

STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY,  
INTERGOVERNMENTAL RELATIONS AND THE CENSUS  
U.S. HOUSE OF REPRESENTATIVES

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Mr. Chairmen and Members of the Subcommittee:

Thank you for inviting me here today to talk to you about the federal information technology (IT) portfolio. My remarks will focus on the Administration's strategy and progress to date in planning, managing, and measuring the results of the government's technology investments. In particular, I would like to provide the Committee an update on the successful results of the President's E-Government initiatives and the impact of the Federal Enterprise Architecture.

IT Portfolio

As you know, the President's 2005 Budget request includes nearly \$60 billion dollars for IT, and reflects this Administration's commitment to Defense and Homeland Security. Of the

nearly \$60 billion dollars requested this year, roughly \$27 billion is directed to the Department of Defense, while more than \$10 billion directly supports Homeland Security. For example, the Department of Homeland Security's IT budget increased in key priority areas such as an additional \$69 million to support border enforcement activities and an increase of \$96 million to support Transportation Security Administration (TSA) equipment.

This budget also shows our continuing work in exercising fiscal responsibility without sacrificing results. We are reaffirming the Administration's commitment to results-oriented management by reducing duplication in IT spending while providing the opportunity to share in common solutions for agency IT needs, while improving service delivery for the citizen. Efforts by agencies to hold down the cost of IT services and at the same time improve citizen satisfaction have generated some innovative solutions. Our continued emphasis on eliminating redundant IT investments drove agencies to examine IT spending and develop consolidated plans for technology acquisition and maintenance. For example, USDA conducted an extensive effort to identify opportunities to reduce redundancy and duplication within its IT portfolio. These efforts led to the department's consolidation of its portfolio and a \$162 million savings from the FY2004 to FY2005 budget.

Of the nearly 1,200 major projects included in this year's budget, 621 representing roughly \$22 billion are currently on a "management watch list." This list includes mission-critical projects in need of improvement in areas such as performance measures, project management and/or IT security. The FY2005 budget reflects the requirement that agencies successfully correct identified project weaknesses and business case deficiencies or OMB will limit new

starts and other developmental activities; the agencies must make real progress addressing and correcting these weaknesses.

Other specific challenges to better serve the citizen through E-Government include an ongoing shortfall in qualified project managers and IT architects needed to successfully manage the federal IT portfolio.

This challenge is being addressed through direction to agencies to have a program management plan and a qualified project manager for projects to be approved for spending in 2004 and thereafter.

#### Status of Federal Systems

Ensuring the security of the federal government's information and systems is a critical element of effective and responsible IT management. As you know, the Federal Information Security Management Act (FISMA) requires agencies and Inspector Generals (IGs) to annually review and evaluate agency IT security programs and systems and to report on their results to OMB and the Congress. Additionally, both FISMA and long-standing OMB policy direct agencies to fund IT security throughout the life cycle of every system and develop remediation plans for all systems with IT security weaknesses.

OMB used the information from the annual FISMA reports and quarterly remediation updates to directly influence the FY 2005 budget process. Specifically:

1. Information from agency and IG reports along with their remediation plans identified both agency-wide and system specific IT security weaknesses. The annual reviews and reports identified the gaps and the remediation plans provided the corrective actions the agency has determined are necessary to close the gaps.
2. Information from OMB IT budget submission documents, including the exhibit 53 and 300, also identifies whether appropriate steps to secure both new and legacy IT systems have been undertaken. For example, agencies must report whether risk-based and cost-effective IT security controls have been identified, implemented, and tested, and their operational systems have been fully certified and accredited.

While this information assisted OMB in making FY 2005 funding decisions, thereby addressing longer-term IT security weaknesses, it was also useful in prioritizing FY 2004 expenditures. For example, agencies with significant weaknesses in information and system security were directed to remediate operational systems with weaknesses prior to spending FY 2004 development or modernization funds. If additional resources are needed to resolve those weaknesses, agencies are to use their FY 2004 development funds. These steps were taken to reinforce both law and policy requirements; they underscore the President's commitment to security and privacy.

#### Effects of E-Government Initiatives

FY 2005 E-Government priorities and IT resource levels reflect activities with which we are presently engaged with the agencies. For example, this year agencies must review all commercial software acquisitions for appropriateness for inclusion into the SmartBuy

program. This program will leverage government purchasing power and reduce redundant purchases. If an agency intends to complete an acquisition found to be duplicative, my prior approval is required.

Another example is our work in the enterprise human resources initiative (EHRI). Agencies have been directed to work with OPM to develop a migration plan to the EHRI initiative which provides workforce analysis tools. Agencies must cease further development of agency-specific workforce analysis tools and capabilities. Agencies are identifying FY2004 resources for development and maintenance of workforce analysis tools, re-directing redundant spending to support migrations to the common EHRI tools. Accordingly, no resources for new agency workforce analysis tools are included in the FY2005 Budget.

In Phase 2 of Grants.gov, agencies must use the "find and apply" solutions of this initiative. In addition, agencies must designate funds for migrating grants management systems and/or applications to the common solution developed by Grants.gov. This also includes interfacing back office grants management systems to the government-wide effort. All FY 2004 new planning and development dollars will be redirected to develop an action plan, solution, and architecture for an agency's grants management system that integrates to the government-wide solution by September 1, 2004.

Finally, this year agencies must share all appropriate data with OMB about their core financial system applications on a government-wide basis. They have also been asked to redirect all planning and acquisition dollars for core financial systems planning and

development work in FY2004 to standards and architecture development for a government-wide solution.

### Status of FEA Activities

We first used the Federal Enterprise Architecture (FEA) in formulating the FY 2004 budget. Using the Business Reference Model (BRM), we identified six major service areas with over \$6.8 billion in IT investment funding that seemingly offer great potential for government wide collaboration, consolidation and savings. Results to date include:

- The Department of Health and Human Services has taken a leading role in bringing together all of the major players in the Federal government who have programs providing Health services. This initiative is currently defining the common work across many of these activities in order to identify specific work areas that can be shared and where technologies can be leveraged across many agencies resulting in real cost savings.
- The Department of Justice has brought together all of the major investigative agencies in the Federal government to identify where it will be possible to use shared technology tools to support their case management needs. The result should be a reduction in the number of unique case-management systems as well as the ability to share information where it is imperative to do so.

- In the area of Financial Management, a function performed by every Federal agency, the FEA identified at least 103 financial management systems planned or in use across the government. The Departments of Energy and Labor are leading a cross-agency task force of nine agencies and link together efforts of JFMIP, the SGL board, GSA procurement initiatives, and OMB/Treasury reporting. The approach targets seamless data interchange among partner agencies, reduced acquisition expenditures resulting from common system requirements, and a common architecture that includes standardized data structures and business processes across government for core financial systems.

For the FY 2005 budget process we were able to implement the FEA in a much more dynamic way and as a result we have been able to identify further areas within the federal government that have the potential for substantial collaboration and consolidation. We have also begun to identify where agencies are using the same technology components and as a result we can target many of those technologies for government-wide enterprise licensing through the SmartBuy program. We will also be able to identify technologies that can be shared and re-used by multiple agencies. The Pay.gov system developed and supported by the Department of the Treasury is an excellent example of this capability. Pay.gov provides the necessary processing capability for credit card transactions that many agency systems require. Rather than each agency developing their own capability, it is now possible for agencies to use Pay.gov to provide that capability, reducing the cost and effort for many agencies.

In preparing for FY2006 we will continue to require agencies to align their efforts with the FEA. We will also provide them with a web-based tool giving them access to government-wide data that is organized around the FEA. With this tool, each agency can identify other agencies engaged in developments that are similar or identical to its. Through this tool they can identify potential collaboration partners as well as specific technology components they may be able to use, rather than develop their own. We anticipate substantial savings to the government as these capabilities begin to take hold.

### Conclusion

The Administration will continue to work collaboratively across agencies and with Congress. I look forward to working with you on these matters, and would be happy to take questions at this time.