U.S. General Services Administration

TECHNOLOGY MODERNIZATION FUND

Fiscal Year 2024 Congressional Justification

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Appropriations Language

For carrying out the purposes of the Technology Modernization Fund, as authorized by section 1078 of subtitle G of title X of the National Defense Authorization Act for Fiscal Year 2018 (Public Law 115-91;40 U.S.C. 11301 note), **$200,000,000** *to remain available until expended.*

Program Description

The American public expects their Government's technology to keep up with the simple, seamless, secure transactions they are used to when they interact with leading private consumer experiences. Every interaction between the Government and the public is an opportunity to demonstrate that we can deliver on that expectation and increase the public's trust in Government. This is especially true when the impact is high or people are going through a life experience where they have to interact with multiple agencies in order to access the services they rely on.

Federal agencies are putting people at the center of everything Government does, creating a vision for better service delivery based on the public's life experiences rather than siloed funding streams or organizational structures. The Technology Modernization Fund (TMF) is an innovative investment program transforming the way agencies deliver these accessible, secure, people-first services to the American public. Cybersecurity, customer experience, and a shared need to modernize technology across Government are top investment priorities.

The National Defense Authorization Act for Fiscal Year 2018 (Public Law 115-91), Subtitle G– Modernizing Government Technology (MGT) Act, Section 1078 established the TMF and Technology Modernization Board (TMF Board or Board). The TMF is administered by the U.S. General Services Administration (GSA) in accordance with recommendations made by the interagency TMF Board established by the MGT Act. The Board is chaired by the Administrator of the Office of Electronic Government and comprises six additional voting members, delineated in the Act, possessing expertise in IT development, financial management, cybersecurity, privacy, and acquisition. Additionally, alternate Board members provide further expertise and can stand in as a voting Board member. The MGT Act authorizes the TMF to transfer appropriations and collections in the TMF to other agencies as determined by the TMF Board. The American Rescue Plan Act of 2021 (Public Law 117-2) added an additional $1 billion appropriation to the TMF.

In its first five years, the TMF has become a critical component in driving digital transformation across the Federal enterprise. It can be difficult for agencies to fund large, multi-year modernizations or to address urgent cybersecurity needs within their annual IT budget. The TMF represents an innovative model for funding and overseeing IT modernization projects since it a) relies on technical experts to review requests and oversee performance; b) invests money in smaller, incremental amounts based on the value being delivered; c) allows agencies to request money in a way that is better aligned with the fast pace of change in technology,

especially around cybersecurity; and d) provides agencies with more flexible repayment terms and incentivizes the development of shared and reusable services across Government.

The TMF emphasizes an agile, iterative approach to systems development, and gathers information on technology solutions as they are deployed to ensure they are capable of delivering results. This approach leads to faster adoption of modern digital tools and saves taxpayer money. Beyond the funding, the TMF Program Management Office (PMO) at GSA partners with agencies every step of the way – pre-proposal through project completion – and takes an integrated, hands-on approach to technology modernization.

Good technology is critical to implementing good policy and serving the American public, so it is essential to invest in modernization nimbly and effectively. The TMF Board, TMF PMO, and the Office of Management and Budget interrogate proposals to ensure they are technically sound and have executive support, and project teams are able to successfully execute on the vision. The Board ensures accountability and improved outcomes through quarterly reviews and incremental funding as projects achieve milestones and demonstrate progress. The TMF is a catalyst to show what's possible across Government – and to scale lessons learned.

Ultimately, retiring or modernizing vulnerable and inefficient legacy IT systems will make agencies more secure and yield savings in time and budget. Absent immediate action, the cost to operate and maintain legacy systems will continue to grow while cybersecurity vulnerabilities and other risks grow. As a means of addressing these pressing challenges, sustained investment in the TMF is an important step in changing the way the Government manages its IT portfolio.

Summary of the Request

The TMF is on track to allocate the vast majority of current funds, including $1 billion received from the American Rescue Plan, by the end of 2023. The FY 2024 request for the TMF is $200 million for investments in projects selected by the Board, and for services and work related to the administration of the Fund. Despite the TMF's far reaching impacts, this amount represents only a little more than one percent of the portion of the U.S. Government's annual IT spending that is dedicated to modernization.

In the last two years, the TMF has increased its annual investment rate more than tenfold. The Fund currently manages more than $650 million worth of systems upgrades and modernization projects totaling 38 investments across 22 Federal agencies, and has received and reviewed more than 220 proposals totaling about $3.5 billion in funding demand. Absent additional appropriations, the TMF will continue shepherding investments with available resources, but will not be able to tackle large-scale investments needed to advance policy priorities nor meet the significant demand shown for the Fund.

Although many of the investments are still actively underway, the TMF investment approach results in improved outcomes and enables agencies to get meaningful results. Agencies and the public are seeing dramatic, measurable impact from the investments.

Examples include:

- Processing 176% more H-2A VISA certifications processed daily, saving $2 million in annual administrative expenses at the U.S. Department of Labor.
- Inspecting 64 billion pounds of produce annually using a new streamlined system at the U.S. Department of Agriculture.
- Collecting $90 billion in duties, taxes, and fees annually using a modernized system at the U.S. Customs and Border Protection, and saving over $30 million a year once their 30-year-old system is retired.
- Supporting the National Archives and Records Administration in enabling 1 million veterans to request and receive fully digital service records.
- Working towards strengthening the security of data and privacy protections for:
    - 100 million students and borrowers that the Department of Education supports.
    - 2 million civilian Federal employees in OPM's systems.
    - Hundreds of facilities under the jurisdiction, custody, and control of GSA.
    - Millions of veterans using VA's digital services.
    - 70 million retirement and disability beneficiaries and their families served by the Social Security Administration.
    - 800 national security users of Treasury's classified information sharing network.
    - Thousands of U.S. Agency for Global Media's reporters stationed in high-risk areas around the world, their sources, and the global media affiliates that rely on their news and information.

The work of the TMF will continue to focus on improving cybersecurity through supporting zero trust architecture, replacing outdated standalone legacy systems with shared services, and improving customer experience for Americans in need of Government services.

The TMF is uniquely positioned to demonstrate what agencies can deliver right now to securely meet customer needs, and will require dedicated funding to support this work to drive the level of impact the American people deserve.

(Dollars in Thousands)

Investments under the American Rescue Plan	
Projects Approved by the Board **FY 2021 Projects**	**Project Allocations**
U.S. Office of Personnel Management	
Zero Trust Networking	$ 9,900
U.S. Department of Education	
Zero Trust Architecture	$ 20,000
U.S. General Services Administration	
Login.gov	$ 187,050
U.S. Department of Homeland Security	
Southwestern Border Technology Integration Program	$ 50,000
U.S. General Services Administration	
MAX.gov Transition	$ 14,500
U.S. General Services Administration	
Advancing Zero Trust	$ 29,802
Classified Projects*	$ 52,065
FY 2021 Projects Subtotal	**$ 363,317**
Projects Approved by the Board **FY 2022 Projects**	**Project Allocations**
U.S. Corporation for National and Community Service (Americorps)	
Grants Management Modernization	$ 14,000
U.S. Department of Labor	
PERM Visa Modernization	$ 7,221
U.S. Agency for International Development	
Zero Trust Architecture	$ 5,688
U.S. Department of Agriculture	
Network Modernization (USDANet)	$ 64,000
U.S. Federal Trade Commission	
Multi-Cloud Security Operations Center	$ 3,990
U.S. Department of Homeland Security	
Information Sharing Modernization	$ 26,950
U.S. National Archives and Records Administration	
High Value Asset (HVA) Mission Essential Systems	$ 9,133
U.S. Department of Agriculture	
Network Monitoring, Detection, and Response	$ 4,407
U.S. Department of Veterans Affairs	
Veteran Identity Modernization	$ 10,550
U.S. Postal Regulatory Commission	
IT Modernization	$ 4,045
U.S. Selective Service System	
Registration and Verification Modernization	$ 5,989
FY 2022 Projects Subtotal	**$ 155,972**
Projects Approved by the Board **FY 2023 Projects**	**Project Allocations**
U.S. Social Security Administration	
Personal Data Security for Public Benefits Processing	$ 23,300
U.S. Agency for Global Media	
Improving IT Security with Zero Trust Architecture	$ 6,200
U.S. Department of the Treasury	
Secure Cloud National Intelligence Sharing	$ 11,145
U.S. Agency for International Development	
Project Campfire	$ 5,917
U.S. Railroad Retirement Board	
Citizen-Centric Online Self-Services	$ 8,695
U.S. AbilityOne Commission	
Development of the Next Generation Procurement List Information Management System (PLIMS) 2.0	$ 1,781
U.S. Department of Housing and Urban Development	
Identity Credential Access Management Modernization (ICAM) for FHA Connection	$ 14,800
U.S. Department of Defense	
Critical Infrastructure Cyber Protection	$ 15,575
U.S. Office of Personnel Management	
Website and Digital Modernization	$ 6,048
FY 2023 Projects Subtotal	**$ 93,462**
Grand Total FY 2021 - FY 2023	**$ 612,751**

(Dollars in Thousands)

Investments under Annual Appropriations	
Projects Approved by the Board **FY 2018 Projects**	**Project Allocations**
U.S. Department of Energy	
Enterprise Cloud E-Mail	$ 2,436
U.S. Department of Agriculture	
Farmers.gov Customer Experience Portal	$ 4,000
U.S. Department of Housing and Urban Development	
UNISYS Mainframe Migration	$ 13,850
FY 2018 Projects Subtotal	**$ 20,286**
Projects Approved by the Board **FY 2019 Projects**	**Project Allocations**
U.S. Department of Labor	
Labor Certificate Processing Modernization	$ 3,500
U.S. General Services Administration	
Application Modernization Integrating Flexible Architectures	$ 7,809
U.S. Department of Agriculture	
Infrastructure Optimization and Cloud Adoption	$ 220
U.S. General Services Administration	
NewPay Payroll and Work Schedule and Leave Software-as-a-Service Implementation	$ 7,317
FY 2019 Projects Subtotal	**$ 18,845**
Projects Approved by the Board **FY 2020 Projects**	**Project Allocations**
U.S. Equal Employment Opportunity Commission	
Charge and Case Management System Modernization	$ 4,000
U.S. Department of Agriculture	
Agricultural Marketing Specialty Crops System Modernization	$ 8,000
U.S. Department of Homeland Security	
Customs and Border Protection Automated Commercial Environment (ACE) Collections Migration	$ 15,000
FY 2020 Projects Subtotal	**$ 27,000**
Projects Approved by the Board **FY 2021 Projects**	**Project Allocations**
U.S. Department of Labor	
Data Modernization	$ 9,600
FY 2021 Projects Subtotal	**$ 9,600**
No New Projects in FY 2022	
Grand Total FY 2018 - FY 2022	**$ 75,732**

Program Financing

The TMF provides up-front funding to agencies through transfers of budget authority from the TMF to the receiving agency. The Fund invests in a diverse portfolio of projects having varying levels of repayment flexibility. The expenses of the GSA TMF PMO, which executes the responsibilities of GSA including TMF Board support, are funded through the available fund balance.

GSA works with the Board and OMB to continuously monitor ongoing spend while evaluating and adjusting the reimbursement model as needed on an annual basis. Through this process, GSA ensures the solvency of the Fund. Agencies receive funding from the TMF in increments and repay the TMF per a written agreement between GSA and the agency. This unique structure provides agencies with additional flexibility to pursue important modernization and cybersecurity projects.

GSA is requesting $200 million in FY 2024, an increase of $150 million over the enacted FY 2023 level, to accelerate Government-wide IT modernization efforts, meet a significant increase in demand for investment from agencies, support active projects, and the associated program management and project oversight.

Amounts Available for Obligation

(Dollars in Thousands)

Annual Appropriations and Collections	FY 2022 Enacted	FY 2023 Enacted	FY 2024 Request
Resources:			
Available from prior year	$ 121,298	$ 126,651	$ 222,849
Appropriation	$ -	$ 50,000	$ 200,000
Return of Unused Funds	$ 1,308	$ -	$ -
Offsetting Collections	$ 15,646	$ 46,198	$ 63,077
Total Resources Available	$ 138,251	$ 222,849	$ 485,926
PMO Obligations	$ -	$ -	$ -
Transfer Out for Modernization Projects	$ (11,600)	$ -	$ (75,000)
Fund Balance	**$ 126,651**	**$ 222,849**	**$ 410,926**

Note: Total Resources Available and Fund Balances include amounts committed to approved projects in the outyears but are reflected here as they contribute to the current balances.

(Dollars in Thousands)

American Rescue Plan Act 2021 - 2025	FY 2022 Enacted	FY 2023 Enacted	FY 2024 Request
Resources:			
Available from prior year	$ 1,000,000	$ 753,540	$ 180,142
Appropriation	$ -	$ -	$ -
Total Resources Available	$ 1,000,000	$ 753,540	$ 180,142
PMO Obligations	$ (2,253)	$ (6,534)	$ (7,559)
Transfer Out for Modernization Projects	$ (244,207)	$ (566,864)	$ (126,257)
Fund Balance	**$ 753,540**	**$ 180,142**	**$ 46,325**

Note: $1 billion was appropriated in the American Rescue Plan Act of 2021 (P.L. 117-2).

Explanation of Changes, Appropriated Dollars and FTE

(Dollars in Thousands)

Appropriated Fund	FTE	FY 2022 Enacted	FTE	FY 2023 Enacted	FTE	FY 2024 Request
		$ -		$ 50,000		$ 200,000
Program Changes:						
Personnel Increase from Program Expansion						$ -
Non-Personnel Cost Increase due to Program Expansion						$ -
Increase of Transfers to Modernization Projects						$ 150,000
Subtotal, Program Changes						$ 150,000
Total Adjustments						$ 150,000

American Rescue Plan Act Fund	FTE	FY 2022 Enacted	FTE	FY 2023 Enacted	FTE	FY 2024 Request
	9	$ 2,253	26	$ 6,534	29	$ 7,559
Program Changes:						
Personnel Increase from Program Expansion					3	$ 991
Non-Personnel Cost Increase due to Program Expansion						$ 34
Increase of Transfers to Modernization Projects						$ -
Subtotal, Program Changes					3	$ 1,025
Total Adjustments					3	$ 1,025

Obligations by Object Classification

(Dollars in Thousands)

American Rescue Plan Act Fund	FY 2022 Enacted	FY 2023 Enacted	FY 2024 Request
11.1 Full-time, permanent	$ 1,571	$ 3,589	$ 4,318
11.3 Other than full-time permanent	$ -	$ -	$ -
11.5 Other personnel compensation	$ 33	$ 72	$ 86
12.1 Civilian personnel benefits	$ 509	$ 1,220	$ 1,468
21.0 Travel and transportation of persons	$ 13	$ 40	$ 40
23.1 Rental payments to GSA	$ -	$ -	$ -
23.3 Communications and utilities	$ -	$ -	$ -
24.0 Printing and reproduction	$ -	$ -	$ -
25.1 Advisory and assistance services	$ -	$ -	$ -
25.2 Other services from non-Federal sources	$ -	$ -	$ -
25.3 Other goods & services from Federal sources	$ 120	$ 1,603	$ 1,637
26.0 Supplies and materials	$ 7	$ 10	$ 10
99.0 Obligations, Appropriated (ARP)	**$ 2,253**	**$ 6,534**	**$ 7,559**
Subtotal, PC&B	$ 2,112	$ 4,881	$ 5,872
Subtotal, Non-labor	$ 141	$ 1,653	$ 1,687
ARP Transfers	*$ 244,207*	*$ 566,864*	*$ 126,257*
Annual Appropriation Transfers	*$ 11,600*	*$ -*	*$ 75,000*
Net Outlays	*$ (13,421)*	*$ 284,000*	*$ 82,000*