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House Committee on Oversight and Reform

Subcommittee on Government Operations

Hearing on

Federal Information Technology Acquisition Reform Act Scorecard 10.0

Chairman Connolly, Ranking Member Hice, and Members of the Committee, thank you for the opportunity to discuss the Federal Information Technology Acquisition Reform Act (FITARA) and continued improvement in IT management government-wide. These topics have never been more critical to how the government operates than when we are serving the American public while working in a hybrid operating environment.

I am a civil servant official who joined OMB on May 30, 2020 after serving more than 3.5 years as the Small Business Administration Chief Information Officer (CIO) and many years innovating and driving change in the Federal government. Throughout my federal career, I have seen the value of investing in modern, scalable solutions first hand, and how taking prudent risk, collaboration, brainstorming and sharing ideas and concepts drives change.

The Office of Management and Budget (OMB) strives to ensure our policies and guidance are flexible enough to embrace emerging technologies while protecting security and privacy as integral components of modernization strategies. Over the last three years, OMB's Office of the Federal CIO (OFCIO) updated policies and guidance to remove barriers to modernization and align with the President's Management Agenda (PMA). The overarching goal for these updates were to enhance CIOs' responsibility, authority, and accountability over their agency's technology programs, authorized by FITARA. CIOs are strategic members of their Agency leadership teams and are expected to deliver high quality, secure solutions to increasingly complex problems. COVID-19 put an even bigger spotlight on digital transformation and the need to adapt quickly.

The PMA sets a long-term vision for modernizing the Federal government in key areas with technology improvements as an opportunity and as an enabler. The IT Modernization Cross Agency Priority (CAP) Goal has been one of the most visible, active areas of the President's Management Agenda. This is a long-standing area of shared interest between Congress and the Executive Branch, and the Administration demonstrated consistent progress in achieving its goals. This included progress in top priority areas such as improving the cybersecurity posture of the Federal Government, reducing costs, and adding value in service to citizens and mission delivery.

OFCIO endeavors to accelerate the implementation and sustainment of modern technologies capabilities using cost effective techniques while maintaining the needed cybersecurity protections with a trained and skilled workforce.

### **Modernization at Scale**

Modernization at scale is challenging for any organization, and it is especially hard in the unique Federal funding environment. Many agencies accumulated significant technical debt over many years of underinvestment. Paying off this debt requires consistent, substantial investment over multiple years. Even well managed projects pose both financial and operational risks, but there will never be a solution or project that has zero risk. Most efforts to modernize have a net-positive business case, but migrating large, deeply integrated, mission-critical IT systems creates “dual costs” while the agency must keep the old system operating and simultaneously deliver services while building, testing, and deploying the new system. Our focus, both in the Executive Branch and in Congress, should continue to be identifying and mitigating that risk to the extent possible while advancing critical IT modernization efforts that drive better mission and service delivery and lead to lower operating costs over the long term.

Investments in long-term modernization are key to continuing to drive change across the Federal government. Over the last several years, investments in modern infrastructures, cybersecurity and zero trust networks leveraged the flexibility and scalability of cloud-based solutions giving the Federal government the ability to configure commercial platforms with reusable services driving increased efficiencies and effectiveness. This was evidenced by the Federal government's unprecedented and seamless transition to telework.

The Modernizing Government Technology (MGT) Act is enabling long-term modernization focusing on improving, retiring or replacing legacy systems, enhancing cybersecurity and transitioning to commercial leading practices. Since 2018, agencies submitted more than 50 proposals totaling \$550M. TMF Board approved nine projects totaling \$101M and agencies are already repaying those “loans” through the savings they have achieved. Although agencies are repaying the fund, the demand outstrips the funding supply. OMB requested \$150 million in FY21 appropriations for the TMF to support agency proposals.

We are seeing the success of the TMF and how funding is sustaining multi-year modernization projects without affecting mission. Examples of this include the Department of Housing and Urban Development (HUD), US Department of Agriculture (USDA), and Department of Labor (DOL). HUD is rapidly migrating off decades old mainframe and already piloted several successful code conversions to commercial software. TMF funding enabled DOL to move completely off paper to electronic labor certificates and when COVID-19 hit, there was no impact to their operations. The USDA established Farmers.gov citizen portal to unify useful and critical program information that was previously scattered across numerous agency-specific websites. USDA customers now have an intuitive, streamlined customer experience.

The MGT Act also enabled the establishment of agency IT Working Capital Funds (IT WCF) for some CIOs to drive long-term modernization and innovation. IT WCF gives CIOs the flexibility and capabilities to adjust to technology landscape changes while continuously modernizing where the current budget cycle is at odds with the need for large-scale digital transformation programs. In 2019, two agencies requested and were approved to establish IT WCFs; in FY20 three agencies requested and were not approved and agencies either requested new IT WCFs or requested transfer authority for existing WCFs in FY21 appropriations. OMB continues to work closely with agencies, however, the establishment of an IT WCF requires appropriations approval and the creation of agency transfer authority. The establishment of IT WCFs is necessary for CIOs to drive long-term change and while all agencies need them, agencies need to ensure the CIO has appropriate visibility and tools to fund modernization efforts.

In embracing a continuous delivery mindset, CIOs are applying agile methodologies, including DevSecOps, to their programs and the FITARA scorecard reflects a development cycle of 6 months or less. Applying agile methodologies is not restricted to the CIOs domain, rather opportunities remain where acquisition processes are starting to adapt to enable acceleration and flexibility in agile technology acquisition. The Chief Acquisition Officer and the Acquisition Cadre are critical partners to the CIO.

### **IT Spend Transparency**

Through cloud-based capabilities, scalability and advanced analytic tools, agency CIOs are making data available and enabling data to drive strategic decisions. Investments in data accelerated and enabled our ability to respond to the pandemic. Using technology tools and

applying advanced analytics and artificial intelligence (AI) informed – and continues to inform - decision making, subsequently improving the consistency and clarity of results delivered (dashboards, project transparency, mission stories) that demonstrate value. We are leveraging authoritative data in an automated way not only for business decisions but also for gaining transparency into what we are spending on IT, and leveraging that to inform strategic planning, enterprise architecture, capital planning, budgeting, acquisition and execution.

### **Responding to COVID-19**

As technology leaders, CIOs were expected to deliver and did so successfully as the COVID-19 pandemic unfolded. Agencies transitioned to telework and did not miss a beat as the government responded to the pandemic and increased mission requirements. IT personnel were asked to respond and deliver high-quality solutions to complex problems for the American people. OMB guidance *M-20-19 Harnessing Technology for Mission Continuity* directed agencies to use technology to the greatest extent practical to support mission continuity. Before the pandemic, agencies had already made significant investments in technology infrastructure and scalable platforms, and CIOs had given thought to what it would take to scale for full remote operations. Although there was no precedent for moving most of the Federal Government out of a physical office to working from home, these investments paid off.

Agencies used modern technology for mission continuity - telework and digital service delivery to scale their disaster response. We saw innovation accelerate as agencies leveraged foundational capabilities already in place. The VA pivoted to video interviews and the NSF pivoted to 100 percent virtual meetings, including merit panels, which are staffed by experts around the world. The expansion of virtual desktops for surge employees significantly reduced hardware costs and eliminated traditional acquisition timelines. I saw first-hand where agencies had development roadmaps and agile processes already in place and were able to draw on and expand existing IT and business collaboration capabilities. They used existing microservices to rapidly build out new services and meet new business requirements. Some agencies leveraged automation for incoming calls, triaging e-mails and de-duplicating, and turning them into actionable cases. The use of electronic signatures expanded and agencies applied modern technology for COVID response actions. Agencies updated their websites, added portals, leveraged commercial platforms and rapidly expanded call center capabilities to make

information available to citizens. The CIO Council identified the need to develop approaches to modernizing end-to-end processes that may require digital capability from state, local, tribal and territories. These end-to-end processes cut horizontally and vertically through multiple levels of government.

Cross-government collaboration was remarkable, yet it highlighted the need to invest in more cross-government collaboration tools. The demand for interaction, digital information sharing and cross-government capability was heightened and the CIO Council came together to support each other by sharing skilled resources across agencies and physical locations.

Investments in cybersecurity paid dividends against threat vectors including phishing, scams and malicious e-mails. This included identifying entities misusing department and agencies branding to confuse our customers and impersonating agency and department officials in social media.

### **Evolving the FITARA Scorecard**

Today's hearing is focused on the 10th edition of the FITARA Scorecard, and OMB appreciates Chairman Connolly and this Committee for the oversight and focus on this topic over the last five years. Progress in IT modernization requires the close collaboration of agency CIOs, OMB, and Congress to ensure that policy, law, and funding are all aligned to a common set of goals. The progress that we have seen since 2015 in areas like CIO authority, data center consolidation, and software license management is a testament to the importance of clear goals, transparency, and good management.

Agency CIOs are now an integral part of agency leadership. As true business partners, CIOs are driving transformation at their agencies and demonstrating results. In support of data center optimization, agencies have closed more than 6,000 facilities. On the previous scorecard, nearly every agency earned an A for compliance with the MEGABYTE Act. As we reflect on these successes, this is also an opportunity to update how we measure success in IT management. The landscape has shifted since FITARA scorecard 1.0, with "incremental development" as a best practice giving way to adoption of commercial technologies and software-as-a-service. In keeping with the best practices of private industry, we have shifted our focus from *number of data centers consolidated* to *application rationalization* to take full advantage of modern technology to deliver results to our customers. And, we are elevating customer experience in the

recognition that the most modern, secure system in the world is worthless if our end users are unable to use it to engage with government services.

As the Committee looks toward the future of the FITARA scorecard, OMB looks forward to engaging with you and your staff to identify the right modernization targets. New metrics should provide an honest look into our progress and our challenges in modernizing government technology, while using data sources that are low-burden on the agencies, and updated frequently to enable transparency for both Congress and the public.

This is not a simple process, nor one that will happen overnight, but we know that IT modernization works best when it is a partnership.

## **Conclusion**

As we recover together from current and immediate challenges, we are learning valuable lessons in becoming more resilient and prepared for future global challenges. The government should be an innovator, a model, and leader in its adoption and use of technology. The pandemic highlighted how fast we could innovate and push technology solutions, and demonstrated how quickly agency CIOs could respond and accelerate when leadership, program offices, budget, contracting and other mission support activities aligned to get barriers out of the way. The pandemic also highlighted opportunities for government-wide collaboration, a need for increased data sharing, and where future technology investment is needed. The momentum must be sustained and I look forward to collaborating with you to further refine the FITARA scorecard and build on these successes to continue to drive innovation to make the Federal government a technology leader.