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Opening Statement of Chairman Gerald E. Connolly Hearing on “Technology Modernization Fund: Rewriting Our IT Legacy” May 25, 2022

Legacy IT systems, systems that are outdated or unsupported, plague our federal agencies. These systems prevent the federal government from effectively providing small businesses the financial and technical support they need; hamper the ability of veterans to access their benefits; and delay the Internal Revenue Service from getting millions of Americans their tax refunds. Each year the federal government spends more than \$100 billion on information technology and cyber-related investments. Unfortunately, 80% of that funding is dedicated to maintaining aging systems.

These relic IT systems present exorbitant maintenance costs; vulnerable cybersecurity postures; and unacceptable encounters for customers seeking assistance from federal agencies.

Years of inspector general and Government Accountability Office reports find that many federal agency IT modernization projects are at risk of failure; cost overruns; schedule slippages; and sometimes lack disciplined and effective management and program oversight and governance. So, Congress is faced with aging federal IT across government – and a suspect track record on projects designed to modernize that IT.

That is why in 2017, I worked with my Republican counterparts to establish the Technology Modernization Fund (TMF), a fund engineered to reimagine and transform the way federal agencies invest in modern, nimble technology. We sought to reimagine how government could and should deliver services to the American people.

The TMF offers agencies an opportunity to secure a consistent and flexible funding stream, enabling once impossible, multi-year investments in sweeping, complex, and transformative IT projects. The TMF is designed to provide agencies assistance in their modernization efforts “at every stage of the proposal development process, from initial concept development to final award,” providing “technical, acquisition, and financial assistance and oversight throughout project execution.”

This Subcommittee is the locus of IT oversight in Congress – and today we seek to make sure that the tool Congress created five years ago, to help agencies build systems that deliver vital government services, is working.

Additionally, it is roughly one year since we secured a historic \$1 billion investment in the Technology Modernization Fund. Today we want to check in and make sure that TMF’s leadership is seizing this opportunity to restore trust in government by making federal IT systems work for customers. We must guarantee that the TMF enables quicker, more secure, and more efficient service delivery to individuals, families, and businesses.

Since the Technology Modernization Fund’s inception, the program has funded some 23 projects across 14 federal agencies. Out of those 23 projects, only two experienced schedule delays, and not a single project resulted in a cost overrun. For example, after the Department of Labor digitized their Labor Certification Process, the agency was able to issue 176% more agricultural labor certifications and 109% more non-agricultural labor

certifications – allowing small businesses to hire essential temporary employees to meet the demands of the market throughout the pandemic. In addition, these investments built IT that facilitated immediate digital access to these certifications so that farmers and other employers could avoid costly trips they formerly had to take to sign and mail documents. If properly planned for and scoped, all TMF investments share this promise of reducing costs, improving security, and facilitating better engagement with the individuals who rely on federal agencies.

Monday's announcement of a \$9.1 million TMF award to the National Archives and Records Administration (NARA) is another excellent example of the promise of this technology catalyst. That funding comes after months of bipartisan oversight work to reduce a years-long backlog of paper-based records that veterans need to demonstrate their eligibility for disability, pension, and other benefits. In fact, Mr. Hice, you and I worked together, sending a letter with many of our colleagues that made the National Archives aware of the opportunity for funding and assistance with the TMF. I look forward to continued oversight on this award to make sure NARA gets this right and that our veterans receive the services they have earned from government.

Mr. Washington, a witness here today and the Chief Information Officer at the U.S. Department of Agriculture, also received a TMF investment on Monday – for supply chain risk response. I look forward to hearing more about that project from him later in this hearing. Congratulations again, Mr. Washington, on what marks the fourth TMF project you have secured for your agency.

The TMF is one tool that agencies can use to fund IT modernization outside of the annual appropriations process. And the program is proving incredibly successful. So successful, in fact, that demand is wildly outpacing supply. As we will hear from our witnesses today, the board has received 130 proposals from 60 agencies and agency components totaling more than \$2.5 billion. Agencies want to get IT right, and Congress must provide them the resources and support to help them.

As part of our oversight work today, we also want to examine ways to improve the operations of the Technology Modernization Fund. We want to hear more from the General Services Administration about how they prioritize which projects to fund, and how they determine the repayment requirements for each project.

We have also heard concerns from agencies and other stakeholders that the TMF is slow to examine and fund proposals – causing delays to critical projects.

If you look at the screen, you will see a bar graph of TMF appropriations and funding allocation. The two-toned bar with the diagonal lines shows that despite an influx of funding and a year's worth of time, the Fund still has \$756 million yet to be awarded.

We know that TMF administrators have made efforts to expand their workforces and support teams, but we are still hearing frustrations about the length of time it takes to get TMF funding to the agency recipients. Because of these delays, Congress did not provide the TMF additional funding in the 2022 omnibus appropriations bill, “pointing to the more than \$700 million remaining in the fund.”

During this hearing, I hope to better understand how we can improve the funding application process and discuss what additional resources or authorities the TMF Board and Program Management Office might need to improve further.

I am proud to have played a key role in securing a revolutionary \$1 billion investment in the TMF through the American Rescue Plan (ARP) in March of last year. I also support President Biden's 2023 Budget request for an additional \$300 million. These investments, however, are still not enough for a government that – as we have stated – spends nearly \$100 billion on information technology every year.

I know that everyone on this dais is interested and committed to ensuring we have a 21st century federal government for our constituents. I intend to press Congress and federal agencies to keep doing just that.

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