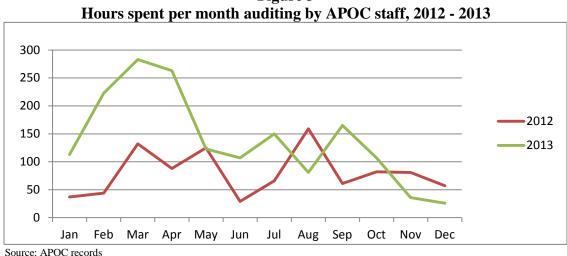


Figure 3

Major events in calendar year 2012

- Complaints: 19 total, 16 CD, 1 LOB, 2 POFD.
- Advisory Opinions: 19 total, 19 CD, 0 LOB, 0 POFD.
- Anchorage municipal election April, statewide primary elections August, statewide municipal elections October, statewide general election November.

Other Activities

- Commission held 13 days of meetings; all were dedicated to hearings.
- Over 1,700 financial disclosure statements were received; 1,127 were filed electronically.
- 2,433 electronic reports were filed by 129 lobbyists and 385 employers of lobbvists.
- 2,176 reports campaign disclosure filings were received from 168 state candidates, 276 municipal candidates and 199 groups. 1,510 campaign disclosure forms were

received from candidates--1,459 candidate campaign reports were received electronically from 168 state candidates and 276 municipal candidates, the remaining 201 were paper.

Major events in calendar year 2013

- Complaints: 12 total, 11 CD, 0 LOB, 1 POFD.
- Advisory Opinions: 7 total, 7 CD, 0 LOB, 0 POFD.
- Commission held 12 days of meetings. Nine days were dedicated to hearings and adjudicatory decision making, one dealt with proposed legislative changes, and two days dealt with seeking a public member to present to the governor upon the conclusion of the incumbent public member's term.
- 1,694 financial disclosure statements received.
- 2,478 filings from 141 lobbyists and 392 employers of lobbyists.
- 701 campaign disclosure filings from 307 candidates and 185 groups.

Each year the Commission levies civil penalties against those filing late or incomplete reports. Figure 4 illustrates the Commission's assessment of civil penalties and the amount collected in 2013. The first four categories refer to civil penalty assessments for late or incomplete reports. The "complaints" category is complaints filed by either the public or APOC staff. Penalties not collected are referred to the Attorney General.

Figure 4
APOC Civil Penalty Assessment 2013

	<i></i> • • • • • • • • • • • • • • • • • •			
Category	Commission Assessed	Amount Received	Amount Unpaid	Amount Referred to Attorney General
Lobbyist	\$1,190.00	\$ 880.00	\$ 310.00	\$ -
Candidate				
Disclosure	\$11,011.50	\$ 5,131.50	\$ -	\$ 5,880.00
<b>Group Disclosure</b>	\$10,777.05	\$ 8,862.05	\$ 1,915.00	\$ -
POFD/LFD	\$18,514.00	\$ 14,576.00	\$ 827.00	\$ 3,111.00
Complaints	\$25,580.19	\$ 14,082.00	\$ 11,498.19	\$ -
Copy Income		\$ -	\$ -	\$ -
Other		\$ -	\$ -	\$ -
TOTALS	\$67,072.74	\$ 43,531.55	\$ 14,550.19	\$ 8,991.00

Source: APOC records

The Commission levies penalties for both complaints and civil penalties. Staff recommends penalties using statutory fine levels to compute a maximum fine and then apply standardized mitigating or aggravating factors. The commission decides

whether to accept, reject, or modify the recommendation. As shown in Figure 5 civil penalty assessments tend to total a bit more than complaint penalties and have generally declined since 2010.

APOC Fines Collected 2010 - 2013

140000
120000
100000
80000
40000
20000
2010
2011
2012
2013

Complaint Fines
Civil Penalties

Figure 5 APOC Fines Collected 2010 - 2013

Source: APOC Records

#### **Effectiveness of APOC Laws**

It is difficult to assess the effectiveness of laws. An assessment of APOC law effectiveness is the number of reports received compared to the number of actions; complaints or advisory opinions generated, for particular types of reports. Or, how often an action takes place per the number of reports received. This is graphically depicted in Figure 6 below.

Figure 6
Ratio of APOC Actions/Filings, 2012 and 2013

		Number	Complaints &	
Year	Report Type	of reports	<b>Advisory Opinions</b>	Ratio
2012	POFD/LFD	1700	2	1 action per 850 reports
	Lobbyist/Employer	2433	1	1 action per 2433 reports
	Campaign Disclosure	2026	35	1 action per 63 reports
2013	POFD/LFD	1618	1	1 action per 1618reports
	Lobbyist/Employer	2478	0	
	Campaign Disclosure	701	18	1 action per 39 reports
Source: A	POC Records			

Figure 6 shows POFD/LFD and lobbying disclosures have a significantly lower number of actions per report filed than campaign expenditures and have been reduced from each year from 2012 to 2013. POFD/LFD actions have decreased from 1 per 850 reports in 2012, to 1 per 1618 reports in 2013. Lobbying report actions have decreased from 1 per 2433 in 2012, to no action in 2013 with 2478 reports. In both of these cases filers have become more experienced and with increased emphasis on education and training, the number of actions should decrease. Both POFD/LFD and Lobbying reports are meant to provide transparency to the public regarding the financial interests of public officials and how public officials and legislators interact with lobbyists and those who employ lobbyists. The laws requiring transparency appear to be effective given the number of reports submitted and the low level of actions taken. These laws are very closely tied to financial transactions and seek to stop the potential purchase of influence.

The year 2012 saw a higher number of campaign disclosure reports than 2011, but the number of advisory opinions and complaints remained nearly constant. In 2013 the number of reports and actions decreased because there was no state wide election, only local municipal elections, but the number of actions per report (1 per 37 reports) is higher than in 2012. Outreach and training done by APOC may have resulted in better compliance over time. Unlike POFD and lobbying reports, each year there are new and inexperienced candidates running for state or municipal office and new groups forming to support or oppose specific issues.

Another potential explanation is that lobbying activity has been required to report electronically longer than other types of filing and is more mature, POFD/LFD reporting was next in the order of electronic reporting with candidate filings being the most recent. It is possible that candidate filing matters may decrease as filers become more experienced with electronic filing.

# **Enforcement by the Attorney General's Office**

The Attorney General's Office represents APOC staff in the complaint process. A person who believes a violation has occurred under the laws APOC administers can file an administrative complaint with the Commission. In 2012, 19 complaints were accepted and two rejected as not meeting the requirements of AS 15.13.380. The Commission also had hearings on four potentially expedited complaints. Six complaints remained open at end of 2012; all but one has been closed, it is in superior court on appeal. One complaint was referred and assigned to the Office of Administrative Hearings for assignment to an Administrative Law Judge (ALJ). Before this matter could be heard by the ALJ and the Commission it was appealed to Superior Court where the suit was dismissed. The matter was then appealed to the

Alaska Supreme Court. The Attorney General's Office filed many procedural documents on behalf of the staff in each of these cases as well as reviewing the staff reports. The Attorney General's Office also represents the Commission itself through personnel separate from those who represent agency staff.

In 2013, 12 complaints were filed and 11 were accepted, one was withdrawn, another was rejected. There were two complaints submitted for expedited hearing which were remanded to the commission staff for investigation under standard time lines. At the end of 2013, the 2012 complaint on appeal in superior court remains open as do three complaints from 2013. Two of the 2013 open complaints should be concluded by February 2014, the remaining complaint should be completed in June of 2014.

The Attorney General's Office also assists in the issuance of advisory opinions. Under APOC statutes (AS 15.13.374), an individual or group may ask the Commission to issue a formal letter of advice regarding the propriety of specific activities under the law. In consultation with the Attorney General's Office the staff proposes a written advisory opinion for Commission consideration. An affirmative vote of four Commission members is required to approve the advisory opinion. Following an affirmative vote, staff prepares a final letter of advice, and the opinion is placed in the Commission's records and published on the agency's website. During calendar year 2013 there were 7 requests for advisory opinions. In addition the Attorney General's Office assists in the review of numerous informal requests for information from APOC staff.

Civil penalty assessments that are neither paid nor appealed are referred to the Attorney General's Office for processing and collection. Four candidate civil penalties and six POFD penalties have been referred to the Attorney General in 2013.

# Challenges, Recommendations, and Proposals for Change

# **Staffing**

During the past several years staff turnover has been an issue. In 2013 there was minimal staff turnover; two employees have resigned. As a result staff has become more proficient because of increased continuity and experience. This has been a significant change from previous years. In 2012, five employees resigned. While staffing may continue to be a challenge, in the short term there is a substantial decrease in staff turnover.

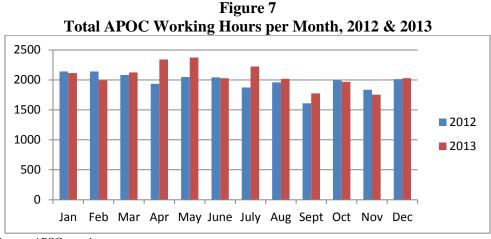
APOC has placed increased importance on staff training with an effort to have every staff member complete at least one training activity each year. The shift in work since electronic filing has been instituted allows for more professional development and less overtime.

## Challenges

The major challenge for 2012 was the state-wide election in the fall. With redistricting and several controversial measures on a variety of ballots even a stable staff was sometimes hard pressed to keep up with the volume of advisory opinions and complaints. *Citizens United*, the 2010 U.S. Supreme Court decision enabling corporate expenditures to influence elections, added more work related to expenditures by groups and other entities.

The major long-term challenge for APOC, after making a significant move to becoming more electronically oriented, is to continue to become an education oriented agency. As APOC can provide more training in a variety of venues and through different modes the number of complaints and civil penalties can be decreased. This means a better use of state resources and staff time.

The effective use of staff time is of great interest to the Commission. With 13 full time employees and a single part-time employee, each pay period at APOC constitutes 1025 working hours, or 2050 per month. Figure 7 shows this level of hours is generally the rule yet can vary with work schedules, holidays, and as positions are vacant or filled. Since there was greater staff stability in 2013 there were in general more hours worked per pay period as there were fewer vacancies than in previous years. In 2013 all positions in APOC other than the Executive Director, Assistant Director, Analyst/Programmer III/IV, and Program Coordinator II were classified as overtime eligible.



Source: APOC records

A significant challenge that is confronting staff is change; change in how time is spent, change in using technology, and change in how staff interacts with the public. Change is impacting every member of APOC staff from law office assistants to the executive director as tasks are reconfigured.

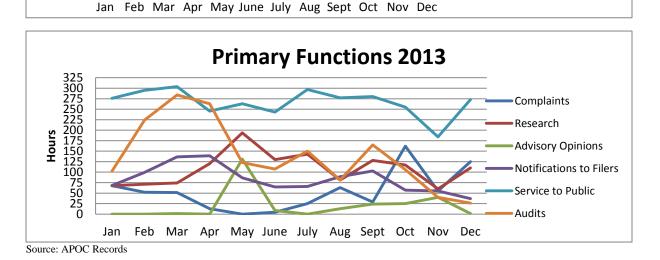
Figure 8 illustrates the time taken to accomplish core mission elements such as working on complaints, advisory opinions, notifying filers of erroneous reports, responding to questions from the public and press, completing audits, and conducting research essential to accomplishing the mission of the agency.<sup>2</sup> It is important to note the differences between 2012 and 2013.

The year 2013 saw much more auditing effort from the beginning of the year. Unlike 2012, there appears to be a correlation in 2013 between advisory opinion activity and research. Finally, direct service to the public appears to be steadier than in 2012 when there were wide variations in time spent per month assisting the public. This is a trend that staff seeks to have continue. As filers feel more comfortable calling staff increased informal advice can hopefully reduce amount of formal actions such as complaints and advisory opinions.

Primary Functions, 2012

Service to Public Audits

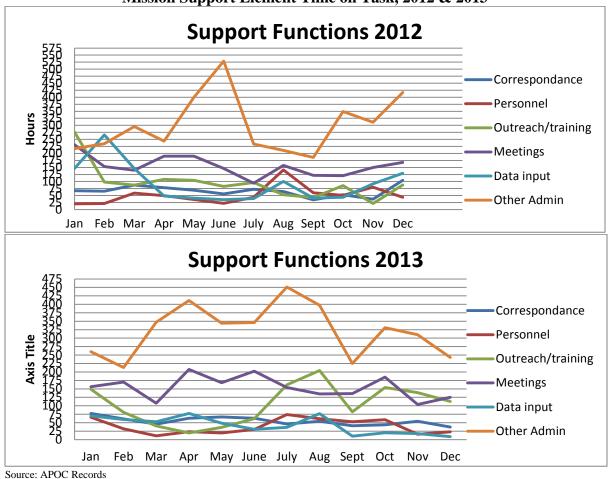
Figure 8
Core Mission Element Time on Task, 2012 & 2013



<sup>&</sup>lt;sup>2</sup> A state employee works 75 hours in a pay period on average. As a result the graphs in Figures 10 and 11 are divided at increments of 25. The activities depicted do not include all APOC activities.

The tasks required to support the mission of APOC are graphically represented in Figure 9. Several points should be readily apparent: 1) data input time dramatically decreased after February 2012 with the initiation of electronic filing for campaign disclosure statements; 2) Commission meeting time has been more streamlined in 2012 through scheduling changes and has remained at the same level in 2013 for the same reason; 3) Personnel time was considerably less in 2013 than in 2012 with fewer recruitments being conducted. The spike in the other administrative tasks category (Other Admin) work is due to an effort to make all records electronically available and enable better access to older reports and files during 2012. This has required considerable time from administrative staff and has led to an office with less paper and more readily available access to filings. This project is over 70% completed and should be finished relatively soon. Increased staff stability decreased the time spent on personnel matters in the first part of 2013. Increased meeting time in 2013 was a result of more issues being prepared by staff for the commission earlier in the year.

Figure 9
Mission Support Element Time on Task, 2012 & 2013



"Other Admin" on Figure 9 above encompasses activities from producing large copy jobs, preparing and mailing items, dealing with the agency's INSIGHT project, and scanning historical paper documents. This has been a more steady effort in 2013. "Outreach and training" includes both training for the constituencies APOC serves and for APOC personnel. In 2013 this activity was used early in the year to enable better POFD reporting, and later in the year to help those running in the municipal elections to be prepared for their reporting requirements. "Data input" is placing documents into APOC's report data base so that the material can be accessible to the public. The decline in time spent inputting data after February 2012 when the electronic filing system went into effect is noticeable as is the small "bump" in data input time in August when the primary election was held. In 2013 this activity has required much less time. The small bump in data input for August 2013 can be attributed to filings surrounding the October municipal elections where many municipalities are not required to file electronically.

The electronic filing system known as INSIGHT and described more fully below is presenting a number of different challenges to the agency. The most obvious challenge is user friendliness. In 2012 one such concern was the entry of numerous clients on a POFD. This was solved by creating a template that would accept data from different spreadsheets that could be downloaded directly to the electronic POFD form. Campaign disclosures with numerous transactions had similar difficulties and the concepts from the POFD solution were successfully applied to campaign disclosure. These were technical solutions to provide data entry relief to filers.

In 2013 a concern has arisen from POFD filers who need to file multiple forms because they sit on several boards or commissions. The agency is working on a technical solution to alleviate the need to file complete but duplicative reports. This technical solution will serve executive branch filers, judicial branch filers, and members of boards and commissions since they all have nearly identical reporting requirements (AS 39.50.030(b) & (d)).

There are other filers who may be members of multiple boards or commissions but must also file as a legislative branch member or as a municipal officer. Municipal officers and legislative branch filers have different reporting requirements than members of boards and commissions. For instance, a municipal official who files a POFD with APOC as a municipal filer is not required to disclose financial information regarding a domestic partner (AS 39.50.030(g)). However, a state filer, in this instance one who is filing as a member of a board or commission, must disclose financial information relating to a domestic partner (AS 39.50.030(b)(1)). Additionally, some municipal filers are not required to file electronically (AS 39.50.050(a)) and if such a municipal officer sits on a state board or commission s/he

will need to file a new duplicate disclosure statement electronically. Legislators who sit on a board or commission encounter a different set of issues. The rules governing legislative financial disclosure (LFD) are different from those governing POFD disclosure; loans (AS 24.60.200(1)(B) and (3)), gifts (AS 24.60.200(1)(C) and 2 AAC 50.685(b)), and matters concerning non-dependent children (AS 24.60.200) are very different for legislators than for executive branch filers, judicial branch filers, municipal filers or members of boards and commissions.

A technical solution may not be able to resolve the differences in various reporting requirements mandated by statute. These various differences in reporting requirements must be resolved to negate the need to file duplicate reports. Such a solution will take a very deliberate approach and may require a revision of statutes. APOC is currently undertaking that deliberate review as it seeks a technical solution and no statutory revisions to deal with user friendliness are recommended at this time.

# **INSIGHT Project**

The INSIGHT project envisioned three modules: Lobbyist, Public Official and Legislative Official Financial Disclosure (POFD/LFD), and Campaign Disclosure (CD) modules. The Lobbyist Module is complete and is in a maintenance mode. The POFD/LFD module was introduced in early 2011 and numerous revisions have been made to enable easier filing. The CD module was delivered in the fall of 2011 and went "live" through limited release in December 2011 and was readily available in February 2012. This module has been having the greatest effect on APOC as it has substantially decreased the task of data input.

There have been numerous filers who have provided APOC with good suggestions as to how to improve the electronic filing system. Staff has used these suggestions to make several improvements and modifications to the original program to make filing easier. These modifications have included creating templates to download significant tables full of required information making the filing process less time consuming, creating drop down menus that help filers quickly find what they seek, and making instructions clearer. All of these changes have made filing reports somewhat easier for filers and for staff as well.

Completion of the INSIGHT project has made significant differences in the way the agency completes its work. Time spent completing data input was high in February 2012, requiring over 250 hours during the month, the last month before electronic filing became a requirement (See Figure 9 above). Since then data input has consumed considerably less staff time. That time has been used to audit reports and provide direct service to the public. The increase in the number of reports audited is clearly shown in Figure 10.

Figure 10 Comparison of APOC Report Auditing 2012 and 2013

	2012	2012	2012	2013	2013	2013
Type of Report Tota	l number	Audited	% audited	Total number	Audited	% audited
POFD						
Legislative	88	88	100%	85	85	100%
Judicial	135	79	59%	148	146	99%
Executive Branch	267	136	51%	271	269	99%
Board/Commission	337	164	49%	338	303	90%
Local Municipal Gov't	779	28	4%	776	746	96%
	1700	585	29%	1618	1549	96%
Campaign Disclosure <sup>3</sup>						
Candidates				224	224	100%
Groups				477	321	67%
	643	223	35%	701	545	78%
Lobbying Disclosure <sup>4</sup>	2433	501	21%	2478	1444	58%
TOTAL	4776	1309	27%	4797	3538	74%
Source: APOC Records						

#### **APOC Website and Information Searchable by the Public**

APOC is working closely with staff from the Department of Administration-Enterprise Technology Services (ETS) to explore more efficient ways to post information for the public on line via the APOC website. Making Commission orders, advisory opinions, reports, and disclosures available to and more searchable by the public remains a very high priority of the Commission and staff. APOC staff and Department of Administration Information Technology personnel have continued efforts to upgrade the APOC website to provide information for filers and the public under each of the laws administered by the Commission.

Efforts are underway to expand searchable documents from the current limited advisory opinions, campaign disclosures, and select POFD filings. PDF images of many of the Commission documents will be posted on the APOC website to provide easier public access. While there have been some successes in this area, the public has voiced dissatisfaction with the agency's website. This stems from difficulty in navigating to the features of the page. The agency webpage contains an enormous amount of information. Considerable thought is required to make the page more intuitive for the general public to effectively use. The agency is making changes to benefit the public. Among improvements in this area are posting training dates, performance measures, and other documents of interest to the general public.

# 2014 Redistricting

The 2012 redistricting was a challenge for the agency because there were more candidates filing reports and voting districts affect lobbyists and how they may

<sup>&</sup>lt;sup>3</sup> Includes both groups and candidates.

<sup>&</sup>lt;sup>4</sup> Year-end lobbying report auditing and reconciliation for lobbyists and the employers of lobbyists is done at the beginning of the following year. Hence, 2011 reports were received in 2012 and 2012 reports were received in 2013.

contribute to candidates. The recently mandated redistricting for the 2014 election may prove to be equally challenging since 2014 is also a gubernatorial election year. Historically, gubernatorial years are the highest activity years for APOC.

# **Recommendations for Change**

Continuity in the budget, or stability in appropriation for the next few years, is the foremost recommendation. The agency has made great strides in addressing electronic filing, working with filers and the public to increase awareness of reporting requirements and convincing people to contact the staff rather than face fines for inadvertent errors. A stable budget will enable the agency to continue current efforts. The issues facing the state budget are well understood and that the potential for decreases in a budget are always present. The agency must deal with those situations as does any other state agency. The recent submission of the FY 15 budget which recommends providing APOC with its full receipt authority rather than just a portion of it will help to ensure that the agency's budget maintains some continuity.

The emphasis placed on education and outreach should continue. By traveling to filers the agency has been able to increase its visibility and possibly decrease the number of complaints. During 2013 APOC has received requests for training and outreach from Fairbanks, the Southeast Conference, the Alaska Association of Municipal Clerks, and the City and Borough of Juneau. This activity is contingent upon available funding and the budget recommendation above takes the need to travel throughout the state into consideration. APOC has done much along the rail-belt and the ability to go to more remote parts of the state could prove beneficial in the future.

In previous years there was a 10 day post-election report. When this report was no longer required or why is not important in the current context. We recommend reinstituting it so that candidates remain engaged immediately after the election and are required to look at their last few weeks of the campaign sooner to keep potentially large fines from accruing. This would serve two purposes, first the public would see the end of campaign materials that are not available now until February of the next year; and second, the potential for large fines would be removed since a report 10 days after an election would ensure a timely resolution of late campaign transactions. In 2013 there were instances where high fines were noted for missing 24 hour reports. In the past it has been nearly impossible for APOC to fulfil its duties in this area because of the difficulties in conducting appropriate audits. Time was a major factor in this effort with reports being received many months after the election. Comparing transactions on paper reports with several months separating the submissions made a real audit virtually impossible and the law very difficult to enforce. Electronic filing has made audits for 24 hour reports a reasonable and expected activity. This auditing

may have taken some filers by surprise, and the very high potential fines required by AS 15.13.390(a) led to a certain amount of "sticker shock".

# **Budget**

While there are efforts to be proactive through training and outreach activities, the agency's work is largely reactive and cannot always be predicted. Although it may seem intuitive that an election year with redistricting in effect would be a very busy year; that was not the case in 2012 when the number of complaints and advisory opinions remained constant with 2011 which had only local municipal elections (see Figure 2).

Figure 11 Budget, Staff, and Activity Level Changes 1991 - 2014

	<b>G</b> ,	%	Staff	%	Activity	%
Year	Budget	change	FTE	change	Level	change
1991	704300		11.5		4	
1992	607700	-14%	8.5	-26%	8	100%
1993	685100	13%	8.5	0%	6	-25%
1994	666100	-3%	9.5	12%	21	250%
1995	647800	-3%	9.5	0%	9	-57%
1996	633800	-2%	9.5	0%	15	67%
1997	687500	8%	9.5	0%	7	-53%
1998	759000	10%	11.5	21%	15	114%
1999	783000	3%	11.5	0%	15	0%
2000	733000	-6%	11.5	0%	11	-27%
2001	822300	12%	10.5	-9%	8	-27%
2002	737200	-10%	10.5	0%	29	263%
2003	752600	2%	10.5	0%	9	-69%
2004	400000	-47%	7.5	-29%	7	-22%
2005	620600	55%	8.5	13%	16	129%
2006	684200	10%	8.5	0%	12	-25%
2007	904900	32%	8.5	0%	5	-58%
2008	1065700	18%	9.5	12%	24	380%
2009	1246200	17%	10.5	11%	25	4%
2010	1217700	-2%	12.5	19%	64	156%
2011	1113400	-9%	13.5	8%	37	-42%
2012	1470900	32%	13.5	0%	37	0%
2013	1575400	7%	13.5	0%	19	-48%
2014	1536900	-4%	13.5	0%		

Source: APOC records

Not only is activity<sup>5</sup> unpredictable, but often budget levels are equally unpredictable. Budget levels do not track with activity or staffing. As shown in Figure 11, gubernatorial election years are often, but not always, the busiest years for APOC. In this figure gubernatorial elections are shaded, increases of any factor by over 10% are shown in blue and decreases of more than 10% are noted in red. Large increases in activity sometimes coincide with budget reductions as in 1992, 1994, 1996, 2002, and 2010. By the same token increases in budget also coincide with decreases in activity as in 1993, 1997, 2001, 2002, 2006, and 2007.

While 2010 was the busiest year in APOC's history, 2011, a year with no state level elections was the second busiest and 2012, a year with nearly every legislator running because of redistricting, saw the same level of activity as 2011. These were unexpected outcomes as 2012 saw a significant budget increase to deal with the anticipated activity level.

Since 2007 APOC has been able to return money to the state as shown in Figure 12. Looking at the activity level from 2007 to 2013 shows that the years of low returns to the state, 2008, 2009, and 2010, were years of high activity as shown in Figure 11.

Figure 12 APOC budget surpluses 2007 - 2013

FY Aut	horized Budget	Actuals	Returned	% Returned
2007	904,900	801,000	103,900	11.5
2008	1,141,900	1,140,600	1,300	.1
2009	1,246,200	1,235,300	10,900	.9
2010	1,276,400	1,273,900	11,500	.2
2011	1,506,100	1,381,400	124,700	8.3
2012	1,472,800	1,363,200	109,600	7.5
2013	1,575,400*	1,369,800	205,600	13.0
2014	1,536,900	645,392 (to	12/31)	
2015 (Proposed	) 1,617,300 <sup>@</sup>			

<sup>\*</sup>Includes 68,100 in one time personnel funds

# Over View of APOC's State-Wide Impact

APOC's impact is felt state-wide. Figure 13 shows a geographical review of APOC advisory opinions, complaints and civil penalty assessments (CPA) from 2008 to 2012. Originally this study was performed to see if rural areas were more heavily

<sup>&</sup>lt;sup>®</sup>The majority of this increase comes from increasing the agency's program receipt authority by \$75,000 Source: OMB Budget Reports, <a href="http://omb.alaska.gov">http://omb.alaska.gov</a>; DOA projections.

<sup>&</sup>lt;sup>5</sup> Activity is defined as the total number of complaints and advisory opinions dealt with during a year.

burdened by APOC than urban areas. On the whole rural areas are not overly affected by APOC statutes. In this review "area" is a borough or census area. 6

FIGURE 13 Comparison of population rank and APOC activity for selected Areas 2008-2013

	lation rank	AO #/rank	Complaints #/rank	<b>CPAs</b> #/rank <sup>7</sup>
Anchorage <sup>8</sup>	1	60/1	38/1	163/1
Fairbanks NS Boro	2	8/2	3/4	63/2
Mat-Su Boro	3	3/5	2/6	42/3
Kenai Pen Boro	4	1/7	2/6	12/9
Juneau City & Boro	5	6/3	3/4	35/4
Bethel Census Area	6	0	0	9/11
Kodiak Island Boro	7	1/7	0	13/6
Dillingham Census Area	19	2/6	1/8	31/5
Haines City & Boro	22	0	6/3	4/16
Lake & Pen Boro	26	4/4	20/2	2/19
Out of State	NA	4	1	18

Source: APOC records and Alaska Department of Labor website.

Smaller areas such as Haines, Dillingham, and Lake and Peninsula Borough have activity levels significantly greater than their population rankings. Dillingham has a low number of advisory opinions and complaints, but with 31 CPAs it ranks fifth in the state for the time period studied. Lake and Peninsula Borough has a relatively large number of advisory opinions and trails only Anchorage in the number of complaints filed. Haines is ranked just behind Lake and Peninsula Borough in the number of complaints.

The overall effect of APOC on a given geographic area is generally dependent on that area's size and level of political activity. More people generate more political activity. Larger municipalities have more contact by virtue of more state house or senate districts and have a generally higher level of involvement in campaign finances and reporting requirements. Rural areas with no ballot propositions are less affected by APOC. Areas with controversial issues tend to generate more APOC interaction than areas with no controversial issues. Overall, APOC's impact across the state is consistent with the size and political activity of any given area. A more visual depiction is provided in Appendix 5.

<sup>&</sup>lt;sup>6</sup> Alaska has 29 borough or census areas; the largest being the Municipality of Anchorage with a population of 291,826 and Yakutat census area being the smallest with a population of 662. See <a href="http://labor.alaska.gov/research/pop/popest.htm">http://labor.alaska.gov/research/pop/popest.htm</a> for census figures.

Does not include Lobbying CPAs.

<sup>&</sup>lt;sup>8</sup> Includes Eagle River

**Appendices** 

**APPENDIX 1 Summary of APOC Advisory Opinions 2012 and 2013** 

AO Number	Name/Subject	Date received	Date Issued	Total Days	
2012					
AO 12-01-CD	Gardner	1/10/12	1/17/12	7	
AO 12-02-CD	Hughes	1/23/12	1/30/12	7	
AO 12-03-CD	City of Cordova	2/7/12	2/13/12	6	
AO 12-04-CD	Bostrom/ACT Right	2/13/12	3/12/12	28*	
AO 12-05-CD	Alaska Deserves Better	4/25/12	5/7/12	13*	
AO 12-06-CD	Mackie	5/8/12	5/11/12	3	
AO 12-07-CD	Gillam, RBG, RRC	5/11/12	5/18/12	7	
AO 12-08-CD	Gazaway	5/22/12	5/24/12	2	
AO 12-09-CD	Alaska Deserves Better	2 5/17/12	5/24/12	7	
AO 12-10-CD	Edgmon	5/31/12	6/1/12	1	
AO 12-11-CD	Giessel	6/04/12	6/05/12	1	
AO 12-12-CD	Klein	6/13/12	6/18/12	5	
AO 12-13-CD	Moran	WITHDRAWN			
AO 12-14-CD	Shilling	6/18/12	6/25/12	7	
AO 12-15-CD	Alaska Care	WITHDRAWN			
AO 12-16-CD	Gruenberg	6/29/12	7/6/12	7	
AO 12-17-CD	Bachmeier	7/20/12	7/25/12	5	
AO 12-18-CD	Brannon-Young	7/26/12	8/1/12	6	
AO 12-19-CD	Beck	7/30/12	8/6/12	7	
Average days between receipt of request and issuance of AO in 2012					

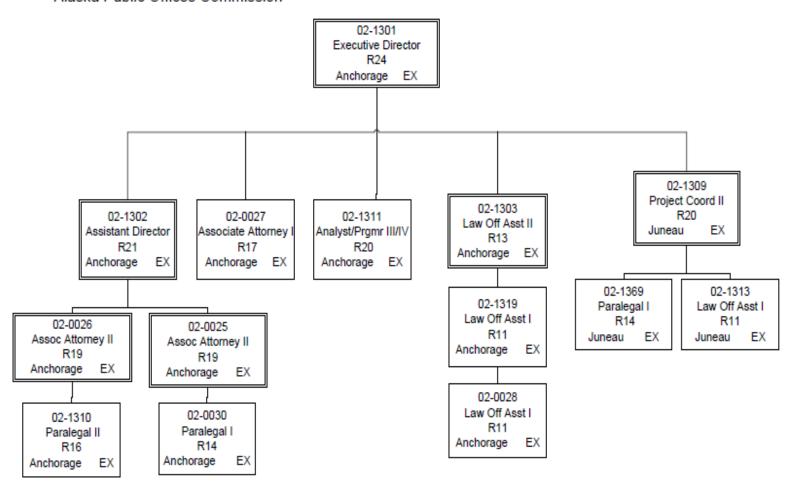
<sup>\*</sup> These two advisory opinions were exceptionally complex and dealt with issues contained in *Citizens United.* 

AO Number Name/Subject	Date received	Date Issued	<b>Total Days</b>
<u>2013</u>			
AO 13-01-CD Walker/TV Host as candidate	5/3/13	5/9/13	6
AO 13-02-CD Lavin/Support Referendum	5/8/13	5/15/13	7
AO 13-03-CD Limoge/Oppose Referendum	5/9/13	5/16/13	7
AO 13-04-CD RRF/Activities re ballot measure	5/13/13	5/31/13	18 <sup>9</sup>
AO 13-05-CD French/Contribulopes	8/18/13	8/22/13	4
AO 13-06-CD Steele/Contribution Limits	10/28/13	11/04/13	7
AO 13-07-CD Walker-Fleener/Joined Campaig	n 11/04/13	11/15/13	11
Average days between receipt of request	and issuance of A	O in 2013	8.57 Days

<sup>&</sup>lt;sup>9</sup> This advisory opinion request contained a total of 20 individual questions regarding accounting for employee time, food and beverage costs, photography/media materials, valuing volunteer time, and accounting for "inkind" contributions among other topics during the signature gathering phase of a ballot initiative.

# **APPENDIX 2 APOC Organization Chart 2013**

# Department of Administration Alaska Public Offices Commission



# **APPENDIX 3 Training Data**

Date	Location	Topic	Attending 10
12/11/12	Fairbanks	Lobbying	6 <sup>11</sup>
12/12/12	Anchorage	Lobbying	22
12/13/12	Anchorage	Lobbying	14
12/18/12	Juneau	Lobbying	2
1/8/13	Anchorage	Lobbying	22
1/9/13	Anchorage	Lobbying	13
1/14/13	Juneau	Lobbying	14
1/18/13	Juneau	Lobbying	5
2/5/13	Juneau	POFD/LFD	1
2/6/13	Juneau	POFD/LFD	1
	Juneau City and Borough	POFD/LFD	6
2/8/13	Anchorage	Groups	12
7/16/13	Wasilla	POFD/Candidates	$5^{12}$
7/25/13	Anchorage	Candidates	12
7/30/13	Fairbanks	POFD/Candidates	12
8/15/13	Juneau	Candidates	6
8/16/13	Anchorage	Groups	24
8/22/13	Soldotna	Candidates	7
8/27/13	Fairbanks	Candidates/Groups	25
9/27/13	Anchorage	Candidates	7
10/25/13	Anchorage	Candidates	4
11/8/13	Anchorage	Groups	6
11/22/13	Anchorage	Candidates	6

**TOTAL** 23 sessions 232 attendees

In 2012 there were 45 sessions and 492 attendees.

In the "attending" notation for lobbying training does not include those who took lobbying training online, Seventy-one lobbyists and 83 employers of lobbyists took training online.

At this training while there were only five attendees, two of the attendees were the preparers for multiple

candidates/campaigns. Many more campaigns were touched than just five.

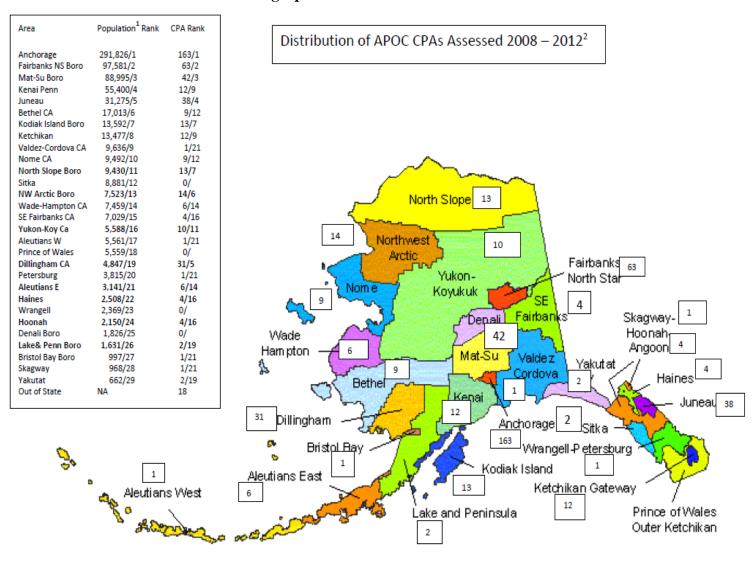
# **APPENDIX 4 Outreach Data**

<b>Date</b>	Location	Group	Topic At	tending 13
5/22/13	Anchorage	UAA graduate class in ethics	APOC Mission/Filing Demo	5
9/4/2013	Homer	Homer Downtown Rotary	APOC Mission/Ind. Exp./Dat	a 7
9/9/2013	Kenai	Rotary Club of Kenai	APOC Mission/Ind. Exp./Dat	a 13
9/17/13	Wasilla	Wasilla Chamber of Commerc	ce APOC Mission/Ind. Exp./Da	ata 28
9/17/13	Sitka	Southeast Conference of Com	m APOC Mission/Ind. Exp./Da	ata 125
10/16/13	Wasilla	Susitna Rotary Club	APOC Mission/Ind. Exp./Dat	a 13
10/16/13	Wasilla	Rotary Club of Wasilla	APOC Mission/Ind. Exp./Dat	a 16
11/7/13	Palmer	Palmer Rotary Club	APOC Mission/Ind. Exp./Dat	a 21
11/12/13	Fairbanks	Chamber of Commerce	APOC Mission/Ind. Exp./Dat	a 66
11/15/13	Seward	Seward Chamber of Commerc	ce APOC Mission/Ind. Exp./Da	ata 10
11/18/13	Anchorage	AK Assoc. of Municipal Clerk	s Municipal POFD filing issue	es 47

**TOTAL** 11 sessions 351 attendees

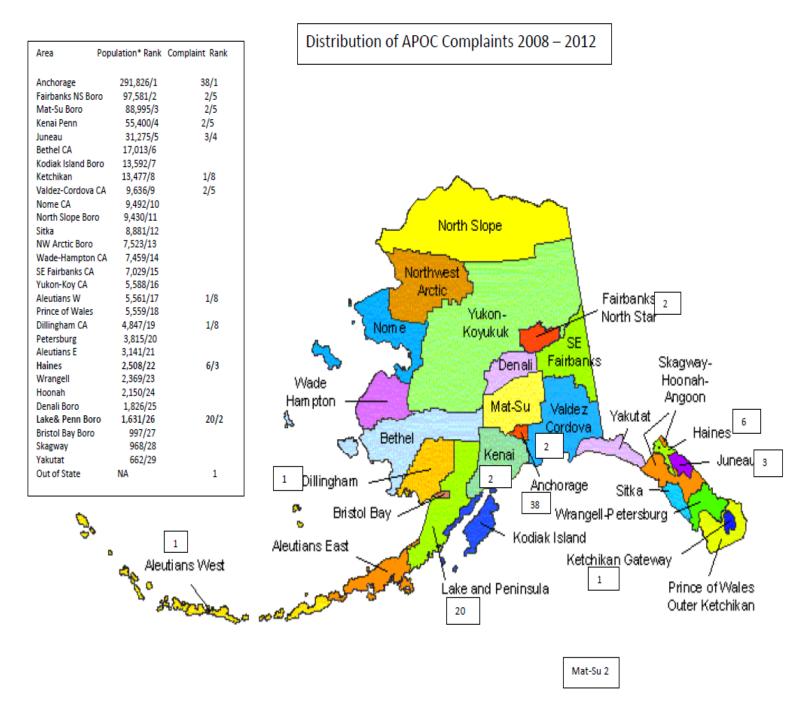
<sup>&</sup>lt;sup>13</sup> In 2012 there were 15 sessions with a total of 332 attendees; in 2013, 11 sessions served 351 people.

APPENDIX 5
Geographic Distribution of APOC Actions

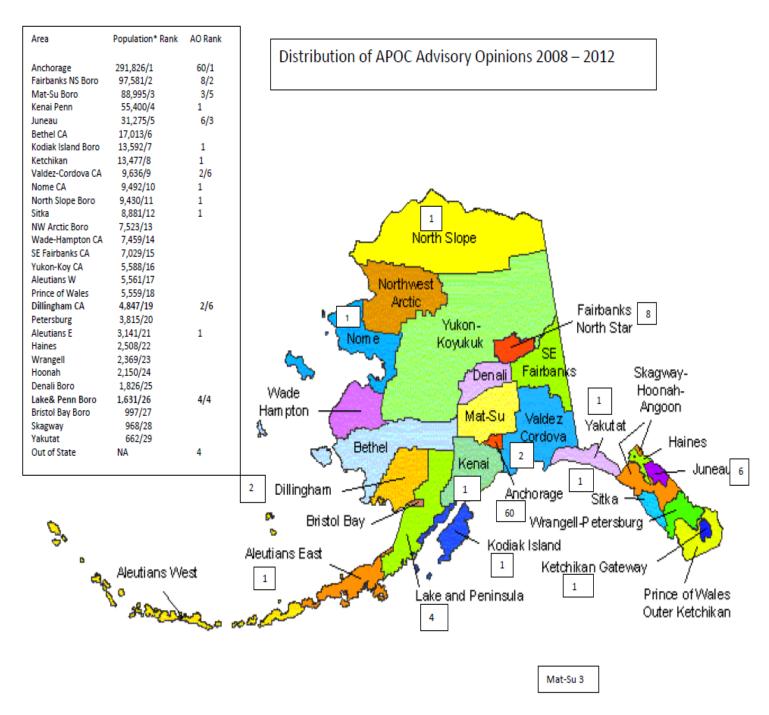


<sup>&</sup>lt;sup>1</sup> Population figures from Alaska Department of Labor http://labor.alaska.gov/research/pop/popest.htm.

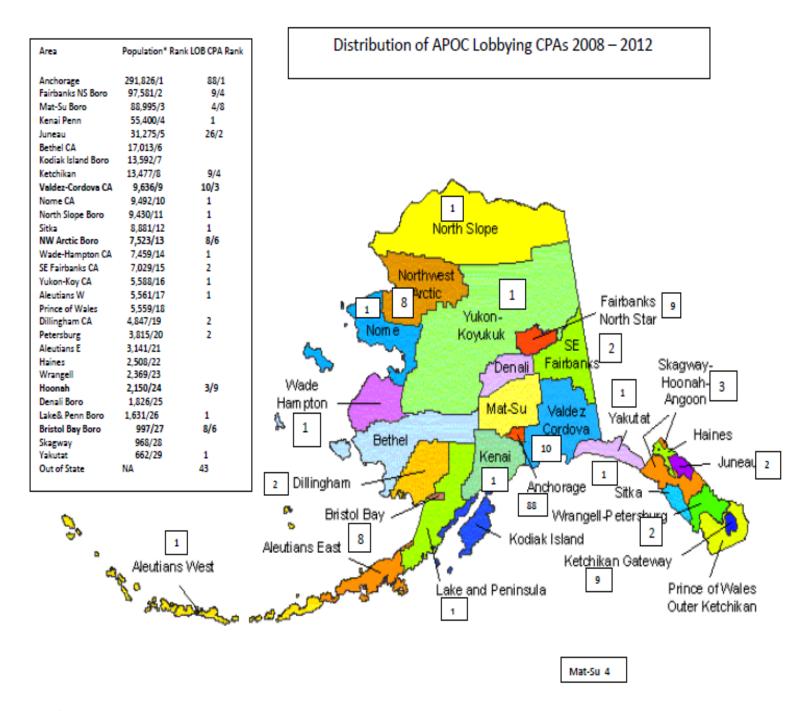
<sup>2</sup> Does not include Lobbying CPAs. Lobbying CPAs are mapped separately.



<sup>\*</sup>Population figures from Alaska Department of Labor http://labor.alaska.gov/research/pop/popest.htm



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<sup>\*</sup>Population figures from Alaska Department of Labor http://labor.alaska.gov/research/pop/popest.htm