

# GAO Highlights

Highlights of [GAO-22-106054](#), a testimony before the Subcommittee on Government Operations, Committee on Oversight and Reform, House of Representatives

## Why GAO Did This Study

Enacted in 2017, the provisions commonly referred to as the Modernizing Government Technology (MGT) Act established the TMF in recognition of the challenges in modernizing federal information systems. OMB and GSA administer the TMF, and a Technology Modernization Board comprised of federal IT executives reviews agency project proposals. Since the program's creation, it has received over \$1.1 billion in appropriations and made awards to over 20 projects that sought to address the federal technology challenges on which GAO has extensively reported.

The MGT Act included a provision for GAO to report biannually on the TMF and the projects receiving these funds. This testimony summarizes past GAO reporting on the TMF, including (1) the status of the fund and approved projects and (2) the reliability of selected projects' cost saving estimates.

This statement is primarily based on the results of GAO's prior work, which includes the reports cited in this statement. GAO also reviewed the status of approved projects as of May 2022, and agencies' efforts to address its recommendations.

View [GAO-22-106054](#). For more information, contact David B. Hinchman at (214) 777-5719 or [hinchmand@gao.gov](mailto:hinchmand@gao.gov).

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## TECHNOLOGY MODERNIZATION FUND

### Past Awards Highlight Need for Continued Scrutiny of Agency Proposals

## What GAO Found

The Technology Modernization Fund (TMF) provides awards to agencies to, among other things, modernize aging federal information systems. From the initial \$175 million that Congress appropriated for TMF, the Technology Modernization Board approved 11 projects totaling about \$76 million (see table 1). Agency proposals were to include estimates of any project-related savings; agencies could use these savings to satisfy the requirement that they reimburse the TMF for any transfers within 5 years. GAO previously reported that for the initial seven projects approved in 2018 and 2019, two had reported generating cost savings but those savings were not documented. For the remaining five projects, two no longer planned on savings, two planned on savings starting in 1 to 3 years, and one did not know when savings would begin.

**Table 1: Technology Modernization Fund (TMF) Projects Approved, as of August 31, 2021 (in dollars)**

Agency and TMF project	Total TMF investment <sup>a</sup>	Date of award announcement
Department of Agriculture (Agriculture) Farmers.Gov Portal	4,000,000	June 7, 2018
Department of Energy Enterprise Cloud Email	2,436,153	June 7, 2018
Department of Housing and Urban Development Unisys Migration	13,850,013	June 7, 2018
Agriculture Infrastructure Optimization	220,000	October 29, 2018
Department of Labor (Labor) Visa Application Transformation	3,500,000	October 29, 2018
General Services Administration (GSA) Application Modernization	7,808,563	October 29, 2018
GSA NewPay	7,316,786	February 11, 2019
Agriculture Specialty Crops Systems Modernization	8,000,000	October 21, 2019
U.S. Equal Employment Opportunity Commission Charge and Case Management System Modernization	4,000,000	October 21, 2019
U.S. Customs Border and Protection Automated Commercial Environment Collections Module	15,000,000	July 27, 2020
Labor Data Modernization	9,600,000	March 21, 2021
<b>Total</b>	<b>75,731,515</b>	

Source: GAO analysis of agency TMF project documentation, May 2022. | [GAO-22-106054](#)

<sup>a</sup>The total TMF investments are as of May 2022 and include updates from the initial award.

In March 2021, the *American Rescue Plan Act of 2021* appropriated an additional \$1 billion to the TMF. In May 2021, the Office of Management and Budget (OMB) provided updated TMF guidance to agencies regarding this \$1 billion. Among other things, the guidance (1) prioritizes projects that cut across agencies and address immediate cybersecurity gaps, and (2) allows agencies to apply for a partial or minimal reimbursement of the TMF funds provided (partial is defined as agencies repaying 25 to less than 100 percent of the award while minimal is greater than zero but less than 25 percent). On September 30, 2021, the board announced the approval of seven new projects with awards totaling at least \$311 million (one of the seven projects is classified; no award figure is publicly available). In deciding on these seven, the Technology Modernization Board received 113 project proposals requesting a total of more than \$2.3 billion. Three additional awards have since been announced (see table 2).

## What GAO Recommends

In its first TMF report, GAO recommended that

- OMB and GSA develop and implement a plan that outlines the actions needed to fully recover the TMF Program Management Office's operating expenses with fee collection in a timely manner, and
- GSA develop detailed guidance to aid agencies in completing their TMF proposal cost estimates.

These recommendations have not yet been fully implemented. GAO maintains that their implementation can improve the sufficiency of fee collection and the quality of cost estimates.

**Table 2: Technology Modernization Fund (TMF) Projects Approved, since September 2021 (in dollars)**

Agency and TMF project <sup>a</sup>	Total TMF investment <sup>a</sup>
General Services Administration (GSA) Advancing Zero Trust	29,802,431
GSA Login.Gov	187,050,000
GSA Max.gov Transition	14,500,000
Department of Education Zero Trust Architecture	20,000,000
Office of Personnel Management Zero Trust Networking	9,900,000
Department of Homeland Security Southwest Border Technology Integration	50,000,000
U.S. Selective Service System Registration and Verification Modernization	5,998,807
U.S. Postal Regulatory Commission IT Modernization	2,645,000
Department of Veterans Affairs Veteran Identify Modernization	10,550,000
<b>Total</b>	<b>330,446,238</b>

Source: GAO analysis of agency TMF project documentation, May 2022. | GAO-22-106054

<sup>a</sup>The 10th award is a classified project and no details on the agency, nature of the project, or the amount of its award have been publicly disclosed.

Regarding TMF operating costs and fees collected to offset those costs, as of August 2021, the General Services Administration (GSA) had received fee payments totaling about \$810,000, or about 29 percent of its operating expenses of \$2.8 million. A key reason for this shortfall was that six of the seven initially approved projects narrowed their scopes. This led to reduced award amounts transferred to agencies, which in turn resulted in about a \$1.12 million reduction in anticipated fees. Relatedly, OMB and GSA have not yet implemented GAO's prior recommendation to develop and implement a plan to fully recover operating expenses with fee collection. Doing so would provide greater assurance that fees collected would be sufficient to offset operating costs.

OMB's TMF funding guidelines require projects to include a reliable estimate of any project-related savings, as defined in OMB Circular A-11 (which references GAO's Cost Estimating and Assessment Guide). However, most of the TMF projects awarded through August 2021 relied on savings estimates that were derived from cost estimates GAO found to be unreliable. Specifically, 10 of the 11 projects reviewed did not fully incorporate best practices for a reliable cost estimate.

With hundreds of millions of dollars remaining in the TMF, it is increasingly important that GSA implement GAO's prior recommendation to improve the instructions for the TMF cost estimate template required of each proposal. Such action would help ensure that the Technology Modernization Board is reviewing documentation that is complete, accurate, and reliable. By continuing to ensure that such proposals adequately capture project scope and cost, OMB and GSA can help better position TMF as a useful tool for addressing critical IT modernization needs across the federal government.