

Small Savings Achieved So Far, but Substantial Future Savings Expected

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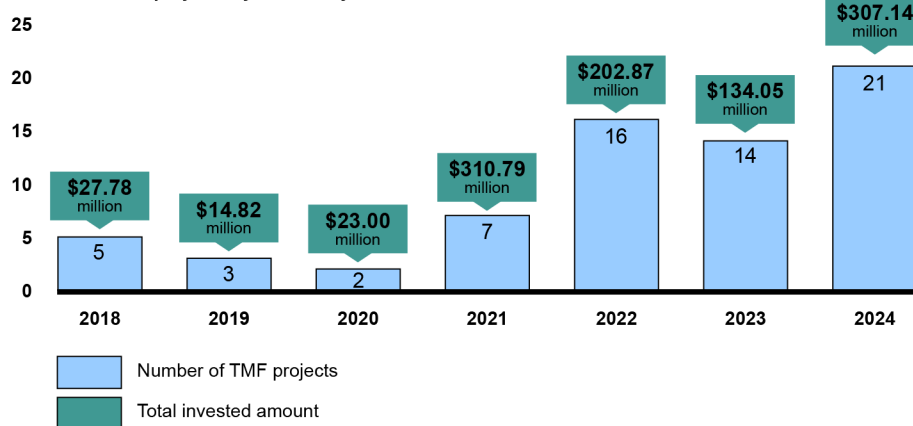
A report to congressional committees

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What GAO Found

The Technology Modernization Fund (TMF) invests funding in agency projects to, among other things, modernize aging federal information technology (IT) systems. From fiscal years 2018 through 2025, the TMF received over \$1 billion in net appropriations, of which the Technology Modernization Board invested about \$1.03 billion in 68 unclassified projects (see figure).

Number of TMF projects by calendar year



Source: GAO analysis of General Services Administration documentation. | GAO-26-107737

As of June 2025 (the latest data available at the time of this analysis), 24 TMF projects expected to achieve total savings of about \$1.06 billion. Eleven of these projects had collectively realized savings of about \$13.5 million, and 13 had not yet begun to achieve savings. While savings thus far have been small, the amount is not unexpected given that 21 projects—with expected savings of about \$1.04 billion, or 98.3 percent of the total—anticipate achieving their savings in fiscal year 2027 or later. Thirty-seven projects did not expect any cost savings, but are intended to provide other value, such as mitigating security risks. Seven other projects were cancelled prior to June 2025 and no longer expect savings.

Most of the projects were still active as of June 2025. Of the six completed TMF projects that expected cost savings, two met or were on track to meet their expected savings (within 10 percent) and four did not meet or were not on track to meet their savings. Officials for the projects that did not meet their expected savings attributed it to various reasons, such as the removal of planned functionality and higher system migration costs than planned, which led to tens of millions less in actual savings than estimated.

As required under the Competition in Contracting Act of 1984, all procurements, with certain exceptions, must use full and open competition so that any qualified entity can submit an offer. Of 177 TMF contract actions, the majority (154, or 87 percent) were awarded using competitive procedures. This accounted for about \$713.1 million (96 percent) of the total funding awarded. In 23 instances where agencies awarded contract actions without such procedures, the agencies documented authorized exceptions.

Why GAO Did This Study

The federal government has faced longstanding problems in managing its IT. The Modernizing Government Technology Act established the TMF to help address key IT modernization challenges. The Act stated that TMF funds should be used to procure commercial products and services using full and open competition to the greatest extent practicable. The Office of Management and Budget (OMB) issued guidance to agencies applying for TMF funds, directing that project proposals include a reliable estimate of any project-related cost savings.

The act includes a provision for GAO to report biennially on the TMF and the expected cost savings of projects that received funding. This fourth report identifies the (1) approved TMF projects, their invested funds, and their expected and actual cost savings; (2) extent to which agencies' completed projects met their expected cost savings targets; and (3) extent to which the agencies used full and open competition for any acquisitions related to TMF invested projects.

GAO analyzed and summarized TMF financial data and documentation, including cost estimates, associated with 68 projects in which GSA had invested funds as of June 2025. For applicable completed projects, GAO compared the difference between expected and realized cost savings to OMB's variance threshold of 10 percent.

GAO analyzed contract documentation for 32 projects that issued 177 contract actions between March 1, 2023, and June 2, 2025. GAO determined whether each one was awarded using full and open competition, in accordance with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulation. GAO also interviewed relevant agency officials.