Congress of the United States

House of Representatives

Opening Statement
Chairman Gerald E. Connolly
Hearing on "FITARA 8.0"
Subcommittee on Government Operations
June 26, 2019

When Congress enacted the Federal Information Technology Acquisition Reform Act (FITARA) more than five years ago, it was the first major reform of the laws governing federal information technology (IT) management since the Clinger-Cohen Act of 1996. At that time, we recognized that for FITARA to be successful, Congress needed to conduct sustained oversight to ensure agencies understood that implementing the law could lead to cost-savings and better IT acquisition practices.

After many hearings and briefings conducted in a bipartisan manner and close coordination with the Government Accountability Office (GAO), we are seeing that agencies are beginning to recognize that implementing FITARA is the foundation for IT acquisition and management practices that will pay dividends as agencies seek to retire costly legacy IT systems, upgrade their IT systems, and migrate to the cloud. Continuing to implement the principles of FITARA will also enable agencies to become more agile when adopting new technologies and better defend against cyberattacks.

The FITARA Scorecard 8.0 reflects the improvements agencies have made in implementing the law. For the second scorecard in a row, there are no agencies receiving a failing grade. While there are no A grades on this scorecard, the Department of Labor and the U.S. Agency for International Development (USAID) would have each received an "A+" if they changed their reporting structure to allow for their Chief Information Officers (CIO) to report to the head or deputy head of the agency. Additionally, because of these improvements and other great work getting done to implement the online IT Dashboard and conducting PortfolioStat engagements, to the Scorecard awards more "A" and "B" grades and fewer "D" and "F" grades on both metrics.

The FITARA Scorecard released today, also includes grades on agency compliance with the Federal Information Security Management Act, or FISMA. The addition of FISMA to the Scorecard had a generally negative impact on agency grades as there were 12 agencies with either a "D" or an "F" and only five agencies that received an "A" or a "B." However, agencies' information security management has never been more important than it is today. As security threats evolve and become more sophisticated, the risks to federal IT systems grow exponentially. In May, a data breach of a U.S. Customs and Border Protection (CBP) subcontractor exposed the faces and license plates of thousands of travelers coming into and leaving the country as well as details of the complex surveillance network CBP uses to monitor traffic across the border. Each of the agencies here to testify today have IT systems that hold sensitive information that could be used to harm the government and Americans if one of those systems were breached. Therefore, we must have a sustained focus on information security. I am

confident that as with other metrics on the Scorecard, continued attention on agency implementation of FISMA will result in improved grades and a more effective cybersecurity posture.

Unfortunately, today's Scorecard has a metric that is greyed out. Draft guidance issued by the Office of Management and Budget (OMB) late last year has made it difficult to evaluate agency progress on data center consolidation and optimization. I was also concerned that the draft guidance directs agencies to prioritize the consolidation and optimization of larger data centers and no longer requires agencies to keep track of server rooms and closets, even though they pose security risks and management challenges. The draft guidance fell short of complying with FITARA in areas related to establishing performance metrics and requiring public disclosure of those metrics. But there is hope. Last Friday afternoon, OMB published updated information on agency data center consolidation and optimization progress. And just late yesterday afternoon, OMB published the final Data Center Optimization Initiative. While the data was published too late to be incorporated into this FITARA Scorecard, the Federal CIO, Suzette Kent, is here with us today to provide testimony on the Administration's final guidance. I am pleased that the final guidance continues to prioritize data center closures and the new information posted on ITDashboard.gov has goals and targets for agencies.

In December 2017, Congress enacted the Modernizing Government Technology (MGT) Act to provide agencies with additional means to fund their IT investments. The law authorized agencies to set up IT-specific working capital funds but so far only three agencies have taken the steps necessary to do so while five additional agencies have plans to set up an MGT working capital fund by the end of fiscal year 2020. The working capital funds authorized under the MGT Act are an innovative way for agencies to fund IT modernization and reinvest savings for additional modernization projects. Unfortunately, agencies have reported back to us that the law did not provide them with authority to transfer money into their working capital funds. I am supportive of additional legislative actions to provide agencies with the necessary authority and will work with my colleagues on this Committee and the Appropriations Committee on a path forward. Two of our agency witnesses today have plans to establish a working capital fund by the end of next fiscal year, and I look forward to hearing from them on how they plan to leverage this fund to improve their IT.

The MGT Act also established a centralized Technology Modernization Fund (TMF) to fund large IT modernization projects. The MGT Act originally authorized $500 million for the TMF so agencies can address longstanding and problematic legacy IT infrastructure. However, the TMF has only received a total of $125 million over the past two fiscal years to fund modernization projects limiting the effectiveness of the TMF. While I am glad that the Financial Services and General Government Fiscal Year 2020 Appropriation Act being considered in the House of Representatives this week provides another $35 million for the TMF, I had hoped that my amendment providing an additional $15 million for the fund had been made in order so that agencies can move more quickly to modernize their IT but it was subject to a point of order. I believe more funding is needed to address the long list of agency IT modernization needs across the federal government. Using the TMF to fund IT modernization will produce savings once legacy systems are retired and costly funding is no longer needed to maintain them. I look forward to hearing more about the TMF from Ms. Kent as well Gary Washington, who is overseeing two modernization projects at the Department of Agriculture being funded by the TMF.

One year ago, Mr. Washington appeared before the Subcommittee to answer questions about the Department of Agriculture's "D-" on the Scorecard. Today Mr. Washington can talk about the actions he and the Department have taken to raise that grade to a "C-," which could have been higher if the FISMA metric had not been included and if the organizational structure at USDA allowed Mr. Washington to report directly to Secretary Perdue or Deputy Secretary Censky. Likewise, the Department of Treasury

has also seen improvement in their FITARA grade over the past year, and I look forward to hearing from their CIO, Eric Olson, on actions he has taken to implement FITARA. Finally, the Department of Education represents a FITARA success story. On the first FITARA Scorecard, the agency received an "F," but has steadily improved over the years and is receiving a "B+" for the fourth consecutive Scorecard.

I want to thank all of our witnesses for appearing at today's hearing, and I look forward to hearing from them on their efforts to apply the good IT acquisition practices outlined in FITARA and how that can lead to better outcomes as they work to modernize their IT infrastructure.

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