

Highlights of GAO-15-617, a report to congressional requesters

September 2015

INFORMATION TECHNOLOGY REFORM

Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans

Why GAO Did This Study

Beginning in 2010, OMB initiated a series of IT reform efforts to consolidate the growing number of data centers and eliminate duplicative spending. In May 2012, the agency began a “cut and reinvest” effort that required agencies to propose fiscal year 2014 IT reductions and reinvestments.

GAO was asked to review agencies’ savings from OMB’s IT reform efforts and determine how those savings are being reinvested. The objectives were to (1) assess agencies’ progress in achieving savings from their IT reform efforts, (2) evaluate agencies’ plans to reinvest their savings, and (3) evaluate how selected agencies have reinvested their savings and governance processes to oversee the reinvestments. GAO assessed 26 agencies’ cost savings and avoidance documentation, evaluated 27 agencies’ (including the Smithsonian Institution) reinvestment plans against OMB’s guidance, and compared 4 of the agencies’ governance processes against best practices. The 4 agencies were selected, in part, because they had the highest dollar amounts of proposed IT reinvestments.

What GAO Recommends

GAO recommends that agencies complete their IT savings reinvestment plans and improve tracking, and that OMB define targets for agency reinvestment and require that agencies complete their plans and track actual reinvestment performance. OMB and 12 agencies agreed with GAO’s recommendations, 1 did not state whether it agreed or disagreed, 3 had no comments, and 1 partially agreed.

View GAO-15-617. For more information, contact David Powner at (202) 512-9286 or pownerd@gao.gov.

What GAO Found

Twenty-four of the 26 federal agencies participating in the Office of Management and Budget’s (OMB) information technology (IT) reform initiatives reported achieving an estimated total of \$3.6 billion dollars in cost savings and avoidances between fiscal years 2011 and 2014. Slightly more than half (or about \$2.0 billion) of the savings and avoidances were from data center consolidation and optimization efforts. Notably, of the \$3.6 billion total, the Departments of Defense, Homeland Security, Treasury, and the Social Security Administration accounted for about \$2.5 billion (or 69 percent).

Agency-reported IT Reform Cost Savings and Avoidances



Most agencies did not fully meet OMB’s requirements to submit reinvestment plan information. Of the 27 agencies required to submit reinvestment plans (including one-time and ongoing plans), 5 agencies had fully implemented OMB’s guidance, while the remaining 22 had only partially implemented it. For example, most agencies had not fully implemented OMB’s guidance for submitting one-time fiscal year 2014 IT reduction and reinvestment plans as part of OMB’s “cut and reinvest” effort. As a result, agencies’ plans were substantially short of OMB’s overall fiscal year 2014 targets: \$3.0 billion in proposed reductions and \$2.1 billion in proposed reinvestments, compared to OMB’s targets of \$7.6 billion in reductions and as much as \$7.6 billion in reinvestments. Agencies provided varied reasons for not meeting OMB’s requirements, such as that their components had not fully tracked and reported how their savings were to be reinvested. Until agencies complete their ongoing reinvestment plans, they will be challenged to ensure that their considerable savings are being used in the most efficient and effective manner possible.

Four selected agencies—the Departments of Education, Interior, Labor, and the Social Security Administration—had documented key governance processes to guide the development of their fiscal year 2014 budget submission, which included proposed IT reinvestments of \$350 million. However, none of the four agencies had tracked the reinvestment performance results. They provided varied reasons for not doing so, and two agencies noted the lack of visibility into their components’ reinvestments. The lack of performance tracking is also due to OMB not requiring agencies to document actual results. In addition, OMB has not defined targets for reinvestments beyond fiscal year 2014. Until OMB requires agencies to track actual reinvestment performance and defines targets, it will be limited in its ability to ensure that agencies are actually reinvesting funds as planned and may not be able to hold them accountable. Finally, without improved tracking, selected agencies may lack assurance that their components are reinvesting in areas consistent with agency-wide goals.