

GAO@100 Highlights

Highlights of [GAO-22-105117](#), a report to congressional committees

Why GAO Did This Study

Enacted in 2017, the provisions commonly referred to as the *Modernizing Government Technology Act* established the TMF in recognition of the challenges in modernizing federal information systems. OMB and GSA administer the TMF, and a Technology Modernization Board comprised of federal IT executives reviews agency project proposals.

Pursuant to the law, OMB's 2018 TMF guidance directed agencies with approved projects to reimburse the amounts transferred from the fund and pay a fee, within 5 years of award. Fees were to be based in part on a percentage of award amounts transferred to the agency. GSA uses TMF appropriations to cover its operating expenses, and collects the fees from awarded projects to offset these expenses.

The act includes a provision for GAO to report biannually on the TMF. This second TMF report, among other things, (1) identifies the status of the fund and approved projects, (2) determines the TMF's operating costs and fees collected to offset those costs, and (3) assesses the reliability of selected projects' cost saving estimates.

GAO identified projects approved for TMF funding and reviewed the extent to which selected projects were generating cost savings. GAO also reviewed OMB and GSA's administrative fund processes, and GSA financial data on TMF operating costs.

View [GAO-22-105117](#). For more information, contact David B. Hinchman at (214) 777-5719 or hinchmand@gao.gov.

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TECHNOLOGY MODERNIZATION FUND

Implementation of Recommendations Can Improve Fee Collection and Proposal Cost Estimates

What GAO Found

The Technology Modernization Fund (TMF) provides awards to agencies to, among other things, modernize aging federal information systems. Of the initial \$175 million that Congress appropriated for TMF, the Technology Modernization Board had approved 11 projects totaling about \$89 million (see table), as of August 2021. Agency proposals were to include estimates of any project-related savings; agencies could use these savings to satisfy the requirement that they reimburse the TMF for any transfers within 5 years. For the seven projects approved in 2018 and 2019, two have reported generating cost savings but those savings are not documented. For the remaining five projects, two no longer plan on savings, two plan on savings starting in 1 to 3 years, and one does not know when savings will begin.

Technology Modernization Fund (TMF) Project Awards, as of August 31, 2021 (in dollars)

Agency and TMF project	Total award amount	Date of award
Department of Agriculture (Agriculture) Farmers.Gov Portal	4,000,000	June 7, 2018
Department of Energy Enterprise Cloud Email	3,743,702	June 7, 2018
Department of Housing and Urban Development Unisys Migration	13,850,013	June 7, 2018
Agriculture Infrastructure Optimization	500,000	October 29, 2018
Department of Labor (Labor) Visa Application Transformation	3,500,000	October 29, 2018
General Services Administration (GSA) Application Modernization	9,816,833	October 29, 2018
GSA NewPay	16,986,021	February 11, 2019
Agriculture Specialty Crops Systems Modernization	8,000,000	October 21, 2019
U.S. Equal Employment Opportunity Commission Charge and Case Management System Modernization	4,000,000	October 21, 2019
U.S. Customs Border and Protection Automated Commercial Environment Collections Module	15,000,000	July 27, 2020
Labor Data Modernization	9,600,000	March 21, 2021
Total	88,996,569	

Source: GAO analysis of agency TMF project documentation as of August 31, 2021. | [GAO-22-105117](#)

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

In addition, GAO analyzed TMF project and supporting cost estimate documentation for the four projects awarded funds between September 2019 and August 2021 and compared its analysis to the characteristics of a reliable cost estimate.

What GAO Recommends

In its first TMF report, GAO recommended that

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

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

Regarding TMF operating costs and fees collected to offset those costs, as of August 2021, GSA had received fee payments totaling about \$810,000, or about 29 percent of its operating expenses of \$2.8 million (see table below).

Fiscal year	Operating expenses	Fee collection
2018	408,662	0
2019	851,958	33,165
2020	835,725	245,096
2021 ^a	712,170	530,628
Total	2,808,515	808,889

Source: GAO analysis of TMF Program Management Office and TMF project documentation, | GAO-22-105117

^a2021 operating expenses and fee collection are for the first 11 months of fiscal year 2021 (Oct-Sept).

A key reason for this shortfall is that six of the seven initially approved projects narrowed their scopes. This led to reduced award amounts transferred to agencies, which in turn resulted in about a \$1.12 million reduction in anticipated fees. Relatedly, OMB and GSA have not yet implemented GAO's prior recommendation to develop and implement a plan to fully recover operating expenses with fee collection. Doing so would provide greater assurance that fees collected would be sufficient to offset operating costs.

OMB funding guidelines require projects to include a reliable estimate of any project-related savings. However, most of the TMF projects' reported savings estimates derived from cost estimates continue to be unreliable. Specifically, three of the four projects reviewed did not fully incorporate best practices for a reliable cost estimate, as defined in OMB Circular A-11 (which references GAO's *Cost Estimating and Assessment Guide*) (see table below).

TMF Project	Characteristic			
	Comprehensive	Well-documented	Accurate	Credible
Department of Agriculture Specialty Crops System Modernization	Minimally met	Minimally met	Minimally met	Not met
Department of Labor Data Modernization	Partially met	Partially met	Partially met	Not met
U.S. Customs and Border Protection Automated Commercial Environment Collections Module	Met	Met	Substantially met	Met
U.S. Equal Employment Opportunity Commission Charge and Case Management System Modernization	Partially met	Minimally met	Minimally met	Not met

Source: GAO analysis of agency TMF cost estimate documentation as of August 31, 2021. | GAO-22-105117

Note: Evidence was provided to satisfy a given characteristic's best practices: Not met = none; minimally met = a small portion; partially met = about half; substantially met = a large portion; met = complete evidence.

Given the significant expansion in available TMF funds, it is increasingly important that GSA implement GAO's prior recommendation to improve the instructions for the TMF cost estimate template required of each proposal. Such action would help ensure that the TMF board is reviewing documentation that is complete, accurate, and reliable.