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House of Representatives

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Opening Statement
Ranking Member Gerald E. Connolly
House Committee on Oversight and Government Reform
Subcommittee on Government Operations

**Hearing on “The Federal Information Technology Acquisition Reform Act (FITARA) Scorecard
6.0”**

Joint Subcommittee on Information Technology and Government Operations
May 23, 2018

Chairman Meadows, Chairman Hurd, and Ranking Member Kelly, there have been a lot of changes to the FITARA scorecard since our last hearing in November. For our sixth FITARA Scorecard, we are emphasizing whether agency chief information officers (CIOs) are reporting to the agency’s head or deputy and whether agencies have a plan to set up a working capital fund pursuant to the Modernizing Government Technology (MGT) Act that was signed into law at the end of 2017. Working together on a bipartisan basis and with the Government Accountability Office (GAO), I believe that the changes to the FITARA scorecard continue to accurately measure each agency’s ability to manage the IT it has and the IT it seeks to acquire.

As GAO will testify at today’s hearing, if all agencies do the basic tasks of (1) ensuring that their CIO reports to the head of the agency as outlined in FITARA, (2) establishing a working capital fund pursuant to the MGT Act, and (3) creating a software license inventory as required by the MEGABYTE Act, the grades for today’s hearing would be five A’s, 14 B’s, 5 C’s, and no D’s or F’s.

We have identified the low hanging fruit which would improve grades across the table. These three simple steps are already laid in statute and every agency should be adopting the reforms immediately. While most agencies have made progress on the existing FITARA metrics, the addition of MGT implementation and the decision to lower a full letter grade for those agencies in which the CIO did not report to the agency head or deputy resulted in a significant number of lower grades from the last scorecard. With the changes in methodology, only five agencies increased their letter grade, while eight agencies’ grades remained the same, and eleven agencies received lower grades. Unfortunately, no agencies received an A grade on this scorecard and for the third scorecard in a row, the Department of Defense (DOD) remained at an F+. Despite these lower grades, I am hopeful that agencies can and will continue to improve their FITARA scorecard grades.

Since FITARA was signed into law more than three years ago, this Committee has stressed the importance of agency CIOs reporting to the head or deputy of the agency. Though not required in FITARA, we believe that CIOs could most effectively manage their IT projects when they can speak to the agency head or the deputy without having to maneuver through additional layers on an organizational chart. In this scorecard, nine agencies had their grades lowered because their CIO does not report to the head of the agency. On the plus side, I am pleased that three agencies – the Department of Housing and Urban Development, the National Science Foundation, and the Small Business Administration – have changed their CIO reporting structure for the better since the last hearing. I hope that with the issuance of the recent Executive Order on CIOs, which requires agencies to make this simple organizational change, all agencies will move quickly and make the necessary changes so that their CIOs can report to the head of his or her agency.

One component that has been included in each of the six iterations of the FITARA scorecard is the measure of agency progress towards consolidating and optimizing their data centers. For that reason, I am particularly disappointed that there has been limited progress on this front, especially because of the savings that could be gained from improving in this area. Compared to last November, only five agencies improved their scores on the Data Center Optimization Initiative with the National Science Foundation joining HUD, GSA, and the Department of Education in receiving an A grade on this metric. On the other end of the spectrum, five agencies, including the Department of Defense, received an F on this metric.

Data center consolidation and optimization is important because agencies can achieve real cost savings, reduce their environmental footprint, and be better positioned to migrate to the cloud for better IT performance and security. In fiscal years 2016 and 2017, agencies reported a savings of \$1.04 billion in cost savings through their data center consolidation and optimization efforts with an additional \$720 million in planned savings through the end of this year. Still, this amount is still \$978 million short of the goal set by the Office of Management and Budget (OMB). I urge agencies to continue to make progress in this area in order to reach OMB's goal of \$2.7 billion in savings by the end of fiscal year 2018.

One of our witnesses here this morning is the Department of Defense, which has received an F+ in the last three FITARA scorecards. The Department received an F on all of the scorecard's metrics except in PortfolioStat, where it received a D. I am particularly concerned that the Department consistently does not employ incremental development in its software projects and other IT investments. The use of incremental development reduces risk, increases the likelihood that each project will achieve its cost, schedule, and performance goals, and allows agencies to terminate a poorly performing investment with fewer sunk costs. However, of the Department's 26 projects, it is only planning to deliver functionality incrementally in two of them. On data center consolidation and optimization, the Department has reported that it owns and operates 3,623 tiered and non-tiered data centers and through August 2017, has only closed 834 of them. The Department has reported that it plans to close an additional 1,122 data centers by the end of this fiscal year and I look forward to overseeing the agency's progress on that front.

I look forward to hearing from all of our witnesses today. Now that Congress has authorized agencies to establish working capital funds to reinvest savings to modernize their technology, we must ensure that agencies are using IT acquisition best practices to avoid the problems that have plagued IT spending in the past.