Federal Election Commission
Office of the Inspector General

Management and Performance Challenges Facing the FEC for FY 2024

November 1, 2023

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Introduction and Approach

Why do we publish this report?

In accordance with the Reports Consolidation Act of 2000, the Federal Election Commission (the "FEC" or "Commission") Office of Inspector General (OIG) identifies the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. By statute, this report is required to be included in the FEC's Agency Financial Report.

What are management challenges?

The Government Performance and Results Modernization Act of 2010 identifies major management challenges as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement, and where a failure to perform well could seriously affect the ability of the agency to achieve its mission objectives. Each challenge area is related to the agency's mission and reflects both continuing vulnerabilities and emerging issues. The FEC OIG identified the top management and performance challenges facing the Commission as the following:

- Human capital management
- Growth of election contributions
- Budget
- Identifying and regulating unlawful foreign contributions
- Cybersecurity

How did we identify these challenges?

We identified the Commission's major management and performance challenges by recognizing and assessing key themes from OIG audits, evaluations, special reviews, hotline complaints, investigations, and an internal risk assessment, as well as reports published by external oversight bodies, such as the Office of Personnel Management (OPM) and the Government Accountability Office (GAO).

Additionally, we reviewed previous management challenge reports to determine if those challenges remain significant for this submission. Finally, we considered publicly available information and internal Commission records. As a result, we identified five key management and performance challenges, which are detailed herein.

Management and Performance Challenge: Human Capital Management

Human capital management is the process of acquiring, training, managing, and retaining employees to effectively execute the agency's mission. In prior management challenge reports the OIG identified, among other things, the unusual salary structure of certain senior leaders at the Commission (including Commissioners), the practice of agency personnel serving in acting positions for extended periods of time, and the Commission's attempt to address these issues through repeated legislative recommendations to Congress. In addition, the OIG has recently identified significant challenges at the FEC concerning management of its human capital resources, including employee attrition and retention.

Strategic Human Capital Management: An audit of the FEC's Human Capital Management Program was performed by an independent public accounting firm and overseen by the OIG in accordance with generally accepted government auditing standards. The audit found that the FEC has not developed a plan that describes how the FEC will strategically manage its human capital resources across the agency. Accordingly, the auditors recommended that the FEC develop a strategic human capital management program that is informed by the Office of Personnel Management (OPM) Human Capital Framework which, according to OPM, is essential to effective management. The final report was issued on April 27, 2023, and included five recommendations.

FEC management largely disagreed with the auditors' findings and recommendations, citing the non-applicability of certain requirements in 5 C.F.R. Part 250, including the requirement to implement and develop a human capital operating plan. Although it may be true that the FEC is not required by law to implement certain requirements in Part 250 (which the audit report acknowledged), this engagement was conducted as a performance audit and thus, looked beyond compliance with regulatory requirements. Relevant government auditing standards provide: "Performance audit objectives vary widely and include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses." Accordingly, the auditors looked to guidance provided by OPM, which recently opined that:

> Public and private sector studies have shown organizations that achieve and sustain excellence in strategic human capital management outperform those that do not. The strategic management of human capital not only impacts organizational performance but can enable the workforce to accelerate progress to achieve strategic objectives.[1]

We continue to endorse the recommendations that the FEC develop and implement a strategic human capital plan in accordance with OPM guidelines, particularly considering additional human capital challenges detailed below.

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[1] Office of Personnel Management, Human Capital Operating Plan (HCOP) Guidance Fiscal Years 2022-2026, Issued December 2021.

Declining Staffing Levels: As a follow up to our audit of the FEC's Human Capital Management Program for Fiscal Year 2022, our office initiated an evaluation on employee staffing, hiring, and retention. Despite dramatic increases in campaign expenditures and the number of transactions subject to FEC regulation and oversight (see management challenge #2), the agency has lost 12% of its workforce since 2010. These reductions have been entirely among career agency staff.[2] They include campaign finance analysts, attorneys, and auditors who carry out the essential functions of the FEC. The FEC historically has hired only three personnel for every four personnel who depart the agency. As shown in the chart below, that dynamic is atypical when compared to comparable agencies.

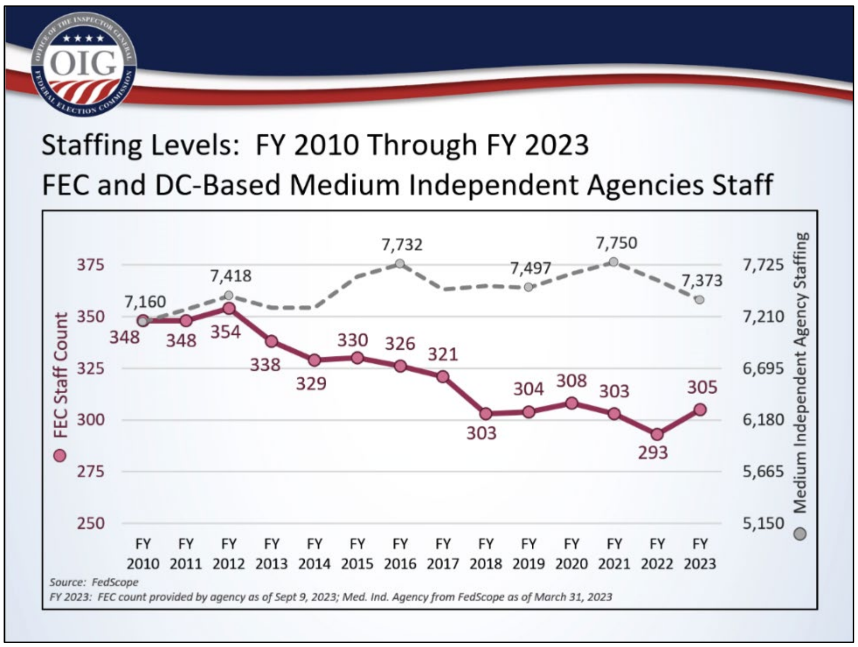

Figure: Total full time staffing level at the FEC and FedScope group of medium independent agencies from FY 2010 through FY 2023. FY 2023 staffing levels are as of March 2023. Source: FedScope.

It is significant that the FEC has reported that performance has been adversely impacted by staff shortages and that performance targets have been reduced as a result. For example, the agency reported in its most recent budget justification to Congress that it has not met performance goals to complete audits and process committee reports on time due to staff shortages.

In addition, Commissioners have frequently alluded to resource limitations in decisions not to proceed with enforcement actions. For example, in July 2023, the Commission published Statements of Reason for seven MURs in which Commissioners cited resource limitations as a factor in deciding not to proceed with enforcement of campaign finance law. These included MURs 7464, 7724, 7752, and 8038, which included split 3-3 votes. The FEC OIG is finalizing a more detailed evaluation of the proximate and root causes of human capital attrition at the FEC. Upon completion, we will publish a final report to our webpage and to Oversight.gov.

[2] The OIG initiated an evaluation on this topic in February 2023 and has issued a draft report to management for comment.

General Staffing Issues: Recent and dramatic changes in workplace dynamics due to the COVID-19 pandemic pose many management and performance challenges for the FEC. Federal agencies, including the FEC, have implemented various return-to-office policies. The new FEC telework policy (that applies only to non-bargaining unit (NBU) employees) requires employees to return to the office four to six days each pay period, dependent upon whether an employee has supervisory duties.[3]

In contrast, earlier this year, the FEC and National Treasury Employees Union (NTEU) reached an impasse in negotiating an updated telework policy for the FEC bargaining unit employees. As a result, the Federal Service Impasse Panel recently ordered a telework policy for the Bargaining Unit (BU) employees that requires BU employees to return to the office three days each pay period. Specifically, the Panel concluded that the evidence supported greater telework flexibilities for FEC employees on the basis that, *inter alia*, employee productivity, performance, and morale remained the same or increased when employees were afforded greater telework opportunities.

As a result, the current disparity between the number of telework days available to NBU and BU employees may create an undesired incentive structure for FEC employees. For example, this disparity may cause NBU staff (largely supervisors and managers) to seek alternative employment with greater telework opportunities. It may further disincentivize BU employees from seeking NBU supervisory positions because doing so would limit their telework flexibilities. Those factors will potentially exacerbate the FEC's existing human capital challenges.[4]

Additionally, the OIG has observed concerns about the impact of limited telework and remote work options on employee morale and attrition during numerous recent engagements. Concerns include potential employee turnover, given that greater telework and remote work options appear to be permanent expectations for the modern public and private sector workplaces. As such, many stakeholders at the FEC have expressed concerns that the lack of telework and remote work flexibilities will cause FEC employees to seek telework and remote employment options elsewhere, resign, or retire, if eligible.

Indeed, according to the 2022 Federal Employment Viewpoint Survey (FEVS) results,[5] 35% of FEC respondents answered yes to the question: "Based on your work unit's current telework or remote work options, are you considering leaving your organization...?" For comparison, 23% of respondents from the FEC peer group (Small Agencies) answered yes to this question.

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[3] The FEC is comprised of 47% NBU employees with an average grade level of GS 13.7. Data retrieved from FEC Human Resources and FedScope.

[4] The FEC is comprised of 53% BU employees with an average grade level of 11.6. Data retrieved from FEC Human Resources and FedScope.

[5] 2022 FEC overview data is available at https://bestplacestowork.org/rankings/detail/?c=LF00.

Commissioner Pay: The Federal Election Campaign Act (FECA) specifies that FEC Commissioners are to be paid equivalent to level IV of the Executive Schedule; however, Executive Schedule pay for political appointees has been largely frozen since 2010.[6] As a result, FEC Commissioners receive lower salaries than all Senior Level (SL) staff and most General Schedule (GS) staff at levels 14 and 15. In total, Commissioners receive lower compensation than 107 FEC employees out of 297 total staff as of March 31, 2023.[7] We expect the percentage of FEC staff who earn more than FEC Commissioners to approach 40% by the end of FY 2024. This unique salary structure has a direct impact on Commissioner morale and may indirectly impact staff morale throughout the agency. The problem is intensified by the high costs of living and working in Washington, D.C. that Commissioners must bear to serve term appointments.

Salary Structure (Staff Director and General Counsel): The FECA sets the Staff Director's pay at Level IV of the Executive Schedule and the General Counsel's pay at Level V of the Executive Schedule. However, Executive Schedule salaries have seen virtually no increases since 2010 and have been frozen since 2019. These salary limitations have impeded the FEC's ability to recruit qualified candidates for those positions because candidates with the necessary qualifications for such critical positions already occupy higher salaried positions. As a result, the senior leadership roles of the Staff Director and Chief Information Officer (CIO) have been occupied by the same individual since August 2011. Without a fully dedicated CIO to focus on technological issues, to ensure resources are properly allocated, and that adequate processes are in place for the protection and safeguards of the agency, the agency will remain at risk.

Similarly, the Deputy General Counsel for Law is concurrently serving as the Acting General Counsel and has been doing so since September 2016. This has potential to put the agency at risk of not effectively and efficiently meeting its mission requirements, as robust internal dialogue and diversity of opinion are essential to ensuring the agency considers competing legal theories and courses of action.

Both the Staff Director and General Counsel positions supervise personnel at the GS 15 and Senior Level pay scales who largely have higher salaries than Levels IV or V of the Executive Schedule. This disparity creates significant challenges in recruitment and retention of talent for two of the most senior career positions at the FEC. Management previously reported that the Commission adopted legislative recommendations and urged Congress to remove the statutory references to the Executive Schedule in FECA with respect to the FEC Staff Director and General Counsel Positions. The removal of that reference would ensure the two positions be compensated under the same schedule as the Commission's other senior managers and create balance and effectiveness in administering and enforcing the federal campaign finance law.

The foregoing human capital challenges are impacting the FEC's ability to achieve its mission objectives effectively and efficiently. Despite the internal resource constraints and emerging external issues beyond the Commission's control, we encourage the Commission to continue to invest in the recruitment of quality employees, training employees, and motivating employees to complete mission objectives.

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[6] From 2010 to 2023, FEC Commissioner positions have received a total 13-year salary increase less than 2% or approximately 0.1% per year.

[7] OPM FedScope Federal Workforce Data (March 2023 employment dataset). https://www.fedscope.opm.gov/

Next year will mark the 50th anniversary of the FEC. Much has changed in that half century. In 1976, the first presidential election cycle after the FEC was established, federal campaigns raised and spent around $300 million total. In the 2020 presidential election, total campaign committee receipts exceeded $27 billion.

Election Receipts: In recent years, federal election fundraising and spending have increased dramatically, particularly since the U.S. Supreme Court's decision in *Citizens United v. FEC* in 2010. Online fundraising, the influence of dark money, and potential foreign electoral influence continue to place further strain on the FEC's ability to provide oversight of federal campaigns.

Total receipts by regulated committees during presidential years increased from $4.0 billion in 2000 to $27.2 billion for the 2020 election cycle, a nearly 7-fold increase. Committee receipts for the 2022 mid-term elections reached $16.6 billion, a 5-fold increase over the 2002 total of $3.2 billion.

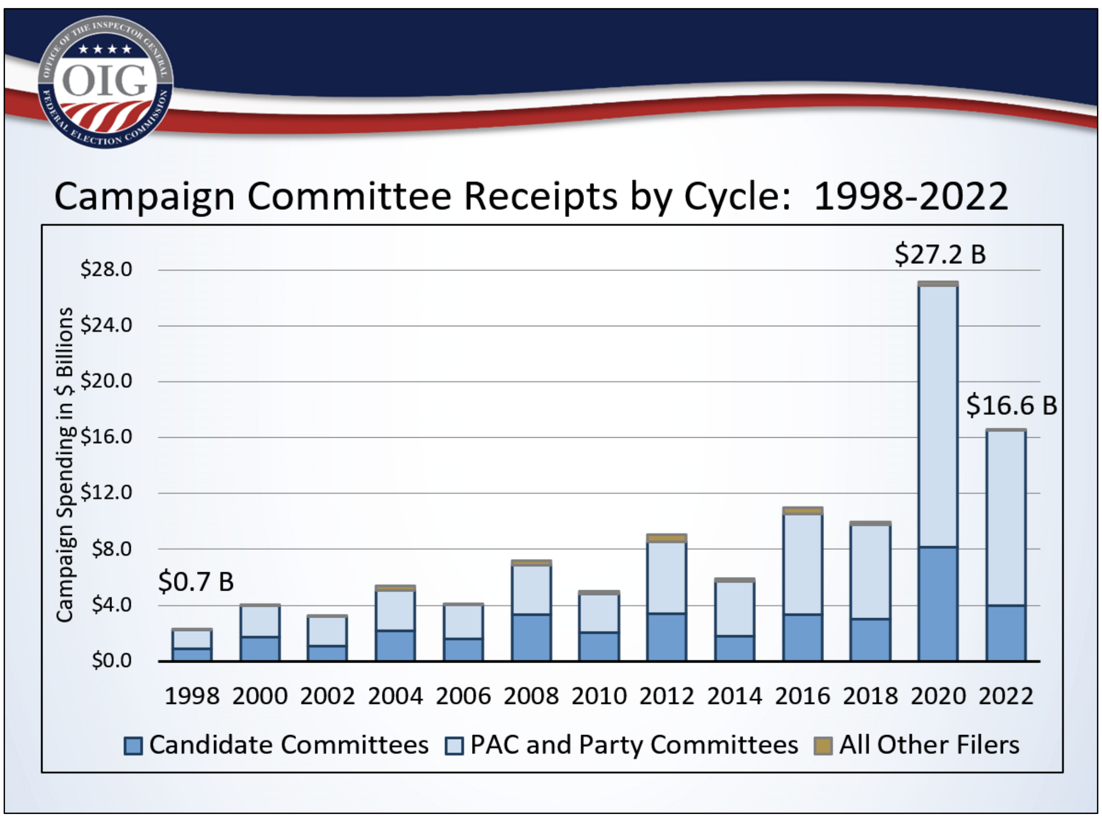


Figure: Campaign committee receipts reported to the FEC by campaign cycle. Contributions are segmented by candidate, party/PAC, and "other" committee types. All data is obtained from FEC filings.

It is important to distinguish between total receipts and disbursements by all campaign committees and the amount spent on federal campaigns. Campaign fundraising has increasingly made use of intermediate committees (ActBlue and WinRed, for example) which pass contributions through to ultimate recipients. When this happens, each contribution is recorded twice: once when received by the intermediary and once when passed on to the final recipient.

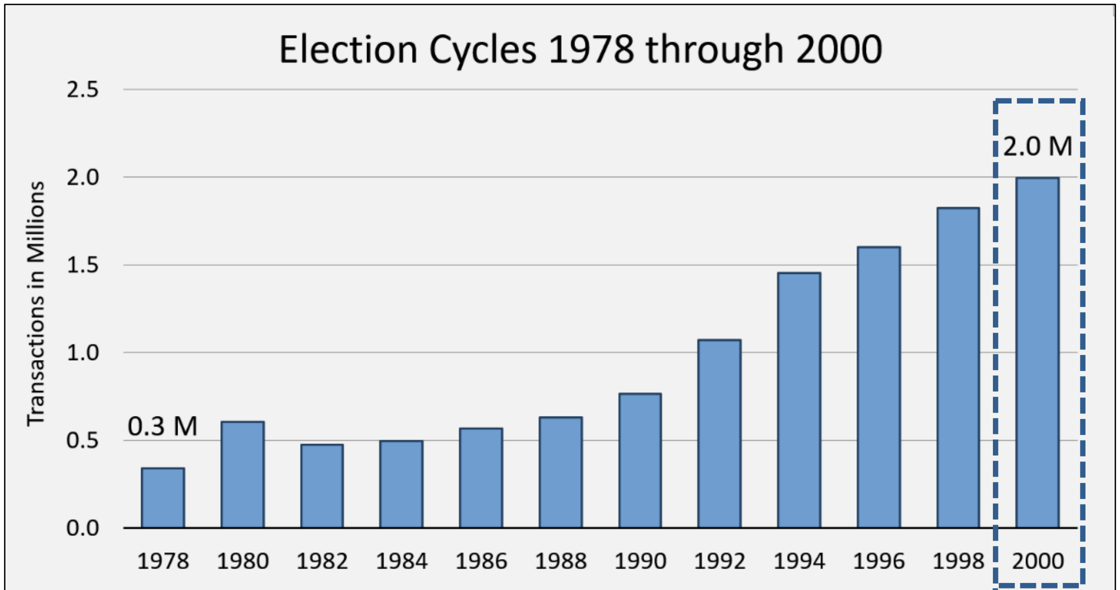
Because all transactions, receipts, and disbursements are subject to FEC review and oversight, this total number of transactions and receipts/disbursements is the appropriate measure of FEC workload. The more general question "how much money is being spent on elections?" is better answered by removing pass-through contributions to avoid double-counting. For context, the 2020 presidential election generated over $27 billion in total receipts subject to FEC review. Final campaign spending, net of pass-through, was just over $14 billion.

Regulated Transactions: The total number of transactions subject to FEC regulation and oversight has also dramatically increased, especially in recent years. Transactions are reported in mandatory filings with the FEC and are comprised of itemized details of receipts (including contributions), disbursements (including expenditures), and other financial activity.

Some highlights of transaction growth, which are further illustrated on the following page, include:

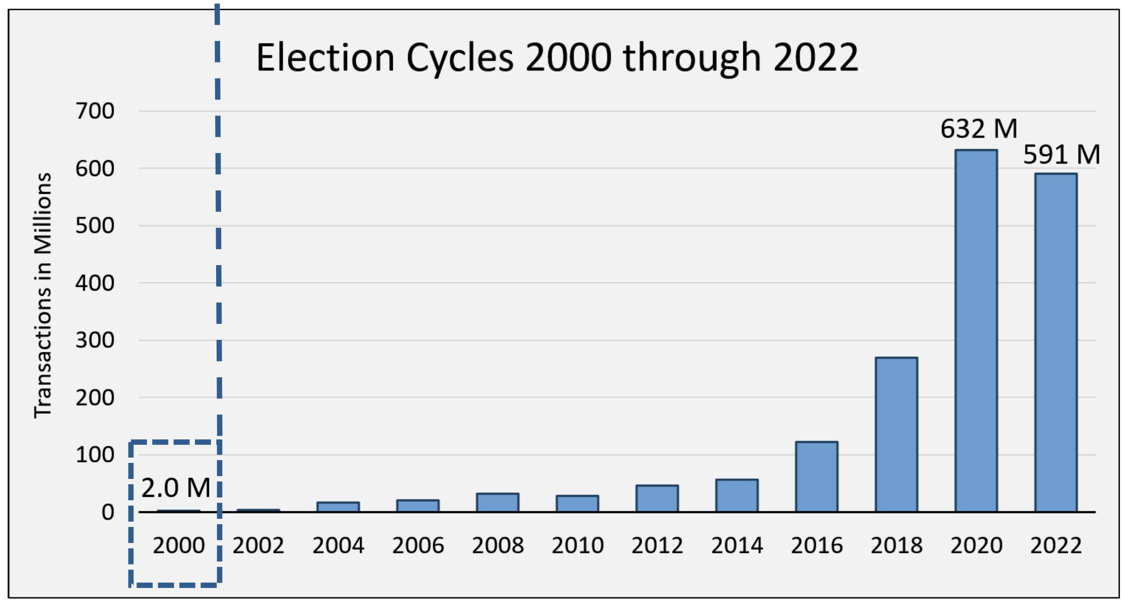
- Between 1978 and 2000, the total number of transactions subject to FEC regulation and oversight increased from approximately 340,000 to nearly 2.0 million per election cycle.
- By the 2018 election cycle, the number of transactions handled by the FEC had grown to nearly 270 million.
- That number exceed 630 million transactions for the 2020 election cycle and 590 million transactions for the 2022 mid-term cycle.

FEC Total Transactions (1978 - 2022)

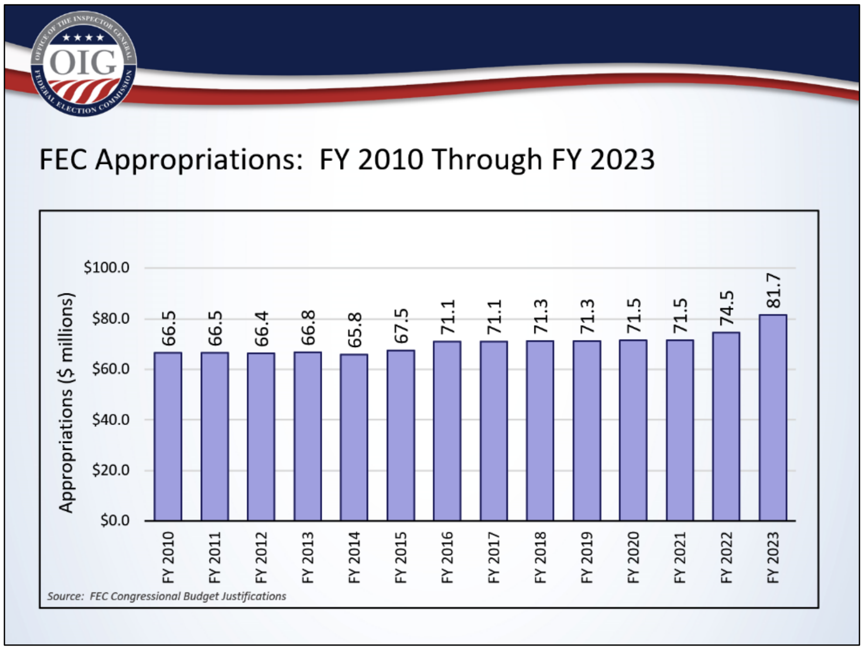


Between 1978 and 2000, the total number of transactions subject to FEC regulation and oversight increased from approximately 340,000 to nearly 2.0 million per election cycle.

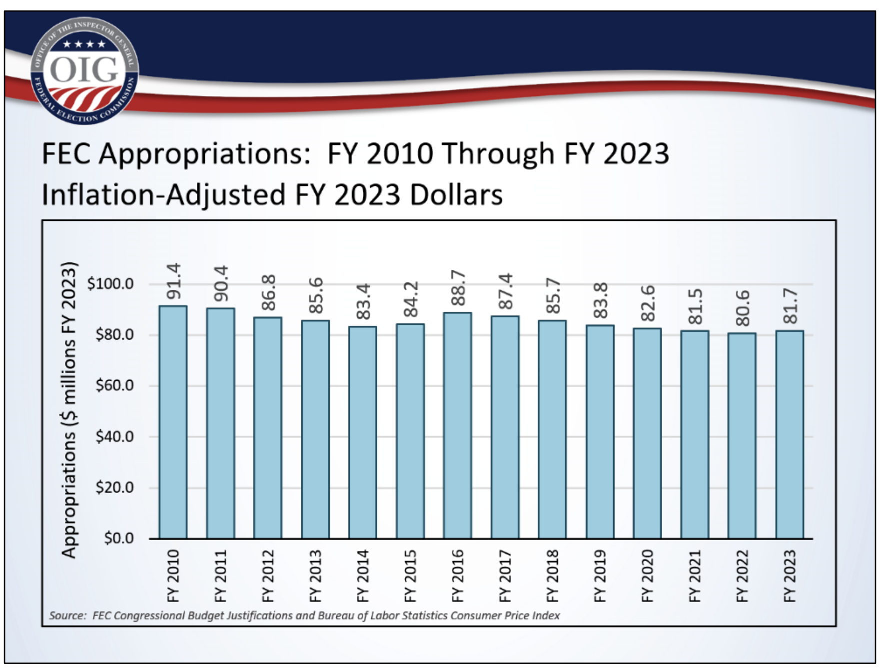
By 2018, the FEC handled nearly 270 million transactions in that cycle. That number exceeded 632 million in 2020 and 590 million for 2022.



Despite dramatic increases in campaign expenditures and the number of transactions subject to FEC regulation and oversight, the Commission's budget has remained largely static which appear to be a root cause of declining staffing levels. Since 2010, the FEC's budget has increased by an average of only 1.6% per year.



In fact, the agency's annual budget has decreased when adjusted for inflation. The FEC's 2023 budget was approximately 10.6% less than its 2010 budget in current dollars.



One important consideration is that the FEC has generally either not received its full budget request, or not requested a meaningful increase to begin with. As a result, since 2010, only four out of 13 years have seen budget increases of 1.0% or more. When adjusted for increasing year-over-year costs, the FEC has experienced budget reduction in 10 of 13 years.

As a result of the FEC's current budget position, the Commission reported in its recent budget justifications to Congress that it has not met performance goals to complete audits and process committee reports on time due to staff shortages. In addition, budgetary constraints have limited the FEC's ability to modernize IT resources and keep pace with the growth of campaign transactions and costs. As the FEC reported in its FY 2024 Congressional Budget Justification:

> Between FY 2016 and FY 2022, the FEC reduced IT operational costs and refrained from funding the modernization of certain systems to stay within appropriated levels. This has placed strain on IT operations and the agency predicts that additional funding is needed during the FY 2024 presidential election year to continue services at current levels.

The FEC recently attempted to accelerate hiring but is has presently reduced the rate of hiring due to FY 2024 budgetary limitations and uncertainty. Indeed, the FEC would require an FY 2024 appropriation of approximately $98.7 million to return to FY 2012 staffing levels agency wide (see management challenge #1). The FEC FY 2024 budget request of $93.5 million would move the FEC meaningfully toward restoring historical staffing levels.

Management and Performance Challenge: Identifying and Regulating Unlawful Foreign Contributions

Identifying and regulating unlawful foreign campaign contributions continues to pose a significant challenge to the FEC. As campaign expenditures and the number of transactions subject to FEC regulation and oversight increase, potential contributions by foreign nationals also increase, which demands greater scrutiny by agency regulators. However, an August 2021 OIG report found that the FEC's practice of relying on filers' self-certifications concerning potential foreign contributions poses a national security risk and provides insufficient oversight of possible illegal foreign donations. Indeed, recent and past cases continue to highlight the risk of unlawful foreign influence in U.S. elections.

The FECA, related statutes, and implementing regulations prohibit direct and indirect contributions to candidates, political committees, and inaugural committees by foreign nationals. As noted above, campaign expenditures and transactions subject to FEC regulation and oversight have dramatically increased in recent years. The increase in transactions subject to review, in conjunction with declining resources (in real terms), poses a challenge for the FEC in identifying and regulating unlawful contributions.

Moreover, recent and past cases demonstrate that the risk of foreign electoral influence is real and not hypothetical. For example, an individual was sentenced in February 2023 by a federal judge to 18 months in prison for his role in funneling illegal foreign contributions from a Russian national to a 2016 presidential campaign. The individual acted as a straw donor[8] and contributed $25,000 of the Russian national's money to the campaign, falsely identified himself as the contributor. Because the individual falsely claimed to have given the contribution himself, the relevant campaign entities unwittingly filed reports with the FEC that inaccurately reported the individual as the source of the funds. Numerous other reported cases further illustrate the risk.

Notwithstanding these risks, an August 2021 investigative report by the OIG found that the FEC's current practices provide limited oversight of potential foreign contributions. The OIG investigation found that the FEC identifies many potential foreign national donations based on the reported addresses of donors, but generally defers to a committee's self-certification that it verified the U.S. citizenship of those donors. However, that practice does not appear to be memorialized in policy and relies heavily on the good faith and due diligence of filers.

Accordingly, the OIG recommended that the FEC update and memorialize its practice concerning donors with foreign addresses to identify unlawful foreign donations more effectively. In response to the OIG's recommendation, the agency had proposed to revise its internal policy to provide guidance to staff on how to address potential foreign donations. Additionally, the agency had proposed to update its *Report of Donations Accepted* form to ensure filers are aware of verification requirements imposed by federal regulation for donations and contributions from sources with foreign addresses. However, the Commission did not include the revised policy in its February 2023 update, and the form revision is currently awaiting Commission approval and guidance. Without Commission action, identifying and regulating foreign contributions will likely continue to challenge the FEC.

Management and Performance Challenge: Cybersecurity

Protecting data, systems, and networks from threats remains a top challenge. The FEC was established to protect the integrity of federal campaign finance by providing transparency and enforcing and administering federal campaign finance laws. In doing so, the FEC discloses campaign finance data to the public and as a result, encounters large volumes of webpage traffic from stakeholders and members of the public. In efforts to streamline transparency initiatives and improve business processes, the Commission is more technology reliant today, as is society; as such, it is imperative that the Commission continue to prioritize cybersecurity.

Cybersecurity encompasses attempts from criminals and adversaries to obtain sensitive information linked to government networks, personal identifiable information, intellectual property, and other sensitive data. Cyber threats may arise from phishing, ransomware, or other malware attacks and can infiltrate any level within an organization. In response to ever-growing threats, the Commission has partnered with the Department of Homeland Security (DHS) and the Cybersecurity and Infrastructure Security Agency, an operational component under DHS, to improve its overall security posture by identifying, protecting, and responding to network vulnerabilities. We encourage the agency to continue to utilize these partnerships and work to develop the in-house expertise to protect the network.

[8] A straw donor is a person who illegally uses another person's money to make a political contribution in their own name.

It is essential that the Commission continue to maintain the integrity and availability of its information, as it looks to modernize its systems, which includes moving towards a cloud environment. We recognize that federal agencies have struggled to compete with the private sector for cyber expertise and talent; however, the Commission should continue to seek and adequately compensate industry experts to manage the FEC's cybersecurity requirements. We encourage the Commission to continue to be proactive in establishing a cybersecurity framework and strengthen internal controls to mitigate external threats from entering the FEC's network.

Conclusion

The OIG presents these challenges as ongoing issues facing the FEC in FY 2024. These challenges impede efficiency and effectiveness in the management of FEC operations and programs. The OIG remains dedicated to independent oversight to ensure accountability of the mission of the FEC.

FY 2023 Management Challenges Not Included in FY 2024 Report

All FY 2023 management challenges have been included in this report although some have been updated, re-titled, and/or consolidated.

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Management's Response to the Office of Inspector General's Statement on the Federal Election Commission's Management and Performance Challenges[1]

November 13, 2023

In its Statement on the FEC's Management and Performance Challenges ("Statement"), the Office of the Inspector General ("OIG") identified five overarching management and performance challenges for the FEC for Fiscal Year 2024. Management's response to the OIG's Statement is below.

Challenge 1: Strategic Human Capital Management

An audit of the FEC's Human Capital Management Program was performed by an independent public accounting firm and overseen by the FEC's Office of the Inspector General between August 8, 2022, and March 23, 2023. The overarching recommendation of the auditors was that the FEC develop a strategic human capital management (HCM) plan informed by the Office of Personnel Management (OPM) Human Capital Operating Plan and Human Capital Framework (HCF) guidance. Although Management shares the auditors' commitment to ensuring the FEC's Human Capital Management program supports the agency's success in meeting its mission and strategic objectives, Management does not agree with the specific recommendations of this audit, including the recommendation to develop a strategic HCM plan.

Management already has plans and programs in place and under development that address relevant elements of the OPM's human capital framework. For example, Management performs informal and formal workforce assessments, skill gap analyses, and staffing planning on an ongoing basis. Succession planning is conducted at the FEC in a manner designed to meet the agency's size and recruiting challenges. Management currently maintains effective, decentralized training programs, with individual offices determining the necessary trainings for their highly specialized subject-matter experts. Management already maintains consistency within a well-documented performance review system.

The recommendations included in the audit focus primarily on how activities that address elements of the OPM's human capital framework should be documented by the FEC. For example, the auditors conclude that,

> "While the FEC has several documents that enumerate some of its human capital challenges and how it has worked around some of them as an organization, none of those documents single-handedly fulfills the criteria for a HCM plan."

Management disagrees that creating a document that, "single-handedly fulfills the criteria for a HCM plan," is a requirement for the agency. The requirement to develop and maintain a Human Capital Operating Plan does not apply to Non-CFO Act agencies, such as the FEC. In December 2016, OPM issued new final regulations at 5 CFR part 250, subpart B, Strategic Human Capital Management. These regulations require, among other things, that federal agencies as defined at 31 U.S.C. § 901(6) must develop a Human Capital Operating Plan (HCOP). Notably, the Explanation

[1] Management consists of the agency's senior managers, including the Staff Director, Acting General Counsel and Chief Financial Officer.

and Justification for the final rules explains that in response to comments from small agencies expressing concern regarding to whom the regulation applied, "OPM revised § 250.201, Coverage and Purpose, to explicitly state that Subpart B applies to agencies covered by sec. 901(6) of the Chief Financial Officers (CFO) Act of 1990 (Pub. L. 101-576), as well as 5 U.S.C. 1401." See 81 Fed. Reg. 89,358 (December 12, 2016). Thus, the FEC, like all other Non-CFO Act agencies, is excluded from the Strategic Human Capital Management regulatory requirements in part 250, subpart B, including the Human Capital Framework (HCF) requirements in section 250.204 and Human Capital Operating Plan requirements in section 250.205. As such, the FEC has not implemented OPM's HCF, as described in 5 CFR § 250.204, nor has it developed an HCOP, as described in 5 CFR § 250.205.

OPM specifically grants small agencies, like the FEC, greater flexibility in how to utilize their limited staff resources in creating and maintaining such documentation. Thus, FEC Management will consider the human capital challenges facing the agency and the staff and budgetary resources available to address these challenges to determine, in consultation with the Commission, whether the FEC's limited resources are best directed toward creating a Human Capital Operating Plan, strategic human capital plan or another similar document.

Declining Staffing Levels

In recent years, the FEC has been challenged to recruit and retain talent necessary to meet the agency's workload and hiring goals, in part as a result of the FEC's relatively flat funding levels over this period. Indeed, between FY 2012 and FY 2022, the FEC's overall staffing levels were reduced by over 17 percent.

With nearly 70 percent of the agency's annual obligations composed of expenses related to personnel, the agency's ability to increase or even maintain FTE levels in a given year is disproportionately affected by increases in personnel costs, most notably required employee salary and benefits increases. The FEC's appropriation increased by a total of only 4.8 percent between FY 2016 and FY 2022. Increases in overall personnel costs and unexpected expenses related to the COVID-19 pandemic placed further pressure on the FEC's budget during FYs 2020 and 2021, and into FY 2022. These constraints only served to magnify longer-term staffing challenges for the agency. During this period the FEC has been able to meet its statutory mission primarily due to efficiencies gained by reassigning staff using details, maximizing operational efficiencies through reorganizations, and improving technology and processes, among other efficiencies. However, in recent years the FEC has begun to exhaust the benefits that can be gained through such efficiencies and has, in some situations, reduced performance targets in response to these reductions in staffing amid increasing campaign finance activity.

The FEC's ability to complete hiring plans and implement long-term human capital management strategies is also impeded by year-over-year funding uncertainty that results from lengthy periods under continuing resolutions and appropriation levels that have not kept up with inflation. For example, the agency's current budget does not allow for backfilling all vacated positions, and as a result, vacancies are prioritized by leadership and approved for filling by the Personnel Committee on an ongoing basis. Hiring managers are advised to keep hiring documents as up-to-date as possible, evaluate what their office/division needs regarding staffing, establish relationships with recruitment outlets, and move quickly if and when approval is received and it is determined that the agency has the funds to fill the position. However, without the ability to hire throughout the fiscal year as needed, managers can lose valuable time filling vacancies with interim internal appointments and other staffing remedies and may lose opportunities to hire permanently when staff is most needed. Moreover, long-term strategic staffing plans cannot easily be developed or implemented in an environment that does not allow for predictable hiring projections or for the achievement of targets identified in staffing plans.

While the Commission considers many factors when weighing agency staffing decisions, funding constraints represent the most immediate cause of the FEC's reduced staffing levels. Funding constraints affect the agency's ability to hire in multiple ways. At the most basic level, with higher funding levels the FEC is able to bring on additional staff, and with consistently higher funding levels the FEC would be able to meet and maintain its staffing goal for FY 2024, which is 340 FTE. However, with no funding increase in FY 2024 the agency would only strive to maintain staffing levels during the fiscal year or temporarily decrease staffing levels through attrition, and at continued flat funding through FY 2025 the agency could need to again plan for reduced staffing levels.

General Staffing Issues

The OIG identified the intersection of telework policies and morale as a particular staffing concern. In February 2023, following a one-year pilot, the Commission established and approved a new Workplace Flexibilities Program for non-bargaining (NBU) employees. This program calls for NBU employees to be regularly scheduled to work at the official duty station three to six days per pay period, depending upon employees' positions. Additionally, as the OIG notes, in October 2023 the Federal Service Impasses Panel imposed a requirement that bargaining unit employees participating in regularly scheduled telework must work at the official duty station no less than three days per pay period under the permanent Workplace Flexibilities Program for bargaining unit (BU) employees, on par with the requirements under the pilot program. The new Workplace Flexibilities Programs for both NBU and BU employees provide expanded telework options for employees as compared to the agency's pre-pandemic policies.

One tool Management uses to understand how workplace changes impact employees is the Office of Personnel Management's (OPM) Federal Employee Viewpoint Survey (FEVS). Management recently received preliminary data from the 2023 FEVS and is in the process of analyzing the data and preparing it for publication. Upon preliminary review, the FEC's score on OPM's Employee Engagement Index, which measures employees' perceptions of senior leaders, supervisors, and the intrinsic work experience, held steady from 2022 to 2023 (74%). While the agency has yet to receive full data comparison reports for the 2022 FEVS, Management notes that it will continue to process the 2023 FEVS data and make information from the survey accessible for review by employees at all levels of the organization.

The agency has undertaken significant efforts to increase morale and employee satisfaction across the agency, including instituting an Employee Engagement Steering Committee, and supporting the implementation of the Diversity, Equity and Inclusion Council. The Engagement Steering Committee was established to help foster improved employee engagement across the agency. The Steering Committee, through the FEVS results and internal surveys, identifies key areas for improvement. Some of the areas that have been identified have been better and more frequent communication from Management to staff, more transparency in the hiring and budget processes, and suggested improvements with work/life balance issues. The Steering Committee also works with offices across the Agency to promote training and development opportunities to the FEC workforce and co-sponsors Public Service Recognition Week. The Diversity, Equity and Inclusion Council was established to promote diversity, equity and inclusion efforts across the agency. Through its efforts, the Council has put on numerous programs and trainings, organized the first ever Diversity, Equity and Inclusion Week, and have made several recommendations to help improve hiring, promotion, and retention throughout the agency.

Commissioner Pay

As identified by the OIG, the FEC Commissioners are currently compensated at level IV of the Executive Schedule (EX) as specified in FECA. The full compensation for this level in 2023 is $183,500. However, the compensation for certain political appointees, including Members of the FEC, has been frozen. A pay freeze has been in effect since 2014, which set commissioner pay at 2013 levels. A small adjustment was made in 2019, which set the frozen pay level at $158,500, or 1.9% more than the 2013 amount. EX salaries are uniform nationwide, while the General Schedule (GS) salaries include locality adjustments. The relatively high cost of living in the Washington, D.C. region means that salaries at the top of the GS scale applicable to FEC employees have outpaced frozen salaries on the EX scale. Thus, the pay freeze exacerbates a salary discrepancy where commissioners receive less compensation than FEC employees in Senior Level (SL) positions, and less compensation than some agency employees in the GS-14 and GS-15 positions, including many of their direct reports. Under these circumstances, it may be difficult to find individuals willing to serve as FEC commissioners in the future, and recruitment will be limited to a smaller pool of potential commissioners due to this salary constraint. While FEC Management is not responsible for recruiting potential commissioners, the lack of quorum that could result from vacant commissioner seats would be a management challenge for the FEC.

Salary Structure (Staff Director and General Counsel)

Section 306 of FECA links salaries to Level IV and Level V of the Executive Schedule for the Staff Director and General Counsel. Both positions supervise personnel at the GS-15 and Senior Level pay scales, which often provide higher salaries than Levels IV and V of the Executive Schedule. The Commission has approved a Legislative Recommendation that proposes to remove the statutory references to the Executive Schedule and amend FECA to specify that the Staff Director and General Counsel would be compensated under the same schedule as the Commission's other senior managers. This revision would remedy the current situation where the Commission's top managers are compensated at a lower rate than many of their direct reports and will ensure that the Commission can retain highly qualified individuals to serve in those positions as well as enable it to remain competitive in the marketplace for Federal executives when vacancies arise.

Management continues to fully support the Commission's ongoing efforts to change the salary structure for key leadership positions of Staff Director and General Counsel. Meanwhile, the Commission has implemented interim solutions for these positions that, very importantly, have allowed the Commission to maintain consistency and needed stability in its two most senior staff leadership positions. Moreover, the Commission has been able to continue to receive the services of agency leaders who were selected for these positions after substantial experience working in positions of significant responsibility for the FEC. Instability in these positions has been the subject of prior management challenges identified by the OIG, and the Commission attributes the stability in these positions that has been achieved to the use of the interim solutions.

Challenge 2: Growth of Election Contributions

As illustrated in the OIG's description of this management challenge, increases in the amount of money raised and spent in federal elections, and changes in the way political committees raise and report contributions, have resulted in a steep growth in the number of campaign finance transactions reported to the FEC each election cycle. Campaign finance disclosure data must be received, processed and made available to the public within tight deadlines for public disclosure, and it must be safeguarded to ensure the integrity and accessibility of the information. Each of these transactions represents a data element that must be received by the FEC, added to our database and disclosed and made searchable on the FEC website and via the FEC campaign finance Application Programming Interface (API).

The FEC receives campaign finance reports, statements and other disclosure documents from more than 16,000 political committees and other filers. During the 2020 election cycle, these filers reported more than 600 million financial transactions, which were reviewed by FEC staff and disclosed to the public on the FEC's website and through the agency's API. This is more than double the number of transactions reported in the previous election cycle, and a nearly 400% increase compared to 2016, the last presidential election cycle. During the 2022 election cycle, these filers reported more than 590 million financial transactions, also which were reviewed by FEC staff and disclosed to the public on the FEC's website. This is a nearly 120 percent increase compared to 2018, the last nonpresidential election cycle.

With the steep rise in transactions reported every election cycle comes a heavier burden on the FEC's API to quickly search across the FEC's campaign finance database and display the data requested by the public. The FEC's API received over 407 million hits during 2020, the last presidential election cycle. During 2022, the last nonpresidential election cycle, the API received 480 million hits. With the steep rise in transactions reported every election cycle comes a heavier burden on the FEC's API to quickly search across the FEC's campaign finance database and display the data requested by the public. Thus, the FEC is facing challenges in processing and reviewing historically high levels of campaign finance disclosure information, while satisfying an increased demand for customer service and data information requests from the public.

In FY 2015 the FEC proactively launched a comprehensive, multi-year IT Modernization project in part in response to projected increases in campaign finance activity. The IT Modernization plan outlines reducing the agency's physical data center footprint by migrating applications to a cloud environment, modernizing internal applications, modernizing the electronic filing platform, adopting open-source software solutions, and increasing the use of shared services.

Budget and staffing constraints have limited the FEC's progress, but the agency has accomplished several of the plan's goals. As part of the FEC's website redesign, the FEC redesigned its website and migrated both the website and the campaign finance database that supports it to a cloud environment. In addition to providing faster and easier access to campaign finance data hosted in the cloud, this migration allowed the agency to shut down one of its physical data centers during FY 2018, realizing attendant costs associated with maintaining that data center. During FY 2020, the FEC made additional database enhancements to improve database performance and control costs of hosting and maintaining the database.

During FY 2022, the FEC completed the initial migration of legacy applications to a cloud environment. As a result, the agency was able to further reduce its physical data center footprint during FY 2023. Planning is underway to modernize mission-critical internal applications to ensure they take advantage of all the cost-saving benefits of cloud-native technologies. The trends in campaign finance activity of increasing spending, increasing transactions and increasing API hits illustrate how crucial it is for the agency to continue to implement new programs and systems to ensure the timely disclosure of campaign finance data. The migration of campaign finance data to a cloud environment and modernization of applications migrated to the cloud during previous fiscal years are essential components of these efforts. Modernizing the applications and data pipelines will permit users to utilize all the advantages of the cloud, which will help the agency to efficiently, fairly and effectively achieve its mission objectives. Data pipelines are a set of automated methods and procedures that process raw data files received from filers into the primary campaign database for internal agency use and for public consumption on FEC.gov. They are essential to processing and reviewing campaign finance disclosure information in compliance with the statutory mandates as well as government-wide customer service initiatives. The data pipeline modernization initiative will enhance and streamline the infrastructure and processes that facilitate the flow of information received through the eFiling system to internal review applications, like RAD Modules, and other systems, then to agency's public website. By modernizing the data pipeline, the FEC can avoid purchasing additional database licenses under the legacy database architecture and ensure that it can continue to effectively fulfill its disclosure mission.

To continue to mitigate an anticipated steep rise in future costs from maintaining physical datacenters, the FEC will continue to pursue its IT modernization plan which requires investment now and over the next several years to continue cloud migration and realize improvements in its IT processes. The FEC will continue to strive to implement the recommendations of this study during FY 2024 by modernizing migrated legacy applications to ensure they take full advantage of cloud-native technology, with the goal of generating efficiencies in future years while maintaining high levels of service to the public. The FEC's IT Modernization projects comprise a multi-year plan to migrate and modernize applications and data assets to a cloud environment in order to more effectively process transaction-level data, improve application performance and enhance security. The FEC is undertaking these projects primarily to ensure the agency can continue to receive, review and publicly disclose the increasing volume of campaign finance transactions that are reported.

Efforts to modernize the FEC's eFiling system are also essential components of the agency's efforts to ensure the timely disclosure of this increasing volume of campaign finance data. The FEC is currently working to upgrade its eFiling platform. In FY 2017, the Commission published a study of its current eFiling platform, including a survey of the existing functionality of the FEC's free filing software and an in-depth investigation of needs expressed by filers. The FEC is relying on the recommendations of this study to improve its eFiling platform to support efforts to improve ease of use for this software, make the software platform independent, and increase the consistency and accuracy of reporting.

Once completed, the new eFiling software will be cloud hosted. The new eFiling platform is expected to improve data quality and data validation and provide users with inline feedback. The redesigned eFiling platform will improve ease of filing for users by allowing greater operating system flexibility when generating filings for submission to the Commission. In addition, the modernization efforts will provide for seamless integration with the data portion of the website and, therefore, more efficient use of the agency's resources. The FEC will continue development work toward a phased public release of the new eFiling platform beginning in FY 2025.

Challenge 3: Budget

In its Statement, OIG describes how the FEC's budget has not kept pace with inflation. Without an appropriate level of funding, the agency will be unable to fund several modernization projects and hire and retain staff needed to address the increased volume of campaign finance data, specifically, and increased FECA related activity, generally. Over the past several years, the FEC has advocated for increases to its budget in its annual submissions to Congress. For example, for FY 2024 the FEC requested a 4.46 percent increase in its appropriation.

As the OIG recognizes, the FEC continues to confront a heavy workload alongside relatively flat funding levels that have contributed to the reduced staffing levels the FEC has seen over the past several years. Over the past decade, the FEC has been able to meet its statutory mission primarily due to efficiencies gained by reassigning staff using details, maximizing operational efficiencies through reorganizations, and improving technology and processes, among other efficiencies. However, in recent years the FEC has begun to exhaust the benefits that can be gained through such efficiencies and has, in some situations, reduced performance targets in response to these reductions in staffing amid increasing campaign finance activity. The FEC intends to continue its current efforts to maintain the current high performance of staff and the excellent service that they provide to the public. A critical part of this effort is obtaining adequate funding, promoting adequate staffing levels across the agency, and ensuring improvements in the agency's salary structure to be able to compete and retain top talent in leadership positions.

Challenge 4: Identifying and regulating unlawful foreign contributions

Management has undertaken a number of actions over the last several years to prioritize enforcement of the foreign national prohibition. Along with cases that are statute-of-limitations imperiled when OGC receives them, foreign national prohibition cases are assigned to OGC staff attorneys before any other class of cases. OGC has also modified its Status of Enforcement reports to the Commission so that the Commission is provided with complete data on every foreign national prohibition case on a quarterly basis. Further, OGC has revised its procedures so that it may more efficiently track the progress of all foreign national prohibition matters through the enforcement process. OGC has also modified its case management software to make it easier to run reports for the Commission concerning all foreign national prohibition matters.

Moreover, requirements for committee actions to prevent the receipt of foreign national, or other illegal, contributions are extensive. All committee treasurers are required by regulation to examine all contributions received for evidence of illegality. 11 C.F.R. 103.3(b). Contributions that present genuine questions as to whether they were made by foreign nationals, such as by coming from a foreign address or being drawn on a non-U.S. bank, may be, within ten days of receipt, either deposited in the campaign depository or returned to the contributor. If deposited, the treasurer shall make his or her best efforts to determine the legality of the contribution, including at least one written or oral request for evidence of legality. If the contribution cannot be determined to be legal, the treasurer shall refund the contribution within 30 days of receipt. 11 C.F.R. 103.3(b)(1). If the treasurer determines that the contribution did not appear to be made by a foreign national, but later discovers that it is illegal based on new evidence not available at the time of deposit, the treasurer shall refund the contribution within 30 days of discovering the illegality. 11 C.F.R. 103.3(b)(2). Any contribution which appears to be illegal but is deposited in a campaign depository may not be used for any disbursements until the contribution has been determined to be legal, and the receiving committee must either establish a separate account for such contributions or maintain sufficient funds to make any required refunds. 11 C.F.R. 103.3(b)(4). The treasurer must keep a written record noting the basis for the appearance of illegality of any such contribution, and if a committee's disclosure report is due while resolution of a contribution's legality is still pending, a statement to that effect must be included in the disclosure report. 11 C.F.R. 103.3(b)(5).

In another document, OIG has suggested additional requirements for disclosure to the Commission about suspected foreign national contributions. However, legal and practical concerns block immediate implementation of additional requirements for disclosure. Disclosure of additional information would require a legislative change, which of course is solely the purview of Congress. Specifics as to what must be reported to the Commission as part of disclosure reports are exhaustively described in 52 U.S.C. 30104. Moreover, given that all disclosure reports must be made available to the public, 52 U.S.C. 30111(a)(4), reporting of information such as contributors' U.S. passport numbers, as suggested elsewhere by OIG, would potentially raise serious privacy concerns.

The Commission has approved two legislative recommendations to expand the foreign national prohibition to encompass a broader scope of activity. The first recommendation is that "Congress should revise FECA's foreign national prohibition to prohibit knowingly helping or assisting a foreign national in violating the prohibition." The second is that "Congress should revise FECA's foreign national prohibition to include state and local ballot initiatives, referenda and any recall elections that are not already included in the prohibition." These recommendations were part of the Legislative Recommendations approved by the Commission in December 2022.

In its Statement, OIG recounts its recommendation that the FEC update and memorialize its practice concerning donors with foreign addresses to identify unlawful foreign contributions more effectively. That practice is already memorialized and regularly updated. The practice is based on a regulation, duly promulgated by the Commission, 11 C.F.R. § 110.20(a)(7), which provides a regulatory safe harbor for these situations. The practice is memorialized in the Reports Analysis Division's Policies and Procedures, which are updated for every election cycle and approved by the Commission, and which are publicly available on FEC.gov, with certain redactions unrelated to this practice.

Finally, Management notes that as of September 30, 2023, only four cases on OGC-Enforcement Division's docket pertain to FECA's foreign national prohibition, which is a marked reduction over recent years.

Challenge 5: Cybersecurity

The federal government continues to issue numerous cybersecurity-related initiatives to defend against the escalation of cyber-attacks, the increased activity of ransomware compromises and the attacks to widespread use of software systems. In response to these ever-growing cybersecurity threats, the FEC continually works to improve its security posture to protect its information systems.

The Office of the Chief Information Officer secures the Commission's IT infrastructure against the threats of data misuse, destruction and inappropriate disclosures, while ensuring continuity of operations in the event of a disaster. The Commission actively secures its IT infrastructure, including implementing cybersecurity directives from the Cybersecurity and Infrastructure Security Agency (CISA) of the Department of Homeland Security (DHS) as well as implementing mandatory security awareness training programs for its employees and contractors. In addition, the FEC continues to develop strategies and initiatives relating to risk assessments of operations, disaster recovery and continuity of operations in the event of a disaster. In 2021, the Commission completed work on the update of its Continuity of Operations Plan (COOP) as well as its Disaster Recovery Plan and held tabletop exercises in 2022 and 2023 to ensure that staff involved in the COOP are adequately trained. Currently, the staff is modifying the agency's Disaster Recovery Plan to incorporate our cloud-based IT assets.

As noted in the previous paragraph, DHS's CISA regularly issues numerous cybersecurity directives with which federal agencies must comply by the stated deadlines. With only a small number of employees who are able to work on information security mandates and remediation measures, the Commission must rely on outside vendors to help meet these requirements.

In 2018, the FEC—and all federal agencies—were directed to fund and implement a government-wide program to better safeguard information technology assets. (*See* DHS Binding Operational Directive 18-02 (May 7, 2018); *available at:* https://www.cisa.gov/binding-operational-directive-18-02.) This direction was further made mandatory by OMB M-19-03, *Strengthening the Cybersecurity of Federal Agencies by enhancing the High Value Asset Program*, issued on December 10, 2018. That directive expanded the High Value Asset Program (HVA) to non-CFO agencies and therefore, applies to the FEC. DHS's HVA program requires federal agencies to identify and submit lists of their high value assets to DHS, participate in DHS-led assessments, ensure timely remediation of identified vulnerabilities and report mitigation plans and progress. Within the agency's austere budget climate, the FEC had made the difficult decision to defer funding for some high-priority security projects in favor of yet more pressing agency requirements. As a result, the agency was not in a position to execute some cybersecurity initiatives, such as HVA, on the timeline initially proposed. In FY2022, however, the agency contracted with a HVA vendor to help the agency comply with this mandate and has begun working on this program.

The Commission continuously improves its security architecture. The Commission's security operation, along with continuous diagnostics and mitigation, allows the agency to identify and remediate vulnerabilities. In partnership with DHS and other strategic partners, the FEC identifies, protects, detects, responds to and recovers from the impact of known and potential security threats. In recent years, the FEC has worked with DHS to complete a security architecture review, a risk vulnerability assessment, two threat hunts, and a remote penetration test. Of note, the penetration test performed on FEC.gov found no major vulnerabilities. Through the engagement with the DHS, the FEC has recently implemented various cybersecurity tools, including vulnerability scanning tools and mobile threat defense. These engagements with DHS enable the FEC to identify and address cybersecurity gaps and thus improve its overall security posture. The FEC also works with vendors to ensure security and performance in its internal network. For example, in 2022, it completed an Office 365 Network Performance Assessment and plans to conduct an Office 365 Security Assessment later this year.

The Commission also responds as quickly as possible to executive orders and DHS mandates. For example, OMB Memorandum M-23-13, "No TikTok on Government Devices" Implementation Guidance, was recently issued to prohibit the use of TikTok on government-owned devices due to potential security concerns. In response to this directive, the FEC has implemented various technical and administrative controls to ensure compliance, including updating the agency's Rules of Behavior and Acceptable Use Standards to explicitly prohibit the use of TikTok on any FEC computing resources.

In 2022, the Commission renewed its general systems Authority to Operate (ATO) after a thorough review and audit conducted by the Department of the Interior. It also recently renewed the ATO for its legacy eFiling system. As of this writing, the FEC is in the process of renewing the ATO for FEC.gov and plans to seek an ATO for its cloud environment.

The FEC recognizes that perfect security is not feasible; rather, it is a continuing process of detecting risks, making process improvements and hardening defenses. For that reason, the benchmark of the FEC's approach to cybersecurity has always been practicability and continuous improvement. The FEC's cybersecurity strategy, noted in the FEC IT Strategic Plan, outlines an approach of securing its infrastructure and preventing intrusions through a holistic cybersecurity program led by the Chief Information Security Officer (CISO). The strategy implements leading practices for a comprehensive cybersecurity from the National Institute for Standards and Technology's (NIST) Cyber Security Framework (CSF) and industry best practices.

NIST Cyber Security Framework: The CSF functions provide a common language regarding cybersecurity issues that can help facilitate important discussions between different organizations and encourages effective collaboration and communication with FEC leadership and partner agencies and industries. The FEC's cybersecurity strategy strives to mature the five functions of the NIST CSF:

Identify: This function seeks to develop a deep understanding to manage cybersecurity risks to systems, assets, data and capabilities. The projects in this function are foundational for effective use of the framework. Understanding the business context, the resources that support critical functions and the related cybersecurity risks will enable the OCIO to focus and prioritize efforts. This action will be consistent with the organization's risk management action plans and business objectives.

Protect: This function seeks to help the team develop and implement the appropriate safeguards to ensure delivery of critical infrastructure services. This function supports the ability to limit or contain the impact of a potential cybersecurity event.

Detect: This function seeks to develop and implement the appropriate activities to identify the occurrence of a cybersecurity event. This will enable the OCIO to timely discover a cybersecurity event.

Respond: This function seeks to develop and implement the appropriate activities to take action regarding a detected cybersecurity event. The respond function supports the ability to contain the impact of a potential cybersecurity event.

Recover: This function seeks to develop and implement the appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity event. The recover function supports timely recovery to normal operations to reduce the impact from a cybersecurity event.

Moreover, the goal of the Commission's IT Strategic Plan is to define a robust, innovative and holistic security architecture that mitigates modern threats.

Through rigorous assessment and authorization methods, such as ATOs, and active participation in programs such as the DHS Continuous Diagnostics and Mitigation program, the OCIO will continue to improve its cybersecurity program and security architecture to safeguard FEC's infrastructure, networks and applications against cyber threats and malicious activities.

Following NIST guidelines and considering the Commission's own prioritization and resources, the first wave of projects primarily focuses on the "Protect" function to hinder threat actors from gaining access to the FEC's IT assets and data. For example, one project includes strengthening perimeter defenses using software-defined perimeter (SDP) and protecting FEC users from inadvertently infecting their systems by using a robust end-point security solution. SDP will ensure that anyone attempting to access the FEC infrastructure is authenticated and authorized at the perimeter prior to being able to access any resources on the network. The FEC will continue to implement the most advanced endpoint security solution to combat security threats.

Robust Security Architecture

As a result of, and in support of, the RMF, the FEC's Office of the Chief Information Officer (OCIO) continues to take steps to implement a robust security architecture. For example, in partnership with the Department of Homeland Security (DHS), the OCIO has collaborated with FEC stakeholders and technical experts to identify, protect, detect and respond to the impact of known and unknown threats, continuously assessing security controls and addressing residual and new risks. The FEC has also entered into an inter-agency agreement with DHS to participate in the Federal Continuous Diagnostics and Mitigation program. By partnering with DHS, the FEC is able to leverage that agency's cybersecurity resources, which would be cost prohibitive for an agency of the FEC's size to procure independently.

As identified in OIG's description of this management challenge, the FEC has proactively pursued significant joint efforts with DHS over the past two years to better identify and remediate emerging threats to the FEC's systems and networks. In addition, the FEC maintains ongoing information security efforts, including our security operation center participation in CISA's Continuous Diagnostics and Mitigation (CDM) program, c and security controls to address identified cybersecurity gaps. These efforts help to ensure that identified risks are appropriately addressed and that its cybersecurity program and security architecture will continue to safeguard the agency's infrastructure, networks, and applications against cyber threats and malicious activities.

Continuous Monitoring and Mitigation
OCIO Security has worked with DHS to improve security capability by integrating with the Continuous Diagnostics and Mitigation (CDM) program. OCIO Security has also introduced the use of secure baselining standards, such as the use of Defense Information Systems Agency (DISA) Security Technical Implementation Guides (STIGs) and Benchmarks. System hardening and secure baselining practices are being expanded in OCIO teams. The OCIO security team has developed a privileged user account agreement and recently updated the password policy to add administrative controls to supplement the technical access controls. The addition of the new password policy and multi-factor authentication (MFA) has improved the security posture of authentication types within the FEC's information systems.

Cloud-First Initiative
The FEC has also adopted a cloud first initiative for security, accessibility and recoverability. The FEC has migrated targeted legacy applications and systems to the cloud. Leveraging cloud computing allows the Commission to take advantage of cloud service providers' significant resources and expertise dedicated to maintaining the highest level of security. Hosting information, data and systems in the cloud will allow the FEC to better leverage government and industry best practices, such as DevSecOps, which improves our security posture by adding security mechanisms into the development and operation processes. Adopting a cloud first initiative will ultimately result in the consolidation and the modernization of all FEC's application and systems. Moreover, in cloud architecture, the security controls are built into the native configuration.

Operating applications in a cloud environment, however, requires specialized design, development, and security considerations to ensure both the security of the FEC's systems and the integrity and accessibility of its data. In implementing cloud architecture, it is essential that the FEC takes a more comprehensive view of the risk to information systems, establishes a governance framework and remediates the vulnerabilities of critical infrastructure. OCIO anticipates that it will begin the process of seeking a third-party assessment of its cloud environment in order to seek an ATO in 2023, pending funding approval by the Commission. It is also necessary that staff possess the necessary skillset to administer the Commission's cloud resources. Seeking the expertise to manage the FEC's cybersecurity requirements in a cloud environment and the growing federal mandates is necessary.

Building a Cybersecurity Culture
At the same time, the FEC is working to build a cybersecurity culture among its employees. For this comprehensive cybersecurity strategy to be successful, the OCIO will partner with federal agencies and industry leaders to leverage best practices for our IT workforce. The first line of

defense in maintaining the protection and integrity of the agency's network is the ongoing education of employees about their role in identifying and preventing malicious activities. Efforts to build a cybersecurity culture include steps to educate staff about FEC IT security policies and to ensure staff awareness of potential cybersecurity threats, such as phishing scams. The FEC promotes this cybersecurity culture in part through annual, mandatory IT security trainings and through year-round communication and notices to staff from the CISO. This year, the FEC continued additional training for all staff to help staff recognize and avoid social engineering attempts.

Building Capacity in the Information Security Office

Beyond training its staff, the Commission also seeks to recruit and train talent with cybersecurity expertise. In April 2019, the FEC entered into a partnership with the Partnership for Public Service to participate in the Cybersecurity Talent Initiative. This selective, cross-sector program, which provides loan forgiveness to top bachelors and masters graduates around the United States in exchange for two-years' service at a federal agency, addressed the immediate cybersecurity talent deficiency faced by the Commission. With a two-year limit on the fellowship expiring, and in the hopes of retaining employees with cybersecurity expertise, the Commission has recently created a permanent position to replace this fellowship position and hired a permanent cybersecurity specialist. This brought the total staffing level of the Security team up to three employees. The Commission's CISO has recommended that the agency expand its cybersecurity staff further and create additional positions in order to address the heightened security risks.