

Ethics Commission

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LFB Summary Item for Which an Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
2	Campaign Finance Information System Website Replacement (Paper #350)

LFB Summary Item Addressed in Standard Budget Adjustments (Paper #105)

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments



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Joint Committee on Finance

Paper #350

Campaign Finance Information System Website Replacement (Ethics Commission)

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CURRENT LAW

Under current law (Chapter 11 of the Wisconsin Statutes), the Ethics Commission is required to maintain a campaign finance reporting system that publicly displays all contributions, disbursements, and obligations received, made, and incurred by a candidate committee or conduit required to register, in order to promote transparency in campaign financing. The current campaign finance information system (CFIS) website used by the Ethics Commission was built in 2008.

DISCUSSION POINTS

1. The Ethics Commission's existing CFIS website was created by a third-party vendor that owns full rights to the website and the system code. The Commission has a license and maintenance and support contract with the vendor. Currently, the Commission pays approximately \$50,000 per year to the vendor for routine CFIS website maintenance. Any major changes to the website (such as to reflect a change in campaign finance law) would come at an additional cost on a case-by-case basis.
2. According to the Ethics Commission, the current website needs to be replaced, given existing operational and security issues. For example, certain website components have recently failed to update, which caused operational issues shortly before the January Continuing Report and Spring Pre-Election Report were due (a critical time for CFIS website activity). The website was inaccessible for several days. Further, the vendor has a new campaign finance website product, and indicated that the version currently utilized by the Ethics Commission may not be supported or available in the future.
3. In addition, the website is approximately 15 years old, and has not received any

substantial updates in approximately five years (substantial updates fall outside the scope of routine maintenance and would come at an additional cost). The Commission indicates that a new website product, using an updated code with additional security measures, would be better able to handle cybersecurity threats.

4. The Ethics Commission currently has one information technology (IT) contractor position. According to the Commission, the scope of the CFIS replacement project is too large for one individual and, given the complexity of the project and the speed with which a new product is needed (given the uncertainty of the current website's long-term stability), two additional application developers would be better suited to build, test, and launch a replacement product.

5. The two-contractor arrangement would allow the existing IT contractor to continue to manage non-CFIS aspects of the Ethics Commission, such as updating and maintaining the lobbying website and managing Commission servers, among other IT-related projects. In addition, the existing IT contractor could learn from the short-term contracted personnel, which would allow the Commission to manage and update the CFIS website in-house in future years.

6. There are a number of additional advantages to hiring independent contractors. First, on-site staff may be more responsive than a vendor if issues arise, given that the sole client would be the Ethics Commission. In addition, the Commission would own the website, and would be able to make changes and conduct routine maintenance as necessary without incurring additional costs or delays. The Commission additionally notes that it is often easier to hire contracted IT staff than it is to find permanent state employee IT personnel, especially in the current, competitive job market.

7. Further, the Commission has faced challenges with only one contracted IT position. If that individual is on leave or vacation, no IT personnel is available. If the Commission hires two IT contractors to replace the CFIS website in the 2023-25 biennium, the Commission could request funding in the 2025-27 biennium to hire one of the contractors on a longer-term basis, if needed.

8. While the Commission anticipates that the additional two contracted application developers could launch the website within the biennium (between 12 to 24 months), it would likely occur after the 2024 general election, when the website is anticipated to receive increased user traffic. As noted previously, it unknown how long the current website will be operational or supported by the vendor.

9. While the exact cost of two contracted application developers would be determined during the procurement process based on the number and quality of bids received, the Ethics Commission estimates the cost of hiring 2.0 application developers via independent contract over the biennium would be approximately \$650,000, based on the state's existing contract with Knowledge Services. Under 2023 Assembly Bill 43/Senate Bill 70, \$183,300 GPR and \$110,000 PR annually (\$586,600 over the 2023-25 biennium) would be provided for this purpose, which is \$63,400 lower than the identified total estimated cost of the positions (\$650,000). According to the Ethics Commission, \$31,700 of existing expenditure authority in the Commission's PR-funded general program operations appropriation would be utilized to cover the difference. The \$31,700 in base funding has existed since prior to the creation of the agency (when it was the Government Accountability Board) and was originally budgeted for campaign finance purposes. The Commission

has elected not to spend these funds for several years in anticipation of significant costs to replace the CFIS website, and the appropriation has sufficient revenue to support this alternative. [Alternative 1]

10. Alternative 1 represents the option that the Commission approved at its August 30, 2022, meeting. However, since that time, circumstances surrounding the current website (including its long-term stability and vendor support) have changed. As of April, 2023, it is unknown what the Commission's preferred option would be; the Administrator of the Ethics Commission indicates that the current scenario will likely be discussed in upcoming meetings.

11. Alternatively, the Committee could provide funds to purchase a CFIS website product and support from a vendor. Given that a vendor product would already exist, a new website could be operational sooner than if contracted positions were used (likely within six to nine months). This timeline would potentially allow for the site to be operational before the 2024 general election and, given concerns about the stability and security of the current site, likely represents the quickest option for website replacement. This is particularly true if the Commission is able to piggyback on another state's contract or if the Commission is able to receive a procurement process waiver from the Administration.

12. Unlike the contracted IT positions, most vendor product contracts include annual ongoing costs to the vendor for maintenance, and the website code remains under vendor ownership, rather than by the Commission (unless otherwise negotiated). The Ethics Commission notes that there are only two or three vendors (including the vendor the Commission currently contracts with) that provide products and services that would fulfill the CFIS website needs. This conclusion was based on direct communications with vendors and also on the number of bids received by similar requests for proposals in other states. However, cost estimates between vendors vary depending on the vendor and contract terms.

13. For example, at the time of agency budget request submission (September, 2022), the vendor the Commission currently contracts with identified a cost of approximately \$500,000 in 2023-24 to provide a new website product (which would remedy the existing issues), and \$100,000 in ongoing annual costs thereafter for website maintenance. Under this arrangement, the Commission would not own the website code and could incur additional costs for updates needed beyond the scope of routine maintenance. However, in more recent discussions between the Commission and the vendor, it was determined that "the anticipated cost is now significantly lower than previously expected." According to the Commission, conversations are ongoing, and a specific revised cost estimate has not been provided.

14. In addition, the Ethics Commission noted that a second vendor expressed a willingness to negotiate an arrangement that would allow the agency to own the website code and make changes as needed internally while avoiding long-term ongoing maintenance costs, after the initial website is launched and a requisite time period has passed. According to the Commission, the second vendor has received positive reviews from other jurisdictions. The second vendor identified a cost of approximately \$300,000 in 2023-24 to provide a new website product, and \$150,000 in maintenance costs in each of the subsequent two years (2024-25 and 2025-26). If one-time funding were provided for the 2023-25 biennium, the Commission could request funding for maintenance in 2025-26 in the 2025-27 biennial budget before owning and managing the website in-house thereafter (in 2026-27).

15. Alternatively, the second vendor identified an arrangement that would include approximate costs of \$175,000 for the website build, coupled with a five-year support agreement of \$75,000 per year (although the Commission would not own the website). The maintenance/support costs include any requested or necessary customizations and/or enhancements, rather than just routine maintenance.

16. Under any vendor option, the exact costs would be determined during the procurement process based on the number and quality of bids received, or if the Commission receives a waiver from the Administration, upon subsequent negotiations with particular vendors. Based on the information available, the vendor options could cost \$600,000 over the biennium (\$500,000 in one-time costs in 2023-24 and \$100,000 in ongoing costs beginning in 2024-25 using the current vendor's new product; \$450,000 over the biennium, or \$600,000 in total (\$300,000 in one-time costs in 2023-24 and \$150,000 in support costs in each of the subsequent two years) using the second vendor's product and receiving ownership rights after a given period; or \$250,000 over the biennium, or \$550,000 in total (approximately \$175,000 in one-time costs in 2023-24 and \$75,000 in support costs in each of the subsequent five years) using the second vendor's product and paying the vendor for ongoing maintenance.

17. If the Committee provides \$358,300 GPR in one-time funding in 2023-24 and \$110,000 in additional PR expenditure authority annually, the Commission would have a total of \$500,000 available in 2023-24 and \$141,700 available in 2024-25 (assuming existing PR expenditure authority of \$31,700 annually would be utilized to cover the remaining cost, as noted above) to pursue any of the vendor options. Under this alternative, if the Commission wished to pursue the IT contracted positions option, funding in the first year could be encumbered with an executed contract for expenditures in 2024-25. However, two contractors would potentially cost slightly more than the amount provided (see Alternative 1). If the Commission is able to replace the CFIS website at a cost below the provided amount, the Commission indicates that it would utilize remaining funding to hire an additional IT contractor to alleviate some of the burden currently placed on its only existing IT contractor. [Alternative 2]

18. However, the Commission noted that vendor costs could also be "significantly lower," albeit at an unknown amount. The Committee could instead provide the agency half of the GPR funding identified in Alternative 2 in 2023-24 (\$179,200 GPR), and place the other half (\$179,100 GPR) in the Committee's supplemental appropriation, if needed by the Commission at a future date, and provide the Commission \$110,000 in additional PR expenditure authority annually. This option would allow the Commission additional time to determine which CFIS website replacement route is most preferred (along with its associated costs), and would allow the agency to request additional funding at a later date under procedures of s. 13.10 of the statutes, when more information is available. However, to the extent that needed funds were not immediately available, the timeline for CFIS website replacement could be affected. It is unknown how long the current website will remain functional. [Alternative 3]

19. Note that the Commission considered additional options for website replacement, aside from the above alternatives, but the options were ultimately determined to be impractical or less desirable. To illustrate one example, the Commission researched the possibility of working off of

another state's website code, rather than starting anew. However, many states do not freely share their code, and each state has differing campaign finance requirements and structures. After looking at the specific details of Massachusetts' website code in particular and testing it using Commission networks and servers, the Commission determined that it would take a significant amount of time to understand and amend, ultimately concluding "there is no apparent benefit to changing their website product compared to creating a new one internally," particularly with only one existing IT contract position.

20. If the Committee chose to take no action, the Ethics Commission could attempt to address the CFIS website issues with the existing IT contracted position, or the Commission could submit a passive review request to the Finance Committee in the future. However, costs to replace the website would likely exceed the amount of program revenue available to fund the project. In addition, either of these options would necessitate a longer timeline for website replacement. [Alternative 4]

ALTERNATIVES

1. Provide \$183,300 GPR and \$110,000 PR annually to the Commission's general program operations appropriations (GPR and PR, respectively) to hire two IT contractors for the 2023-25 biennium to replace the existing campaign finance information system website.

ALT 1	Change to Base
GPR	\$366,600
PR	<u>220,000</u>
Total	\$586,600

2. Provide \$358,300 GPR in 2023-24 and \$110,000 PR annually to the Commission's general program operations appropriations (GPR and PR, respectively) to replace the existing campaign finance information system website.

ALT 2	Change to Base
GPR	\$358,300
PR	<u>220,000</u>
Total	\$578,300

3. Provide \$179,200 GPR in 2023-24 and \$110,000 PR annually to the Commission's general program operations appropriations (GPR and PR, respectively) to replace the existing campaign finance information system website. Place \$179,100 GPR in 2023-24 in the Committee's supplemental appropriation for the Ethics Commission to request at a later date, if needed for the website replacement.

ALT 3	Change to Base
GPR	\$358,300
PR	<u>220,000</u>
Total	\$578,300

4. Take no action.

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