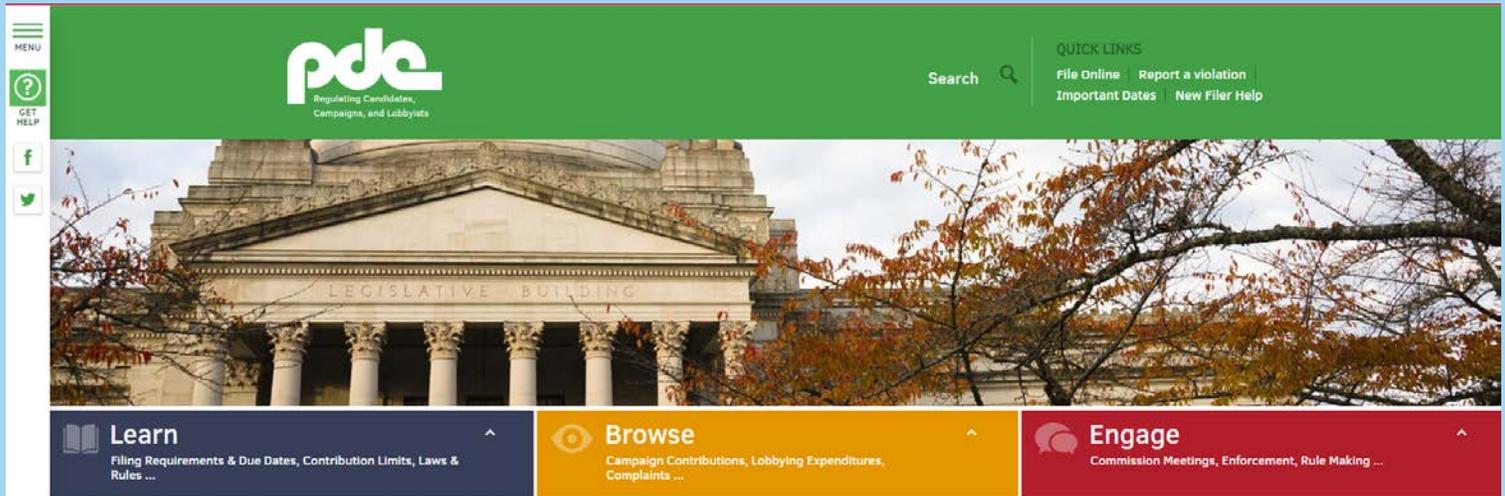


WASHINGTON STATE PUBLIC DISCLOSURE COMMISSION

ANNUAL REPORT 2016



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 to ensure compliance with and equitable enforcement of Washington's disclosure and campaign finance laws.

WWW.PDC.WA.GOV

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MESSAGE FROM THE CHAIR...

To begin, I want to commend my fellow Commissioners and PDC staff for their ongoing dedication to promoting the integrity of elections and government through the effective and impartial interpretation and enforcement of candidate, campaign, and lobbying laws. Despite very limited resources, the Commission had a busy year in 2016 on many fronts.

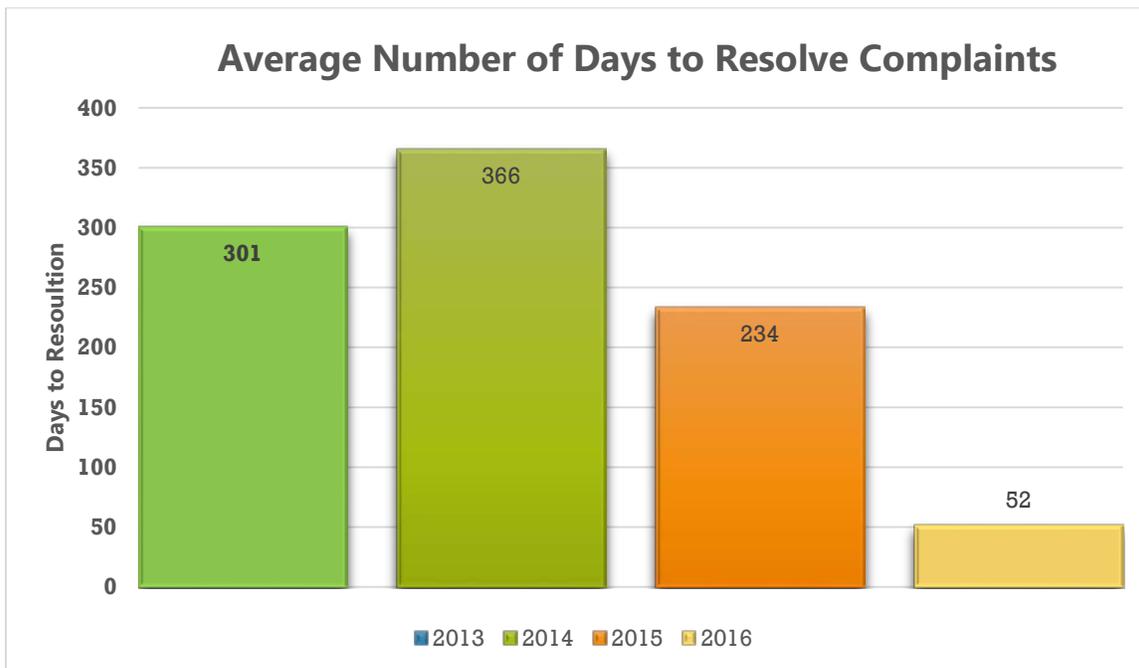
ENFORCEMENT: We worked collaboratively with our state's Attorney General to prosecute several serious violations of the law this year. In one case, a grocery manufacturers association was ordered to pay \$18 million, the largest campaign finance penalty in US history. In another, an Iowa organization and its political committee were ordered to pay more than \$300,000 as a result of their violations of campaign finance disclosure laws. After another extensive investigation by the PDC staff, a perennial local initiative sponsor was found by the Commission to have received secret payments from a paid signature-gathering company and to have used campaign cash for personal expenses. He was then found in contempt for refusing to turn over documents for the investigations. After a three-year investigation by PDC staff, a former county executive and his aide were found by the Commission to have misused public resources as part of his re-election campaign, resulting in civil charges against them.

A Major Victory for the Integrity of Washington Elections

"The people of Washington have directed that our state's public campaign finance laws be interpreted liberally, in order to promote transparency and full disclosure to the voters. Ch. 42.17A RCW. GMA intentionally violated the laws of Washington by its actions... As a result, the Court is imposing a penalty, costs and fees..., and trebling them based on GMA's intentional violation of the law."

State of Washington v. Grocery Manufacturers Association, Thurston County Superior Court
Case No. 13-2-02156-8, November 2, 2016

These are just a few examples of the Commission's commitment to vigorously enforce our state's laws to ensure that candidates and campaigns operate in a way that does not betray the public's confidence in their government or the electoral process. At the same time, we were able to reduce the backlog of pending investigations through use of alternative resolution approaches that we adopted as part of our process improvement initiative to more effectively triage and resolve complaints involving minor or technical violations.



IMPROVING TRANSPARENCY THROUGH TECHNOLOGY: We made great strides on our priority of increasing transparency by utilizing technology to provide more people easy access to vital information about their public officials, candidates, lobbyists and campaign financing.

- To help meet our goal of real-time access to data and robust disclosure of information, we fully implemented a new online case management system allowing complainants, the regulated community, and the public to track all complaints and investigations on line, so that all information related to enforcement actions is now more immediately available. Deploying this new enforcement case management system also means PDC staff can better track cases, to improve the timeliness and accountability of PDC investigations and to help our skilled and dedicated customer service staff answer questions and provide assistance, both in person and online.
- We launched a redesigned and improved PDC website. Staff worked diligently over many months with stakeholder groups to not only improve the look and feel of the site, but also to increase the site’s functionality and intuitiveness. Knowing what a vital tool the PDC’s website is for informing the public, the media, and the regulated community, and providing valuable data on campaign finance, lobbying and other activities, we will continue to make enhancing the website a top priority. The next phase is already underway to have more comprehensive searchability, open access, e-filing applications, and online training tools to help candidates and campaigns understand the law.
- To strengthen disclosure and regulation of lobbying activity, we launched a new lobbyist application developed by our IT team, with great input from the lobbyist community about ways to make it easier for them to file the required information. Previously, less

than 50% of lobbyists were filing their monthly reports electronically; now more than 80% are e-filing. There is no longer any lag time between the reports being filed and the data being available to the public on our website, and users report a significantly improved user experience.

STREAMLINING AND SIMPLIFYING RULES AND PROCEDURES: We adopted a wide range of meaningful reforms throughout the year to clarify and streamline the rules, making it easier for the regulated community to understand what the law requires and how best to be in compliance. Among other regulatory improvements:

- We clarified the process for registering a surplus funds account and established a schedule for disclosing expenditures from that type of account.
- We established conditions under which a candidate may transfer campaign funds to another candidate for the purpose of making joint expenditures when necessary, while ensuring there is still full disclosure and timely reporting.
- We explained how so-called “45-day letter/citizen action” complaints are handled differently than regular PDC investigations.
- We made consistent the allowable time periods for requests for reconsiderations and appeals, and clarified language regarding production of documents, depositions, notice and issuance of orders.
- We repealed five different brief administrative proceeding penalty schedules and consolidated them into a single, uniform schedule, with a range of mitigating and aggravating factors that will be used in all proceedings to determine penalty amounts for violations.
- And we made our procedural hearing rules consistent with the state’s model Administrative Procedures Act.

2017: As we head into the 2017 legislative session, we will be asking the Legislature to partner with us to further strengthen campaign finance laws while at the same time reducing regulatory burdens for filers. We have proposals to make the rules for out-of-state political committees’ campaign disclosure and contribution requirements uniform with the requirements for in-state political committees, so that all political committees follow the same rules regardless of where they may be located or incorporated. We will also be seeking authority for the Commission to approve modifications for financial affairs reporting that last the length of the individual’s term in office, instead of requiring filers to renew the same request every year.

Continuous process improvement, increased transparency, improved customer service

We'll be working in the first quarter of 2017 as well to provide guidance on a range of issues where the regulated community has asked for help in better understanding the law. They've asked us to answer questions such as: When should a PAC register if it plans to support or oppose a ballot measure? What use of public facilities is allowed by local government agencies when distributing information about a ballot proposition that the agency places on the ballot? When does a public agency's outreach or public engagement activity become promotion of a ballot measure? May campaign funds be used for post-election costs such as legal fees during a recall process? When does material on an initiative petition constitute political advertising?

So, 2017 promises to be another busy year. We plan to continue doing everything we can to improve public access to information, provide great customer service, increase the use of technology to simplify filing requirements, resolve complaints more quickly, and aggressively enforce the law whenever warranted to serve the public interest.

Judge Anne Levinson (ret.)

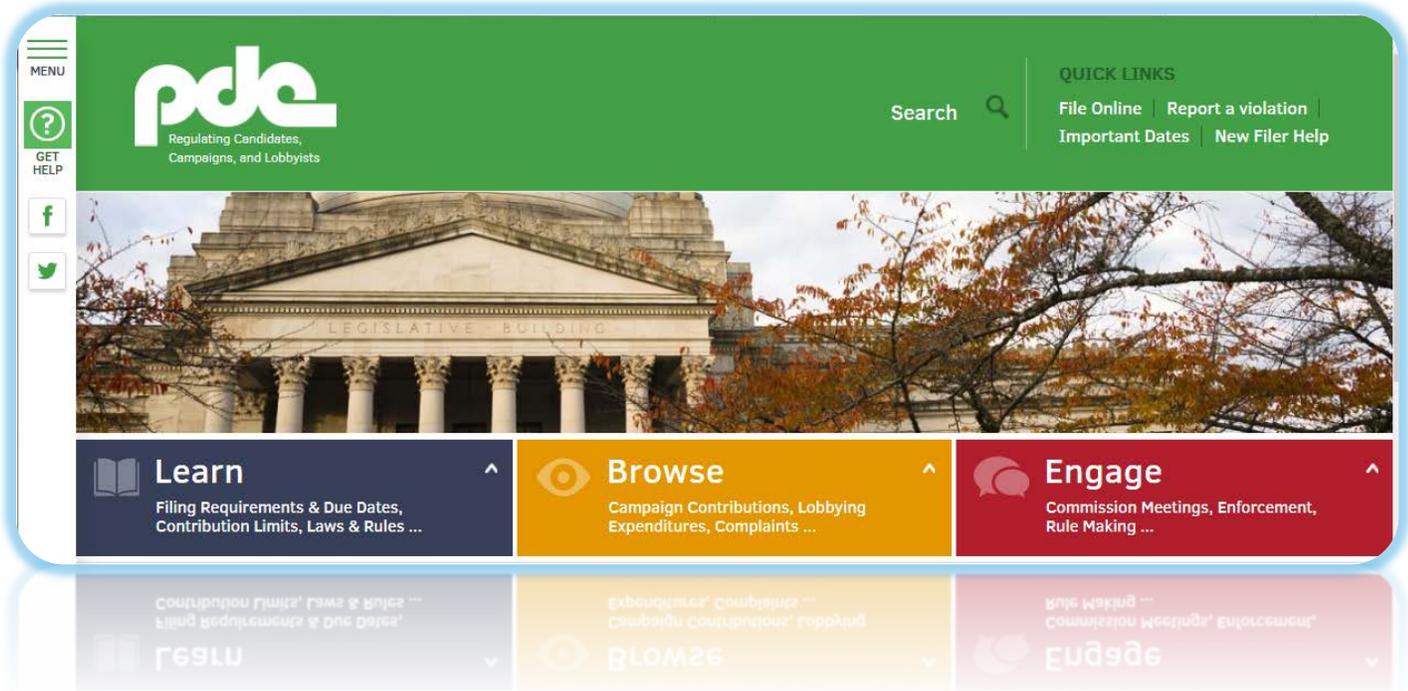
Commission Chair

2016-2017

SIGNIFICANT ACCOMPLISHMENTS FOR 2016

WEBSITE:

Thanks to funding from the 2015 Legislature, the PDC was able to redesign and configure our website - resulting in a more modern, and user-friendly design. The website still provides access to the campaign finance database and provides lots of information about campaign finance, lobbying, and financial disclosure laws, but it now also provides a quick link to file complaints and make public records requests, or to ask for assistance. In addition, rather than searching around the site to find things, the search box will quickly take you to the topics users have told us they want to see.

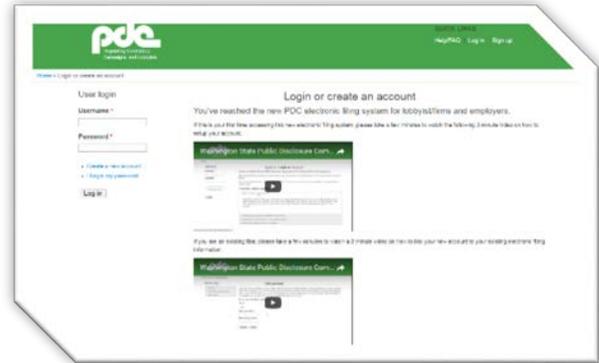


As part of our website update, the PDC also increased transparency into the complaint process. Now, all complaints are published to the website, and the parties as well as the public can see the actual complaints and responses. As complaints are investigated and resolved, the PDC posts the reports of investigation, charges, and the Commission's orders. Users can also see whether penalties have been imposed, and track whether the penalties have been timely paid or sent to collections for enforcement.

Continuous process improvement, increased transparency, improved customer service

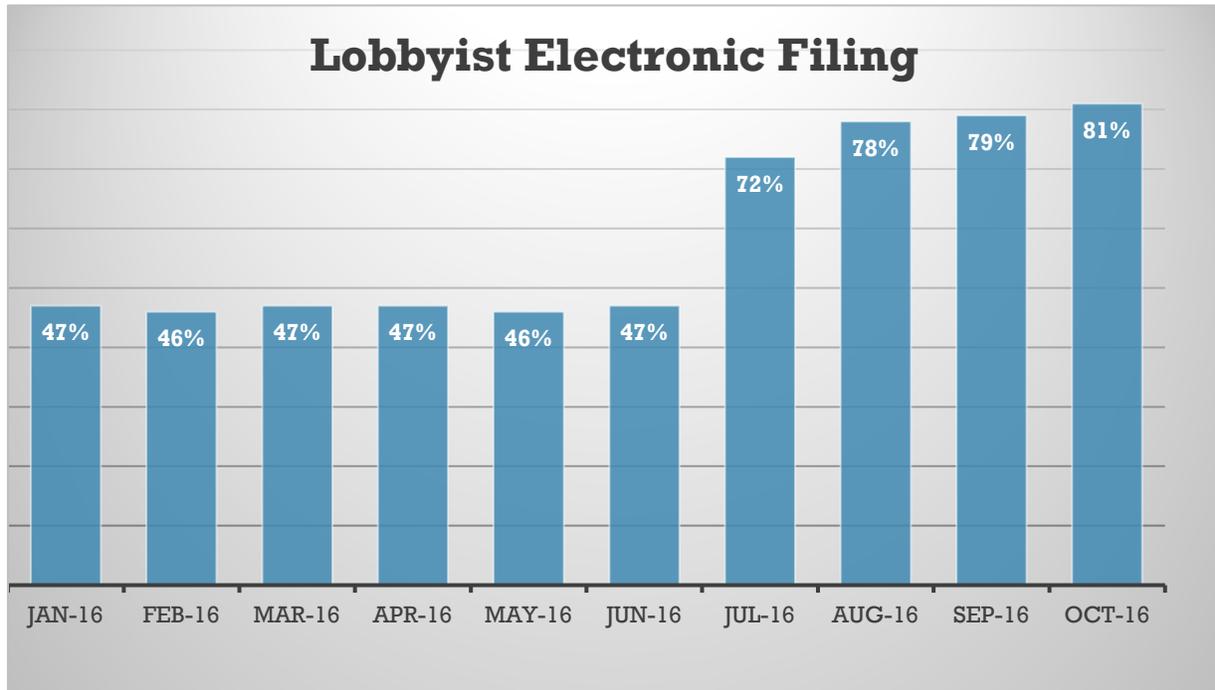
LOBBYIST APPLICATION:

In July 2016, the PDC launched our new lobbyist reporting application. This new tool was developed in-house and with great input from lobbyists about how the PDC could make it easier to electronically file required reports so the PDC can provide users more real time information about lobbyist spending and contacts with legislators.



The public can now use the PDC website to find out what businesses are using lobbyists, and then drill down into the monthly lobbyist reports to track lobbyist compensation, expenses, and lobbying activities (contacts with legislative committees and state agencies regarding proposed legislation or issues).

Effective electronic reporting “apps” are essential to making information quickly available to the public. During the first six months of 2016, less than 50% of registered lobbyists were filing their monthly reports electronically. After the new application was available for the July lobbyist report, 72% of lobbyists filed electronically. By October, 81% of lobbyist reports were filed electronically!

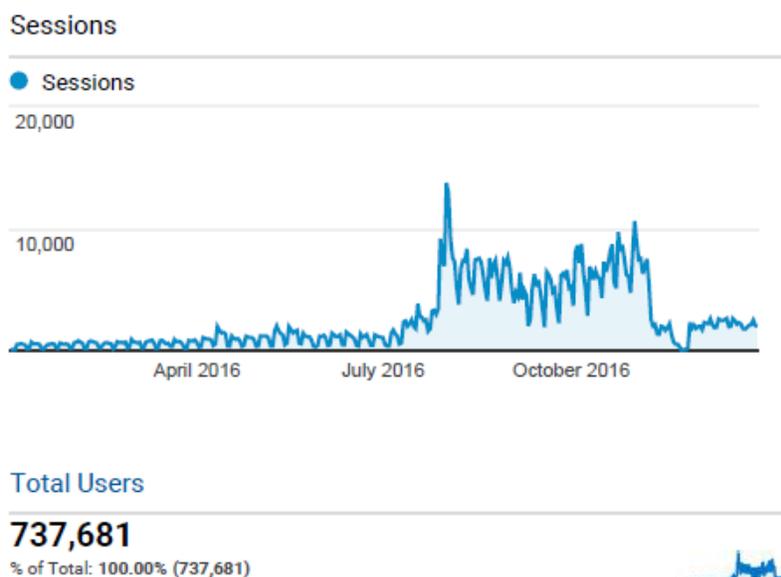


Why is this important?

- More real time data: When lobbyists file their reports electronically, the data is available to the public within hours (and usually even faster than that). The public can see who is spending money, and how individuals and businesses influence the political process.
- Easy to search information on the website: Electronically filed reports are on the PDC website and users can see detailed information about expenditures and contacts. The next developments in the app will allow the PDC to provide aggregate information about lobbying in our state.
- Reduced data entry work for PDC staff: With paper reports, staff had to spend time scanning and manually entering information. With electronic reports, the volume for work for our data entry staff went from approximately 350 paper documents for lobbyist reporting per month to around 150.

PUBLIC ACCESS TO CAMPAIGN INFORMATION:

The public can track campaign contributions and spending on the [PDC website](#). The updated website, launched in April 2016, provides improved search functionality. With one search, users can bring up campaign registration details, campaign contribution and expenditure reports, and links to any complaints. Over the course of 2016, there were more than 700,000 users and visitors to the PDC website, with peak user months in August, September, and October, coinciding with campaigns and elections:



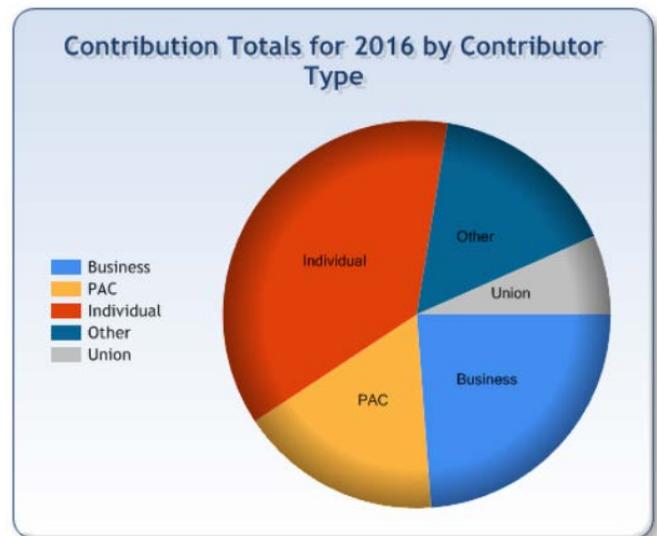
Continuous process improvement, increased transparency, improved customer service

EFFECTIVE ASSISTANCE TO CAMPAIGNS:

Political campaigns in Washington State receive millions of dollars in contributions, and make millions of dollars in expenditures:

Election year 2016 (as of December 2016):
\$142,627,974 in Contributions
\$145,326,015 in Expenditures

Throughout the year, PDC staff assist campaigns with filing mandatory reports and explaining campaign finance laws and rules. In 2016, staff used the PDC's new online case management system to provide quick answers to questions coming through the PDC website and email.



With the increased efficiency of our case management system, our customer service staff were able to assist 4,903 customers over the January through December 2016 period, and on average we were able to help customers resolve their issues within 3 hours.

Customer feedback on staff assistance was overwhelmingly positive:

Our case management system allows for immediate customer feedback as well, and the responses have been extremely positive: 95% of customers who provided feedback indicated that their experience was AWESOME!

IMPROVEMENTS IN OPEN DATA (continuing into 2017):

Next generation data access project: The Open Data / Query System

The PDC's online systems for public information access are a key component to fulfilling the agency's mission.

The PDC's next step is to make the website even more useful for the public by developing a complete replacement for the data access system. The scope of the project includes both a new interface for casual browsing, deep data access and an Open Data interface for large data requests. Most importantly, the goals and priorities are being developed by the community,

those who rely on the information the PDC provides, telling us what they would find most helpful.

From the initial stakeholder meeting, PDC staff learned that most of the uses fall into three major categories. The input also indicated that we can deliver greater value by taking each of the categories in turn, allowing the PDC to deliver new functionality as quickly as possible rather than waiting to complete a single large project.

- First, Open Data. Almost all PDC data is currently open to the public but the mechanisms for getting to it are not always the easiest to work with. The PDC's goal is to implement Open Data standards that will allow the public to download bulk data and perform their own searches, analysis and reporting. The Open Data project provides a foundation for both the specific search and so-called "fuzzy" search features. One of the major pitfalls with many Open Data systems is that they languish over time because the data is not updated. Our plan is to build an open data set that will drive our own systems and requires that the data be kept up to date and correct. This also ensures that we build in stability that external users can rely on for their own purposes. Because it creates a foundation for the other projects, we will be kicking off the open data project first.
- Second is what we are calling specific search. This is the middle ground between Open Data and fuzzy search where a user might be interested in specific campaign information for a certain jurisdiction, office, etc., looking in specific columns for specific matches. This is probably closest to the current "Search the Database" functionality on the PDC web site.
- Third is what is referred to as fuzzy or Google-esque search. We are all familiar with the idea of just typing a term into a search box and seeing everything that's related. The PDC recently made a big improvement in this regard with our website update. Typing a name in the site search box reveals candidate records, compliance cases and Commission meetings where the term appears. Additionally, you can refine the search by selecting the categories you are interested in. This is the type of functionality that users suggested would be great to have across all types of PDC data.

Project scheduling:

- November 2016 to March 2017 - Open Data (bulk access to raw data for research and analysis)
- March 2017 to June 2017 - Specific Search (find the specific record you are looking for)
- July 2017 to October 2017 - Fuzzy Search (find everything related to a term or expression)

[Continuous process improvement, increased transparency, improved customer service](#)

FINANCIAL DISCLOSURE BY ELECTED AND APPOINTED OFFICIALS:

All elected officials and appointed state agency directors, as well as those appointed to public boards such as universities, and certain professional staff, must file an annual financial disclosure report (F1) by April 15, covering the previous calendar year. In 2016 the PDC received 5527 F1 reports. In addition, candidates for election in 2016 filed 592 F1 reports.

Copies of these reports are frequently requested through public records requests. In 2016, our public records officer and customer service staff used the new online case management system to handle these public records requests. During that period, the PDC received 222 public records requests, and provided responsive records on average within 2 days of the request.

LEADERSHIP:



Anne Levinson
Commission Chair
Jan 2015 – Dec 2019



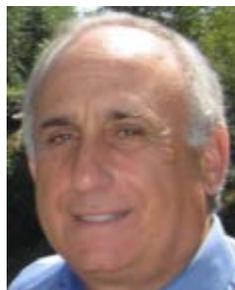
John Bridges
Commission Vice Chair
Dec 2014 – Dec 2018



Katrina Asay
Commissioner
Feb 2014-Dec 2017



Jack Johnson
Commissioner
May 2016-Dec 2021



Grant Degginger
Commissioner
July 2012 – April 2016



Evelyn Fielding Lopez
Executive Director
October 2015 - Present