Federal Election Commission

Office *of the* Inspector General

Management and Performance Challenges Facing the FEC for FY 2025

November 13, 2024

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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 (FEC or Commission) Office of the 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:

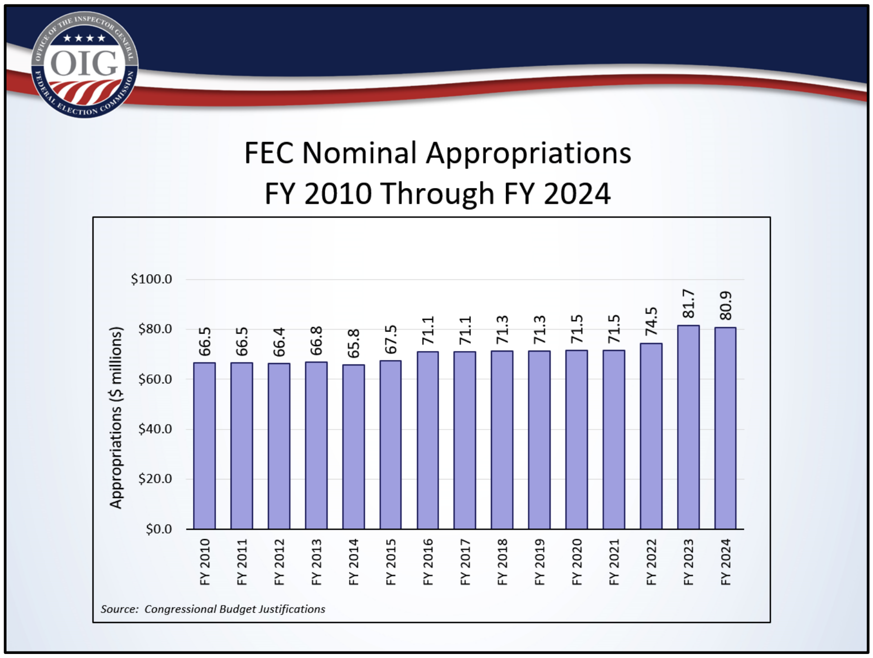
- Budget
- Modernization of information systems and cybersecurity
- Growth of election contributions
- Outdated statutory pay structure

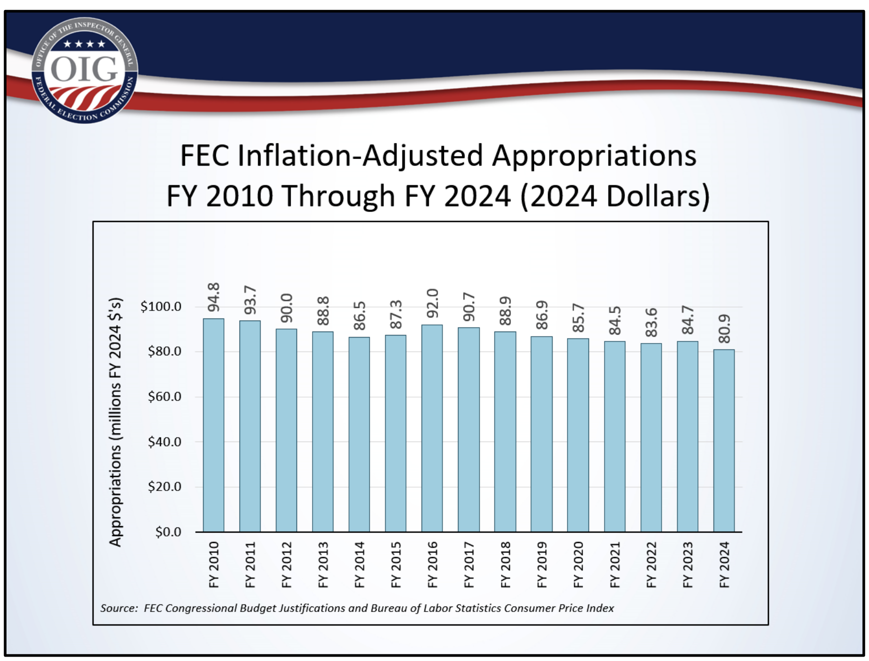
How did we identify these challenges?

We identified the Commission's major management and performance challenges by recognizing and assessing key themes from OIG audits, 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 four key management and performance challenges, which are detailed herein.

Background

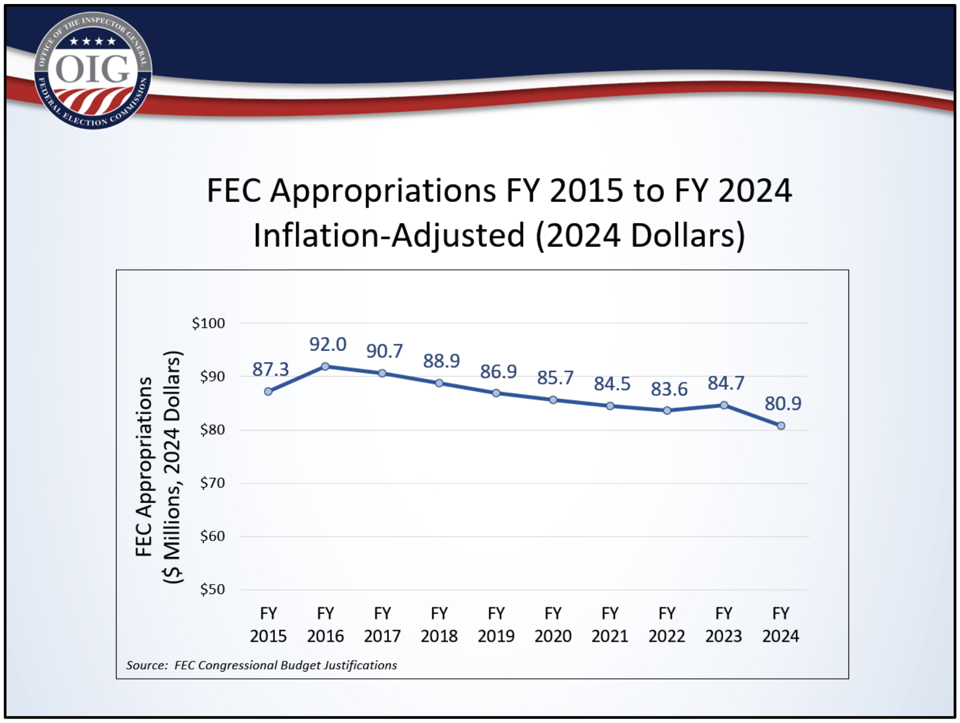
Despite a dramatic increase in campaign expenditures and the number of transactions subject to FEC regulation and oversight, the FEC's budget has remained largely static. When adjusted for inflation, the Commission's budget has actually decreased.[1]

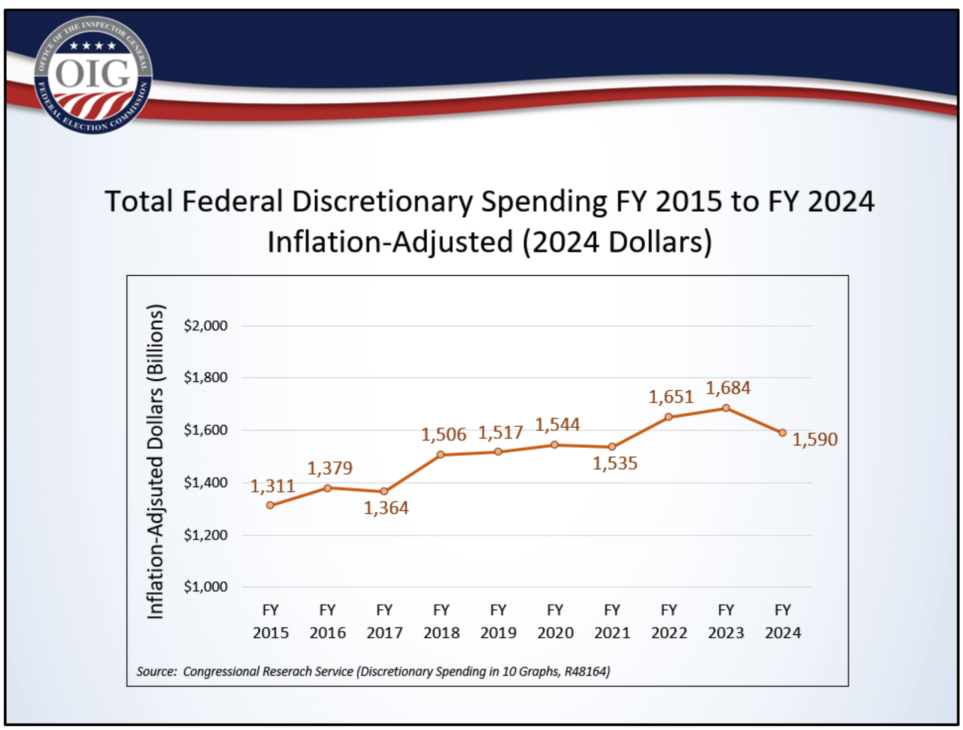




[1] In FY 2016 and FY 2017, Congress appropriated $5 million and $8 million, respectively, for one-time costs associated with the move of the FEC's headquarters. These funds are excluded from the charts.

Between FY 2015 to FY 2024, the FEC's nominal appropriation has increased by an average of only 2 percent per year. In comparison, according to the Congressional Budget Office, the federal base discretionary budget authority during the same period has grown an average of 5.1 percent per year.





Increasing Personnel Costs

The agency's budget for FY 2024 is approximately $80.8 million. Of this, personnel costs account for $57.5 million, or over 70 percent of the FEC's budget. The White House has announced a pay increase of 1.7 percent plus a locality-based adjustment of 0.3 percent, which is expected to raise the agency's personnel compensation and benefits by at least $1.1 million for 2025.[2]

Further, the Continuing Appropriations and Extensions Act, 2025 maintains FEC's funding at the FY 2024 levels until December 2024. If this funding level is extended throughout FY 2025, the agency faces a budget shortfall of $1.6 million to maintain FY 2024 personnel and operations levels, and the FEC will have the lowest funding level in more than 20 years, when adjusted for inflation.

As the agency's budget has tightened over the years, it has understandably prioritized staffing, since without its skilled employees, the FEC cannot accomplish its mission. However, as indicated in the FEC's FY 2025 Congressional Budget Justification, this has come at the expense of certain critical non-personnel costs. The FEC has reduced IT operational costs and largely refrained from funding the modernization of certain systems since FY 2016 to stay within appropriated levels. In FY 2016, the FEC spent approximately 35 percent of its budget on non-personnel costs; in FY 2024, that number has fallen to less than 30 percent.

Negative Impact on Agency Functions

The OIG notes that the agency has taken significant action to minimize the negative impacts of its low funding and staffing levels. In anticipation of flatline appropriations from FY 2023 to FY 2024, agency management deferred hiring, training, and travel in early FY 2024. Management cross-trained personnel when feasible to maintain continuity of service and mitigate the risks associated with staff turnover. The enacted FEC appropriation for FY 2024 was approximately 1.0% less that the FY 2023 appropriation level, constituting a cut of $817,000.

Despite these valiant efforts, the FEC has been clear about the negative impact that its funding levels have had on agency operations. For example, management reported in the FEC's FY 2025 Congressional Budget Justification that the Reports Analysis Division (RAD) was forced to stop assigning one campaign finance analyst to every authorized committee.[3] Instead, managers, who lack the analysts' familiarity and established relationships with the committees, now respond to inquiries from unassigned committees as availability permits.

The agency also reported that staff shortages in FY 2021 and FY 2023, combined with an unprecedented number of campaign finance filings, negatively impacted the agency's ability to process reports and make them available to the public within 30 days of receipt.[4] The agency

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[2] White House, Letter to the Speaker of the House and President of the Senate on an Alternative Plan for Pay Adjustments for Civilian Federal Employees, (Aug. 30, 2024) available at: www.whitehouse.gov/briefing-room/statements-releases/2024/08/30/letter-to-the-speaker-of-the-house-and-president-of-the-senate-on-the-alternative-plan-for-pay-adjustments-for-civilian-federal-employees/

[3] FEC's FY 2025 Congressional Budget Justification, at 13-14.

[4] Id. at 33.

also stated that in FY 2022, staff shortages in the audit division adversely affected the percentage of Proposed Final Audit Report (PFAR) approved by the Commission within two years of initiating audit fieldwork.[5] Similarly, in FY 2023, staffing shortages affected OGC's capacity to present enforcement matters to the Commission for initial review within one year of receipt.[6] Quarterly updates mandated by the Commission were also affected by staffing shortages across FY 2021, FY 2022, and FY 2023.[7]

Additionally, the FEC also included the following significant warning in its budget justification to Congress:

> Absent funding at the $93.5 million level, the agency is not confident of its ability to meet the disclosure demands of the 2028 presidential election cycle. The increasing volume of reported campaign finance transactions continues to strain the agency's systems. Although the total number of transactions received during the 2022 midterm cycle was slightly lower than that received during the 2020 presidential election cycle, the agency still struggled to successfully process the number of transactions received on any particular day during the 2022 cycle.[8]

The results of the OIG's annual risk assessment echo the agency's own conclusions about its ability to operate at current appropriations levels. In response to a survey that the OIG issued, 37 percent of respondents from the Office of the Chief Information Officer (OCIO), Office of General Counsel (OGC), Office of the Chief Financial Officer (OCFO), and the Office of the Staff Director (OSD) indicated that staffing levels are insufficient to complete work assignments. Respondents also raised concerns about the overall ability of the agency to meet mission and performance goals due to high employee turnover and retention issues.

The OIG notes that a mitigating development is that in July 2024, a technology modernization grant was awarded to the agency to modernize the software program that many political committees use to file financial disclosures with the FEC.[9] This one-time award increases net available modernization funds by approximately $4 million. As one-time funding, however, this does not address the sustained and ongoing need for technological investment and development.

Negative Impact on Staffing

The agency concluded FY 2024 with 291 employees, representing a 10.7% decrease from the staffing levels recorded in FY 2016. This is the lowest staffing level the FEC has had since at least 2000.

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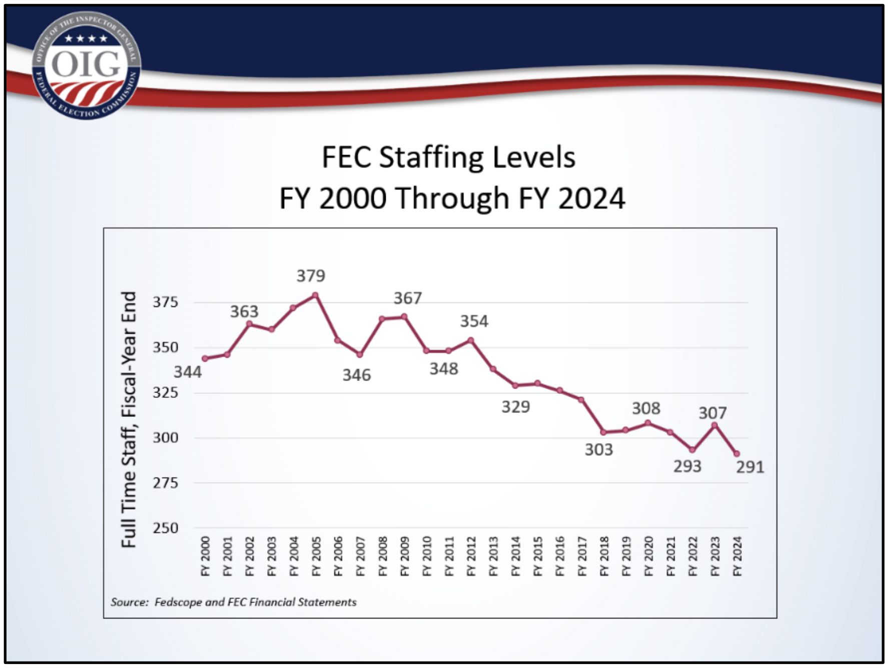
[5] Id. at 41.
[6] Id.
[7] Id. at 47.
[8] Id. at 11.
[9] FEC press release, "FEC receives $8.8 million award to modernize agency's electronic filing system" (June 18, 2024), available at: www.fec.gov/updates/fec-receives-88-million-award-to-modernize-agencys-electronic-filing-system/



Recently, the FEC has been losing staff with decades' worth of institutional memory. In total, there have been 72 separations of FEC career staff from FY 2022 through FY 2024 that represent the loss of 1,035 years of experience. Additionally, 46 current FEC employees have served in the federal government for over 30 years, with 31 holding positions at GS-11 or above. Five of these long-serving employees are designated key personnel in the agency's September 2022 Continuity of Operations Plan (COOP). Collectively, these five individuals bring 163 years of institutional knowledge, including 65 years from OGC, 69 years from OSD, and 29 years from OCIO.[10]

FEC Employees with more than 30 Years of Federal Service (GS-11 and Higher)

Pay Grade	Number of Employees
Senior Leader (SL)	1
GS-15	6
GS-14	8
GS-13	8
GS-12	1
GS-11	7
Total	**31**

[10] Indeed, since that plan was issued, 14 of the 88 key personnel positions identified in the COOP have left the agency (as of September 2024).

Conclusion

By far the most difficult challenge facing the FEC is its budget. Insufficient funding levels have negatively impacted staffing levels and agency operations. Both agency managers and employees raised significant concerns about increasing workloads due to decreasing staff levels during the OIG FY 2025 risk assessment. The current agency dynamic may increase employee burnout while diminishing the quality of work. Without additional funding, the FEC is at risk of failing to provide the level of service that Congress and the public expect of it and the FEC's ability to ensure the integrity of its operations and security posture will continue to be hindered.

Management and Performance Challenge: Modernization of Information Systems & Cybersecurity

Background

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 makes campaign finance data available to the public, resulting in significant webpage traffic from stakeholders and the general 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.

The FEC continues to face significant challenges related to replacing legacy information systems. Independent public accountants (IPAs) provided recommendations for OCIO information systems in the FY 2022 and FY 2023 financial statement audits. Specifically, in FY 2022, the IPA recommended that OCIO address critical and high-level vulnerabilities outlined in the agency's system security plan. The IPA noted that flaw remediation controls were not consistently applied due to insufficient resources and outdated equipment. In FY 2023, the IPA recommended that senior leaders develop a feasibility plan for replacing legacy information systems. The IPA also recommended that the agency prioritize funding and other resources to replace these legacy systems. The agency received a grant in FY 2024 and is moving forward with modernizing legacy technology. As a result of agency actions during FY 2024, the IPA closed these recommendations.

Additionally, it is important to note that the FEC cannot improve its IT infrastructure without additional funds and additional staff. The OIG agrees with the agency when it stated:

> The realization of the FEC's cybersecurity projects and ongoing security enhancements hinges on the expansion of our current workforce…These staffing needs cannot be overlooked. Amidst the escalating frequency and sophistication of cyber threats, failing to allocate the necessary resources to bolster our cybersecurity workforce would leave the FEC's vital systems and sensitive data increasingly vulnerable.[11]

Potential Security Event

In April 2024, OCIO reported a potential security event to the OIG. The impacted applications include the Searchable Electronic Rulemaking System (SERS), Advisory Opinion Search (AO Search), and the Enforcement Query System (EQS). While the agency successfully addressed critical vulnerabilities in the SERS and AO search applications, it was forced to decommission the aging EQS system.

[11] FEC's FY 2025 Congressional Budget Justification, at page 14.

In May 2024, the OIG conducted a preliminary inquiry into this matter, interviewing various agency staff members and contractors that support the affected systems. The OIG reviewed applicable policies and procedures, reports and internal security scans provided by the Chief Information Security Officer (CISO), and reports from the Cybersecurity and Infrastructure Security Agency (CISA). Our preliminary inquiry determined that OCIO took immediate action to secure and disable the impacted information systems and there was no indication of negligence within OCIO.

During interviews with FEC personnel, multiple staff reported that budget and personnel shortages adversely affect OCIO operations, resulting in insufficient capability for monitoring and remediation of vulnerabilities. Additionally, some OCIO employees expressed concern regarding the resources and time required to update legacy systems and comply with new mandates, such as those contained in Executive Order 14028.[12]

In April 2024, the OIG evaluated agency security scans and identified 76 common vulnerabilities and exposures (CVEs). This number increased to 83 CVEs in May 2024. Of these, the OIG identified 60 CVEs published before 2017, including 11 that are linked to a single legacy information system.

The OIG contracted with an IPA to audit and assess the effectiveness of the agency's patch management policy and procedures. The primary goal of this review is to establish a baseline for patch and vulnerability management activities, providing the OIG with data to measure future process and vulnerability remediation performance. A secondary objective seeks to determine the costs associated with the operation of legacy systems and determine if those funds could have been put to better use. The OIG acknowledges the agency will likely address many of the vulnerabilities through modernization and is closely monitoring the agency's efforts.

Conclusion

The OIG identified cybersecurity as a management challenge in FY 2023 and FY 2024. In FY 2024, the FEC was awarded a technology modernization grant to help fund the modernization of a legacy system. The OIG applauds management's decision to move forward with technology modernization efforts because it will help reduce potential attack vectors and improve FEC's cybersecurity posture by doing so.

That said, the OIG recommends that agency management, to the extent possible given current funding levels, continue prioritizing and addressing the challenges associated with legacy information systems to enhance cybersecurity and comply with relevant mandates while dealing with ongoing staffing shortages.

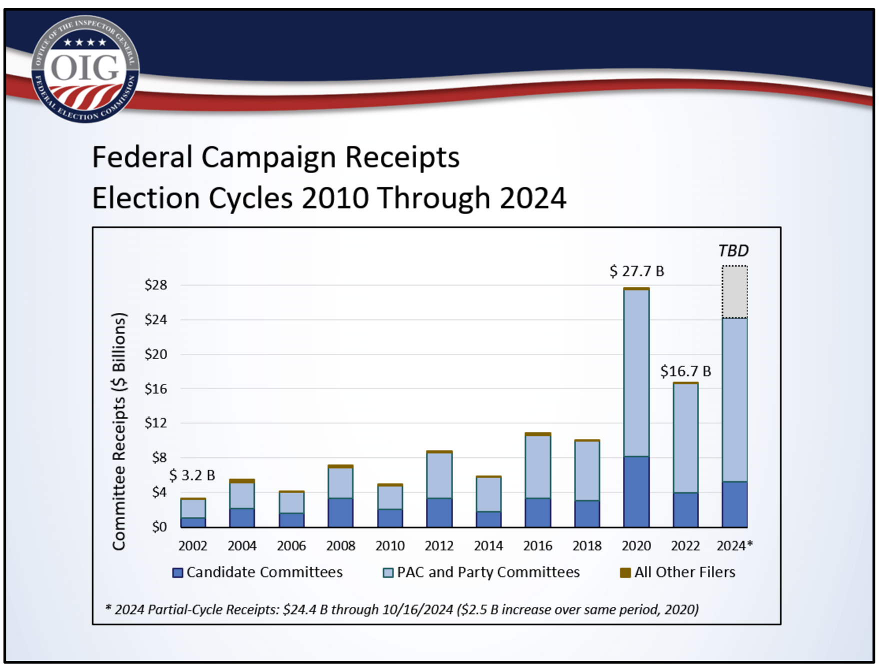
[12] Executive Order 14028, Improving the Nation's Cybersecurity, 86 Fed. Reg. 26633 (May 12, 2021).

Background

Much has changed in the 50 years since the FEC was first created by Congress. In 1976, the first presidential election cycle after the FEC was established, federal campaigns raised and spent approximately $300 million total. In the 2020 presidential election cycle, total campaign committee receipts were close to $28 billion. Campaign committee receipts for the 2024 cycle through mid-October exceed the 2020 receipts for the same period by $2.5 billion.

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 seven-fold increase. The 2024 cycle is on track to exceed the 2020 cycle. Committee receipts for the 2022 mid-term elections reached $16.6 billion, a five-fold increase over the 2002 total of $3.2 billion.[13]



Contributions are segmented by candidate, party/PAC, and "other" committee types. All data is obtained from FEC filings. Complete information for the 2024 cycle is not available.

[13] 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.

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. Based upon data for the 2024 cycle to date, it is possible that the number of transactions may exceed 500 million by the end of the year.

Conclusion

The exponential growth of campaign spending requires the FEC to manage its limited staff and extremely limited budget prudently. The OIG supports the agency's modernization efforts, including the eFiling software and infrastructure, the campaign finance data pipeline, and the transition from legacy systems.

Management and Performance Challenge: Outdated Statutory Pay Structure

Background

The Federal Election Campaign Act (FECA) specifies the level of pay for Commissioners, the Staff Director, and the General Counsel. Because of long-standing pay freezes, the pay for Commissioners is well below that of many line FEC employees. Indeed, the General Schedule (GS) has outpaced even the unfrozen salary levels of the Executive Schedule, which means the Staff Director and the General Counsel would similarly be paid less than many of the employees they oversee. As a result, the FEC has not had a permanent General Counsel since 2013, and the Staff Director has been dual hatted since 2011.

Commissioner Pay

The FECA states that FEC Commissioners are to be paid equivalent to level IV of the Executive Schedule. Executive Schedule pay for political appointees has been largely frozen since 2010, with only one adjustment in 2019. As a result, FEC Commissioners receive lower salaries than all Senior Level (SL) staff and most GS staff at levels 14 and 15. In total, Commissioners receive lower compensation than 106 FEC employees out of 291 total staff as of August 31, 2024. The OIG expects the percentage of FEC staff who earn more than FEC Commissioners to approach 46% by the end of FY 2026.

This 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. Washington, D.C. is routinely ranked among the top ten most expensive cities in the United States. Indeed, one 2023 study found that $100 in the Washington-Arlington-Alexandria metro area would buy goods and service worth only $89.82.[14] Considering this, the real value of Executive Schedule pay in this area is roughly 10.4% lower than the nominal value.

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. Both the Staff Director and General Counsel positions supervise personnel at the GS-15 and SL pay levels, most of whom 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.

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

[14] The Tax Foundation, “Real Value of $100 by Metropolitan Area, 2023”, available at: https://taxfoundation.org/data/all/state/purchasing-power-most-expensive-us-cities-metros-2023/

CIO to address technological issues, allocate and utilize resources effectively, and establish adequate processes for the agency's protection and security, 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.

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.

Conclusion

This outdated pay structure creates challenges in recruiting and retaining the most senior level officials at the FEC. The OIG supports the FEC's legislative proposals designed to address this problem.

FY 2024 Management Challenges Not Included in FY 2025 Report

The OIG consolidated and updated many of the challenges identified in the FY 2023 and FY 2024 reports in this report.

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

November 13, 2024

In its Statement on the FEC's Management and Performance Challenges ("Statement"), the Office of the Inspector General ("OIG") identified four overarching management and performance challenges for the FEC for Fiscal Year 2025. Management's response to the OIG's Statement is below.

Challenge 1: 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, including a significant increase in its FY 2025 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 experienced 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.

Staffing Levels and Agency Impact

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, coupled with the reduction in funding in FY 2024. Indeed, over the last decade, between FY 2014 and FY 2024, the FEC's overall staffing levels were reduced by nearly 11 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

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

into FY 2022. These constraints only served to magnify longer-term staffing challenges for the agency. While the FEC received a higher appropriation in FY 2023, it was followed by a reduced appropriation in FY 2024. As the OIG's Statement shows, when adjusted for inflation, the FEC has experienced a 12.1 percent decrease in its budget from FY 2016 to FY 2024. In recent years, 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, as described in the FEC's 2024 and 2025 Congressional Budget Justifications.

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 short-term 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 set meaningful staffing goals for FY 2025, craft a strategic hiring plan to meet the agency's mission, and more resourcefully address the information technology and election contribution growth addressed in Challenges 2 and 3. However, the FY 2024 budget decrease led to a concerted effort to reduce the size of the FEC's workforce through attrition and only allowed for limited, high priority hiring. Instead of hiring up to the FY 2024 FTE goal of 340, the staff was reduced from 309 employees at the end of FY 2023 to 293 employees at the end of FY 2024 to meet budget constraints, which represents a reduction of more than 5 percent of the agency's employees in a single fiscal year, coinciding with a presidential election year on track to include a volume of campaign finance transactions on par with the 2020 election cycle.[2] In the event of flat or further decreased funding in FY 2025, the agency would need to again plan for further reduced staffing levels.

[2] A detailed discussion of the increase in campaign finance transactions can be found in Challenge 3: Growth of Election Contributions.

Challenge 2: Modernization of Information Systems & 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 (OCIO) 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 FY 2022, 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 conducted an Office 365 Security Assessment in 2023.

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 issued in 2023 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. In 2023 it renewed the ATO for its legacy eFiling system. In 2024 it received a new ATO for the FEC's cloud infrastructure.

In 2024, following a security event involving legacy searchable systems, the FEC Security team engaged CISA for a proactive threat assessment. From July 29 to October 11, 2024, CISA conducted a remote investigation, concluding that no evidence of adversarial activity or malicious presence was found within the FEC's environment. Additionally, the FEC Security team engaged a third-party vendor to conduct an independent threat hunt to detect any signs of persistence linked to the security event. The third-party vendor analyzed over 15GB of raw audit logs from the legacy legal search applications and concluded that the attempted attack was unsuccessful, with no persistent threats in the FEC's systems.

The FEC agrees with the OIG's recommendation to prioritize addressing the security challenges posed by legacy applications and is working, within the agency's limited resources, to achieve this outcome through the cybersecurity strategy described below.

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 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, 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 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 completed a third-party assessment of its cloud environment and received an ATO for it. 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.

As part of our IT modernization, the agency has migrated applications to a modern cloud architecture and strengthened security against complex cyberattacks. Partnering with cloud.gov, the FEC ensured Fec.gov remains secure and resilient. Recently, Fec.gov faced multiple Distributed Denial of Service (DDOS) attacks with surges of obscured traffic attempting to overwhelm the homepage. Our robust security architecture blocked approximately 96 percent of malicious traffic, preventing disruptions. Over three days, the homepage handled over 265 million requests—13,700 times the usual volume—demonstrating the effectiveness of the agency's security measures.

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. The FEC's Security team currently includes three employees. The agency is planning to hire one additional security specialist to serve on the Security team and an IT operations specialist who would spend 80 percent of their time on security-related efforts. 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.

Challenge 3: 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. 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 Application Programming Interface (API). This is more than double the number of transactions reported in the previous election cycle, and a nearly 400 percent increase compared to 2016, the previous presidential election cycle. During the 2022 election cycle, these filers reported more than 590 million financial transactions, which were also 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 previous nonpresidential election cycle.

During the 2024 election cycle, the FEC has already received campaign finance reports with 440.1 million transactions, a 1.7 percent decrease from 2020, disclosing $24.4 billion in receipts and $22.7 billion in disbursements, an 11.3 percent and 12.7 percent increase, respectively, over the last presidential election cycle at this point.[3]

The FEC provides the public access to reported campaign finance data on the agency's website and directly through the FEC's API, which permits users to customize their own data searches.[4] Public interest in the FEC's campaign finance data continues to grow, with the FEC's campaign finance data API receiving over 603 million hits during the 2024 cycle so far, already representing a 48.3 percent increase over the number of API hits received during the full 2020 presidential election cycle.[5] These trends in the public's interest in campaign finance activity illustrate both how crucial it is for the agency to continue efforts to support and secure access to this data and how challenging it is to do so without additional funding for staff and tools necessary to receive and process campaign finance reports, review the reports for accuracy and compliance and ensure the resulting data continues to be readily available to meet the public's needs despite the significant growth in the volume of data maintained by the agency.

The FEC is undertaking several multi-year IT modernization projects to update the agency's systems and data processing capabilities to use cloud-native architecture, improve services provided to the public and better ensure the security of the FEC's networks, systems and data. Modernizing and refactoring the agency's legacy applications, systems and data pipeline will help the FEC streamline the processing of information provided to the public while at the same time improving the systems and tools used by agency staff to provide services to the public and ensure compliance with the campaign finance law.

In FY 2018, the FEC completed the migration of FEC.gov and one of its campaign finance databases from a physical datacenter to a cloud environment, allowing the agency to shut down one of its physical datacenters. This migration effort allowed the agency to reduce its physical datacenter footprint by 25 percent.

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3 This data is as of November 5, 2024.

4 The FEC's API, OpenFEC, also supports the data access available through FEC.gov.

5 This data is as of November 5, 2024.

During FY 2020, the FEC conducted a study of its remaining legacy systems to develop a cloud migration plan for these legacy applications and systems. The cloud migration plan developed during FY 2020 also included recommendations for migrating the FEC's disaster recovery environment and the FEC's primary campaign finance database to a cloud environment.

During FY 2022, the FEC completed migrating the legacy mission critical applications, systems and databases that were identified in the cloud migration plan. During FY 2023, the FEC shut down its disaster recovery physical datacenter, reducing that footprint further. It also began to implement the FEC's disaster recovery plan for its cloud environment. In FY 2023, the FEC worked to migrate network and storage devices and shut down our physical, datacenter-based disaster recovery site.

In FY 2024, the agency began to modernize and refactor the legacy systems that now reside in the cloud to adopt a cloud-native architecture. This also includes modernizing the data pipeline to enhance data processing and a project to modernize several legacy applications used by the Commission for voting and document management. The FEC has also continued to build on the agency's successes in reducing its reliance on physical data centers. In April 2024, the legacy Electronic Filing Infrastructure and its related disaster recovery environment was migrated to the FEC's cloud environment.

Challenge 4: Outdated Statutory Pay Structure

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 2024 is $191,900. 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. As a result of executive action, those 2013 levels were frozen at 2010 rates. A small adjustment was made in 2019, which set the frozen pay level at $158,500, or 17.4 percent less than the full 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. The Commission has approved a Legislative Recommendation that proposes to amend FECA to increase Commissioners' compensation to $186,300 per year, subject to adjustment for future inflation.

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.

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