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BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Chaffetz, Ranking Member Cummings, and Members of the Committee, I appreciate the invitation to appear before you today to speak about the challenges posed by antiquated technologies and the opportunities to improve cybersecurity and achieve cost-savings presented by transitioning to more secure, efficient, and modern IT systems.

Challenges Associated with Legacy IT

Currently, civilian agencies spend nearly three-quarters of their IT budgets maintaining "legacy" IT systems. These systems often pose significant security risks, such as the inability to utilize current security best practices, including data encryption and multi-factor authentication, which make them particularly vulnerable to malicious cyber activity. These systems may also pose operational risks, such as rising costs and inability to meet mission requirements. Absent timely action, the cost to operate and maintain legacy systems, as well as security vulnerabilities and other risks, will continue to grow.

What the Administration Has Done

To address these challenges, the Administration has proposed the creation of an Information Technology Modernization Fund (ITMF) to facilitate the transition to more secure, efficient, and modern IT systems and infrastructure, such as cloud platforms, while also establishing a self-sustaining mechanism so that Federal agencies may benefit from these resources into the future.

How the ITMF Would Improve Outcomes

The ITMF would address the challenges associated with legacy IT in a number of unique ways. The ITMF process will better align with practices from the private sector, where significant IT investments are often presented to a corporate capital committee for approval, and require a viable business case that demonstrates sound architecture and measurable outcomes, such as lower life-cycle costs and improved performance.

First, a board of experts, acting independently of any one agency and utilizing an objective, rules-based methodology, will identify the highest-priority projects across the Government, ensuring that the Federal Government's most pressing and highest-risk systems are targeted for replacement. In addition, the board will identify opportunities to attain economies of scale in IT infrastructure by replacing multiple legacy systems with a smaller number of common platforms, facilitating a Government-wide transition to common platforms and re-engineered business practices.

Second, the ITMF will require agencies to pay back the fund over time. Doing so will ensure that the ITMF is self-sustaining and can continue to support modernization projects well beyond the initial infusion of capital. We estimate that the $3.1 billion in one-time seed funding could address at least $12 billion in modernization projects over the first 10 years and will continue to remain available into the future.

Third, experts in IT acquisition and development will provide integrated modernization expertise to agencies that need it to implement their modernization plans. Further, we will maintain a public dashboard listing every ITMF-funded project, including a description of the project, key milestones, and financial expenditure data. As a result, every project that receives funding will benefit from centralized oversight and expertise, increasing the probability of success.

Fourth, the ITMF will have the ability to provide funding in smaller increments tied to real-world delivery of working products versus one annual appropriation. This approach ensures that agencies employ agile development techniques and that funds support successful projects.

Finally, by requiring agencies to apply and compete for incremental funding, the ITMF will provide strong incentives for agency leadership to develop and implement comprehensive, high-quality, and cost-effective modernization plans.

Conclusion

Ultimately, retiring or modernizing vulnerable and inefficient legacy IT systems will not only make us more secure, it will also save money. As a means of addressing these pressing challenges, the ITMF is a crucial step in changing the way the Federal Government manages its IT portfolio. In short, the ITMF will enhance agencies' ability to protect sensitive data, reduce costs, and deliver world-class services to the public.

I thank the Committee for holding this hearing, and for your commitment to addressing the challenges associated with legacy IT. We look forward to working with Congress on this critical initiative. I am pleased to answer any questions you may have.