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## United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

Carole Banks  
Deputy Chief Financial Officer  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Eric Olsen  
Chief Information Officer  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Ms. Banks and Mr. Olsen:

I write to urge you to work together to modernize the Department of the Treasury's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of the Treasury is on track to spend \$4.8 billion on IT in FY2020.<sup>3</sup> This amount includes "System 6," which the Government Accountability Office (GAO) identified as a 51-year-old, mission-critical Internal Revenue Service (IRS) system that contains taxpayer information that helped process nearly 154 million tax returns in 2018 and that the agency considers highly critical to its mission.<sup>4</sup> Like several other federal legacy systems, the IRS system uses COBOL— a program invented in the 1950s that requires specialized knowledge to operate. After Congress approved relief payments for Americans in response to the economic downturn due to COVID-19, IRS relied on this system to distribute

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<sup>1</sup> See [ITDashboard.gov](https://itdashboard.gov), *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> [ITDashboard.gov](https://itdashboard.gov), *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 50–51.

those payments.<sup>5</sup> However, that required specialists to recode the COBOL program. The system costs \$5.5 million annually to operate, in addition to \$10.4 million annually spent on labor. The Department estimates it would cost \$1.6 billion to modernize, but the benefits of modernization may balance those costs. Modernizing this system will no doubt increase agency response to customers and garner greater efficiencies, especially in times where immediate action is required to deliver on congressional mandates in a time of crisis.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>6</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>7</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>8</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?
  - a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
2. What are the top five modernization priorities for your agency? For each, please provide or describe:
  - a. the modernization plan for the priority;
  - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.
3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?

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<sup>5</sup> Heather Long, et al., *Stimulus checks and other coronavirus relief hindered by dated technology and rocky government rollout*, Wash. Post (Apr. 17, 2020), <https://www.washingtonpost.com/business/2020/04/17/stimulus-unemployment-checks-delays-government-delays/>.

<sup>6</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>7</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>8</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?
5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,



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Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

RON JOHNSON, WISCONSIN, CHAIRMAN

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# United States Senate

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WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

The Honorable Troy Edgar  
Chief Financial Officer  
U.S. Department of Homeland Security  
2707 Martin Luther King Jr Ave SE  
Washington, DC 20528-0525

Elizabeth A. Cappello  
Acting Chief Information Officer  
U.S. Department of Homeland Security  
2707 Martin Luther King Jr Ave SE  
Washington, DC 20528-0525

Dear Mr. Edgar and Ms. Cappello:

I write to urge you to work together to modernize the Department of Homeland Security's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of Homeland Security is on track to spend \$7.3 billion on IT in FY2020.<sup>3</sup> This amount includes maintaining "System 4," which the Government Accountability Office (GAO) identified as an 8-year-old Federal Emergency Management Agency (FEMA) network consisting of routers, switches, and other network appliances that the agency considers highly critical to its mission.<sup>4</sup> Roughly 545 devices in the network are at "end of life" and are no longer supported or manufactured by the vendor, which opens up FEMA to considerable network vulnerabilities and risks. The cost of operating these devices is a mere \$1.9 million. According to GAO, FEMA says it will only replace these devices if funds are

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<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> [ITDashboard.gov](https://itdashboard.gov), *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 46–47.

available, yet FEMA has not estimated the cost of modernization nor the savings that could be realized from modernizing these devices.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>5</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>6</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>7</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?
  - a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
2. What are the top five modernization priorities for your agency? For each, please provide or describe:
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  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.
3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

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<sup>5</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>6</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>7</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,



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Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

CC: Stacy Marcott, Deputy Chief Financial Officer, U.S. Department of Homeland Security

RON JOHNSON, WISCONSIN, CHAIRMAN

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WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

Elaine McCusker  
Acting Under Secretary of Defense (Comptroller)  
U.S. Department of Defense  
1100 Defense Pentagon  
Washington, DC 20301-1100

Dana Deasy  
Chief Information Officer  
U.S. Department of Defense  
6000 Defense Pentagon  
Washington, D.C. 20301-6000

Dear Ms. McCusker and Mr. Deasy:

I write to urge you to work together to modernize the Department of Defense's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of Defense is on track to spend \$37 billion on IT in FY2020.<sup>3</sup> This amount includes "System 1," which the Government Accountability Office (GAO) identified as a 14-year-old U.S. Air Force maintenance system that supports wartime readiness.<sup>4</sup> This system costs roughly \$35 million to operate in FY 2020 with another \$3.6 million in labor costs. A large share of those costs are attributed to the use of COBOL operating systems invented in the late 1950s, which require specialized knowledge to program and operate. The Department estimated that modernizing the system would only cost \$12 million, and GAO anticipates that upgrade would increase functionality and save up to \$34 million annually.<sup>5</sup>

<sup>1</sup> See ITDashboard.gov, *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

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<sup>3</sup> ITDashboard.gov, *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 40–41.

<sup>5</sup> ITDashboard.gov, *Department of Defense Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/007>.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>6</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>7</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>8</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

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2. What are the top five modernization priorities for your agency? For each, please provide or describe:
  - a. the modernization plan for the priority;
  - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.
3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

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<sup>5</sup> GAO, *Modernization Plans* at 15, 40–41.

<sup>6</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>7</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>8</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

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# United States Senate

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WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

The Honorable Susan Combs  
Assistant Secretary for Policy,  
Management and Budget  
U.S. Department of the Interior  
1849 C Street, N.W.  
Washington DC 20240

William Vajda  
Chief Information Officer  
U.S. Department of the Interior  
1849 C Street, N.W.  
Washington DC 20240

Dear Ms. Combs and Mr. Vajda:

I write to urge you to work together to modernize the Department of the Interior's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of the Interior is on track to spend \$1.4 billion on IT in FY2020.<sup>3</sup> This amount includes maintaining "System 5," which the Government Accountability Office (GAO) identified as an 18-year-old, mission-critical system that supports the operations of dams and power plants that serve millions of customers.<sup>4</sup> The system uses obsolete hardware and software that are no longer supported by the manufacturers and costs \$427,000 annually in operation costs and another \$488,000 in labor

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<sup>4</sup> GAO, *Modernization Plans* at 15, 48–49.

costs. The agency states that modernization would cost \$4.5 million and save roughly \$152,000 per year. This modernization was set to be complete in January 2020, but it is unclear whether it was completed on time.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>5</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>6</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

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Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

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4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

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<sup>5</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>6</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>7</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,

A handwritten signature in blue ink that reads "Maggie Hassan". The signature is written in a cursive style and is positioned above a horizontal line.

Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

RON JOHNSON, WISCONSIN, CHAIRMAN

ROB PORTMAN, OHIO  
RAND PAUL, KENTUCKY  
JAMES LANKFORD, OKLAHOMA  
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MAGGIE HASSAN, NEW HAMPSHIRE  
KAMALA D. HARRIS, CALIFORNIA  
KYRSTEN SINEMA, ARIZONA  
JACKY ROSEN, NEVADA

# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

The Honorable Douglas Webster  
Chief Financial Officer  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

Jason Gray  
Chief Information Officer  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

Dear Mr. Webster and Mr. Gray:

I write to urge you to work together to modernize the Department of Education's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of Education is on track to spend \$844 million on IT in FY2020.<sup>3</sup> This amount includes "System 2," which the Government Accountability Office (GAO) identified as a 46-year-old, mission-critical system used to process more than 20 million student aid applications annually.<sup>4</sup> The annual operating cost for this system is \$43.9 million, with an additional \$2 million in labor costs. These expenses are largely fueled by the use of COBOL, which is an operating system invented in the late 1950s that requires contractors with specialized knowledge to program and operate. According to GAO, the Department is unable to determine how much it could save by modernizing this system, nor did it report the cost

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<sup>1</sup> See ITDashboard.gov, *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> ITDashboard.gov, *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 42–43.

of modernization. However, modernizing these systems would not only improve program efficiencies, but would better protect students' personal data—most likely at a reduced cost.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>5</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>6</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>7</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?
  - a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
2. What are the top five modernization priorities for your agency? For each, please provide or describe:
  - a. the modernization plan for the priority;
  - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.
3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

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<sup>5</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>6</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>7</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,



---

Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

RON JOHNSON, WISCONSIN, CHAIRMAN

ROB PORTMAN, OHIO  
RAND PAUL, KENTUCKY  
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KAMALA D. HARRIS, CALIFORNIA  
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## United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

Jennifer Moughalian  
Acting Assistant Secretary for Financial Resources  
& Acting Chief Financial Officer  
U.S. Dept. of Health & Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Jose Arrieta  
Chief Information Officer  
U.S. Dept. of Health & Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Ms. Conley and Mr. Arrieta:

I write to urge you to work together to modernize the Department of Health and Human Services' information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of Health and Human Services is on track to spend \$6.6 billion on IT in FY2020.<sup>3</sup> This amount includes "System 3," which the Government Accountability Office (GAO) identified as a 50-year-old, mission-critical system that supports clinical and patient administrative activities at the Indian Health Service.<sup>4</sup> The system was implemented in 1969, and costs \$79.1 million annually to operate, in addition to \$26.7 million in labor costs. Because the system uses MUMPS—a legacy system developed for medical operations—it is increasing difficult to find specialized programmers to write code for the system. According to GAO, the Department has not calculated the cost of modernization or any resulting

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<sup>1</sup> See [ITDashboard.gov](https://itdashboard.gov), *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> [ITDashboard.gov](https://itdashboard.gov), *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 44–45.

cost-savings, but GAO notes that the Department has a plan in place to modernize the system over the next five years.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>5</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>6</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>7</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?
  - a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
2. What are the top five modernization priorities for your agency? For each, please provide or describe:
  - a. the modernization plan for the priority;
  - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.
3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

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<sup>5</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>6</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>7</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,

A handwritten signature in blue ink that reads "Maggie Hassan". The signature is written in a cursive style and is positioned above a horizontal line.

Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

RON JOHNSON, WISCONSIN, CHAIRMAN

ROB PORTMAN, OHIO  
RAND PAUL, KENTUCKY  
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MAGGIE HASSAN, NEW HAMPSHIRE  
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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

Dennis Coleman  
Chief Financial Officer  
U.S. Office of Personnel Management  
1900 E St NW,  
Washington, DC 20415

Clare Martorana  
Chief Information Officer  
U.S. Office of Personnel Management  
1900 E St NW,  
Washington, DC 20415

Dear Mr. Coleman and Ms. Martorana:

I write to urge you to work together to modernize the Office of Personnel Management's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Office of Personnel Management (OPM) is on track to spend \$147 million on IT in FY2020.<sup>3</sup> It will spend one-third of that amount maintaining "System 8," which the Government Accountability Office (GAO) identified as 34-year-old hardware, software, and service components that support mission-critical IT applications and services.<sup>4</sup> Despite its 2015 data breach, OPM still operates this legacy system at an annual cost of \$45 million, with an additional \$6 million in labor costs. The agency estimates that modernization would cost \$10 million and said it could potentially avoid \$16 million in costs.

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<sup>1</sup> See [ITDashboard.gov](https://itdashboard.gov), *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> [ITDashboard.gov](https://itdashboard.gov), *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 53–54.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>5</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>6</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>7</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?
  - a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
2. What are the top five modernization priorities for your agency? For each, please provide or describe:
  - a. the modernization plan for the priority;
  - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.
3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?

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<sup>5</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>6</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>7</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,



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Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

RON JOHNSON, WISCONSIN, CHAIRMAN

ROB PORTMAN, OHIO  
RAND PAUL, KENTUCKY  
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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

Dorrice Roth  
Acting Chief Financial Officer  
Small Business Administration  
409 3rd St, SW  
Washington DC 20416

Maria Roat  
Chief Information Officer  
Small Business Administration  
409 3rd St, SW  
Washington DC 20416

Dear Ms. Roth and Ms. Roat:

I write to urge you to work together to modernize the Small Business Administration's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Small Business Administration (SBA) is on track to spend \$117 million on IT in FY2020.<sup>3</sup> This amount includes "System 9," which the Government Accountability Office (GAO) identified as a 17-year-old system that controls access to mission-critical applications.<sup>4</sup> This system uses a legacy coding language and is no longer supported by the vendor. This has led to increased operational costs of \$62,000 annually and another \$214,600 per year in labor costs. The incomplete modernization plan provided by the agency asserts that modernizing the system will cost \$750,000 and did not predict any cost-savings. However, it did assert that the security and stability of the system would increase if the

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<sup>1</sup> See [ITDashboard.gov](https://itdashboard.gov), *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> [ITDashboard.gov](https://itdashboard.gov), *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 55–56.

plan is implemented. Currently, SBA is central to the federal coronavirus response, but its roll out of the small business loan program passed under the CARES Act was encumbered by inadequate technology that led to a delayed implementation of this congressionally-mandated relief program.<sup>5</sup> While I am encouraged by SBA's quick work to improve its website and loan processing system,<sup>6</sup> these delays may have been avoided had SBA prioritized modernization and completed its IT modernization plan.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>7</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>8</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>9</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?
  - a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
2. What are the top five modernization priorities for your agency? For each, please provide or describe:
  - a. the modernization plan for the priority;
  - b. the expected cost of modernization and any anticipated cost-savings as a result of modernization;
  - c. the expected completion date of the modernization; and
  - d. the reason(s) for any schedule delays or cost overruns to date.

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<sup>5</sup> Adam Mazmanian, *Legacy systems crumble under high demand*, Fed. Computer Week (Apr. 5, 2020), <https://fcw.com/articles/2020/04/05/legacy-tech-hinders-gov-covid19.aspx>.

<sup>6</sup> James Mersol, *COVID-19 Response Driving Agency IT Modernization*, Gov't CIO Media & Research (Apr. 13, 2020), <https://governmentciomedia.com/covid-19-response-driving-agency-it-modernization>.

<sup>7</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>8</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>9</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?
5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
  - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
  - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,



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Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

Michelle King  
Chief Financial Officer  
Social Security Administration  
6401 Security Boulevard  
Baltimore, MD 21235-0001

Rajive Mathur  
Chief Information Officer  
Social Security Administration  
6401 Security Boulevard  
Baltimore, MD 21235-0001

Dear Ms. King and Mr. Mathur:

I write to urge you to work together to modernize the Social Security Administration's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Social Security Administration (SSA) is on track to spend \$2 billion on IT in FY2020.<sup>3</sup> This amount includes maintaining "System 10," which the Government Accountability Office (GAO) identified as a 45-year-old group of systems that contain mission-critical information on Social Security beneficiaries.<sup>4</sup> These systems have been adapted over the years to perform various functions and integrate ever-changing policies. As a result, they have limited interconnectivity and are challenging to use. These issues were thrown into greater relief as SSA worked with the Internal Revenue

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<sup>1</sup> See [ITDashboard.gov](https://itdashboard.gov), *IT Spending FY 2011–2021 Government-Wide* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/>. This site does not include classified IT spending or funds from the Technology Modernization Fund in its calculation of government-wide spending.

<sup>2</sup> This figure is an estimate based on agency reported costs supplied to the Office of Management and Budget that use the Technology Business Management Taxonomy to differentiate between different cost pools. Here, the cost was calculated as a percentage of total IT spending in FY2019 and included cost pools for hardware, software, facilities and power, and other costs.

<sup>3</sup> [ITDashboard.gov](https://itdashboard.gov), *Information Technology Agency Summary* (last visited Apr. 17, 2020), <https://itdashboard.gov/drupal/summary/000>.

<sup>4</sup> GAO, *Modernization Plans* at 15, 57–58.

Service to automatically distribute coronavirus relief payments to Supplemental Security Income recipients and their dependents.<sup>5</sup>

The lack of interconnectivity not only drives agency IT, but contributes to government-wide improper payments. GAO estimates that in FY2019, the federal government made at least \$175 billion in improper payments.<sup>6</sup> The group of systems maintained by SSA cost \$139.2 million per year to operate and another \$6.7 million in labor costs. Modernizing the system would cost \$24.6 million over five years and produce annual cost savings of nearly \$4 million per year during that time, but SSA has not provided information on the disposition of legacy systems in its modernization plans. As an added benefit, modernizing this system could aid in reducing wasteful improper payments, which have increased as the federal government distributes coronavirus relief payments to deceased Americans.<sup>7</sup>

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>8</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>9</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>10</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

1. Does your agency have a comprehensive IT modernization plan?

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<sup>5</sup> Social Security Administration, *Press Release: Supplemental Security Income Recipients Will Receive Automatic COVID-19 Economic Impact Payments* (Apr. 15, 2020), <https://www.ssa.gov/news/press/releases/2020/#4-2020-3>. See also Office of Senator Maggie Hassan, *Press Release: Hassan, Brown, Colleagues Call for Social Security Recipients to Get CARES Act Direct Cash Without Having to File Tax Return* (Apr. 1, 2020), <https://www.hassan.senate.gov/news/press-releases/hassan-brown-colleagues-call-for-social-security-recipients-to-get-cares-act-direct-cash-assistance-without-having-to-file-tax-return>.

<sup>6</sup> Government Accountability Office, *Payment Integrity: Federal Agencies' Estimates of FY 2019 Improper Payments* (GAO-20-344), (Mar. 2, 2020).

<sup>7</sup> Tim Mak, *The IRS Sent Coronavirus Relief Payments to Dead People*, NPR (May 6, 2020), <https://www.npr.org/2020/05/06/851019441/the-irs-sent-coronavirus-relief-payments-to-dead-people>.

<sup>8</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

<sup>9</sup> Federal Information Technology Acquisition Reform Act, *National Defense Authorization Act, Fiscal Year 2015*, Pub. L. No. 113-291 § 831 (2014).

<sup>10</sup> Government Accountability Office, *Information Technology: Implementation of GAO Recommendations Would Strengthen Federal Agencies' Acquisitions, Operations, and Cybersecurity Efforts* (GAO-19-641T), 1, 22 (June 26, 2019).

- a. If so, please attach it to your response.
  - b. If not, please provide a comprehensive IT modernization plan for your agency.
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    - d. the reason(s) for any schedule delays or cost overruns to date.
  3. What is the status of the modernization of the legacy system identified by GAO and described in this letter?
  4. Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?
  5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
    - a. In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?
    - b. How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?
  6. Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?

I appreciate your attention to this important matter, and I look forward to receiving your response.

Sincerely,



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Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
WASHINGTON, DC 20510-6250

GABRIELLE D'ADAMO SINGER, STAFF DIRECTOR  
DAVID M. WEINBERG, MINORITY STAFF DIRECTOR

June 3, 2020

The Honorable James E. Kramer, Jr.  
Chief Financial Officer & Assistant Secretary for  
Budget and Programs  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Ryan Cote  
Chief Information Officer  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Dear Mr. Kramer and Mr. Cote:

I write to urge you to work together to modernize the Department of Transportation's information technology (IT) systems in order to improve security, increase efficiency, and reduce wasteful spending associated with the maintenance of legacy IT systems. Legacy IT systems, as you know, are outdated systems that are no longer supported by the vendor, require highly specialized personnel to maintain, and often do not support current software or current agency needs.

The public health emergency caused by COVID-19 underscores the need for federal agencies to invest in modernizing current IT systems that cannot meet mission expectations in a crisis. Failing to do so could result in costly errors, security vulnerabilities, and inability to serve the American people.

The rising costs of maintaining legacy systems also crowds out investments in newer systems that would better serve the American people. In fiscal year (FY) 2019, the federal government spent roughly \$87 billion on IT, and is on track to spend at least that much in FY2020.<sup>1</sup> Notably, \$29 billion, or roughly one-third of total IT spending, was dedicated to maintaining legacy systems.<sup>2</sup> As the amounts spent to operate and maintain existing systems increase each year, government-wide investment in major IT projects is declining.<sup>3</sup>

For example, according to the IT Dashboard, the Department of Transportation is on track to spend \$3.6 billion on IT in FY2020.<sup>3</sup> This amount includes "System 7," which the Government Accountability Office (GAO) identified as a 35-year-old system that contains mission-critical information on aircraft and pilots.<sup>4</sup> The system, which runs software that has not been supported by the vendor since 2010, costs \$3.8 million annually to operate, and generates another \$10.7 million in labor costs. According to GAO, the agency has not provided a modernization plan nor estimated how much it would cost to modernize the system or savings that could be

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<sup>4</sup> GAO, *Modernization Plans* at 15, 52.

realized. However, it did note that modernization would enhance security of a system that is used for homeland security purposes.

The use of aging, unsupported, and expensive legacy systems is still common practice despite calls from Congress and the Executive Branch for agencies to modernize IT systems to make them mission-ready, cost-effective and secure. GAO put the management of IT acquisitions and operations on its High-Risk List in 2015 stating that "federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes."<sup>5</sup>

In response, Congress passed the Federal Information Technology Acquisition Reform Act (FITARA), which sought to improve the way federal IT is managed, maintained, and modernized in a strategic and cost-effective manner.<sup>6</sup> In addition, the Act expanded the responsibilities of agency chief information officers (CIOs) and requires their input on IT acquisitions to realize cost-savings and manage IT inventories. However, in June 2019 testimony before Congress, the Government Accountability Office stated:

Until agencies ensure that CIOs are able to review and approval all IT acquisitions, CIOs will continue to have limited visibility and input into their agencies' planned IT expenditures and will not be able to effectively use the increased authority that FITARA's contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen their CIO's authority and the oversight of acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.<sup>7</sup>

Five years after the enactment of FITARA, CIOs still struggle to find a seat at the table to help guide agency IT modernization and management. As a result, agencies continue to rely on aging legacy systems for some of their most critical operations. To prevent the proliferation of wasteful spending on legacy IT systems, I request your coordinated response to the following questions and requests for information by August 3, 2020.

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<sup>5</sup> Government Accountability Office, *High-Risk Series: An Update* (GAO-15-290), (Feb. 11, 2015).

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5. Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.
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Sincerely,



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Margaret Wood Hassan  
Ranking Member  
Federal Spending Oversight and  
Emergency Management Subcommittee

CC: Lana T. Hurdle, Deputy Assistant Secretary for Budget and Programs, U.S. Department of Transportation