

118TH CONGRESS
2^D SESSION

H. R. 5527

AN ACT

To amend section 1078 of the National Defense Authorization Act for Fiscal Year 2018 to increase the effectiveness of the Technology Modernization Fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Modernizing Govern-
3 ment Technology Reform Act”.

4 **SEC. 2. REALIGNING USE OF FUNDS WITH ORIGINAL CON-
5 GRESSIONAL INTENT.**

6 Section 1078 of the National Defense Authorization
7 Act for Fiscal Year 2018 (Public Law 115–91; 40 U.S.C.
8 11301 note) is amended—

9 (1) in subsection (b)—

10 (A) by amending paragraph (3) to read as
11 follows:

12 “(3) USE OF FUNDS.—

13 “(A) IN GENERAL.—The Administrator
14 shall, in accordance with recommendations from
15 the Board, use amounts in the Fund for the fol-
16 lowing:

17 “(i) To transfer such amounts, to re-
18 main available until expended, to the head
19 of an agency for the acquisition, procure-
20 ment, and operation of information tech-
21 nology, or the development of information
22 technology when more efficient and cost ef-
23 fective, to—

24 “(I) modernize, retire, or replace
25 legacy information technology systems
26 used by the agency;

1 “(II) enhance cybersecurity and
2 privacy at the agency;

3 “(III) improve long-term effi-
4 ciency and effectiveness of agency in-
5 formation technology; or

6 “(IV) improve the ability of the
7 agency to perform the mission of the
8 agency and deliver services to the
9 public.

10 “(ii) To provide services or work per-
11 formed in support of—

12 “(I) the activities described in
13 clause (i); and

14 “(II) the Board and the Director
15 in carrying out the responsibilities de-
16 scribed in subsection (c)(2).

17 “(iii) To fund only programs, projects,
18 or activities, or to fund increases for any
19 programs, projects, or activities that have
20 not been denied or restricted by Congress.

21 “(iv) To transfer such amounts only
22 for programs, projects, or activities that
23 will be reimbursed to the Fund to the ex-
24 tent necessary to ensure total amounts in
25 the Fund are no less than the amounts

1 needed to keep the Fund operational until
2 the Fund sunsets pursuant to subsection
3 (g)(1).

4 “(B) TERMINATION OR SUSPENSION OF
5 FUNDS.—The Administrator shall, in accord-
6 ance with recommendations from the Board,
7 suspend or terminate funding for any project
8 with respect to which the head of an agency
9 provided fraudulent or misleading statements
10 about such project (including fraudulent state-
11 ments about technical design, the business case,
12 or program management with respect to the
13 project) in the application or proposal for
14 amounts from the Fund for such project.”;

15 (B) in paragraph (5)—

16 (i) in subparagraph (A)—

17 (I) in clause (i)—

18 (aa) by striking “or (B)”;

19 and

20 (bb) by striking “(3)(C)”

21 and inserting “(3)(A)(ii)”;

22 (II) in clause (ii), by striking “,

23 consistent with any applicable re-

24 programming law or guidelines of the

25 Committees on Appropriations of the

1 Senate and the House of Representa-
2 tives”; and

3 (ii) in subparagraph (B)(i)—

4 (I) by striking “paragraph
5 (3)(C)” and inserting “paragraph
6 (3)(A)(ii)”; and

7 (II) by striking “the solvency of
8 the Fund, including operating ex-
9 penses” and inserting the following:
10 “total amounts in the Fund are no
11 less than the amounts needed to keep
12 the Fund operational until the Fund
13 sunsets pursuant to subsection
14 (g)(1)”; and

15 (C) in paragraph (6)—

16 (i) in subparagraph (A)—

17 (I) in the matter before clause
18 (i), by striking “subparagraphs (A)
19 and (B) of paragraph (3)” and insert-
20 ing the following: “paragraph
21 (3)(A)(i) and before any services or
22 work are provided under paragraph
23 (3)(A)(ii)(I)”; and

24 (II) in clause (i)—

1 (aa) by striking “unless ap-
2 proved by the Director”; and

3 (bb) by striking “; and” and
4 inserting a semicolon;

5 (III) by redesignating clause (ii)
6 as clause (iv); and

7 (IV) by inserting after clause (i)
8 the following new clauses:

9 “(ii) which shall include terms of re-
10 payment that require the head of the agen-
11 cy to reimburse the Fund for funds trans-
12 ferred under paragraph (3)(A)(i) at a level
13 that ensures total amounts in the Fund
14 are no less than the amounts needed to
15 keep the Fund operational until the Fund
16 sunsets pursuant to subsection (g)(1);

17 “(iii) which shall include terms of re-
18 payment that require the head of the agen-
19 cy to fully reimburse the Fund for any
20 services or work provided under paragraph
21 (3)(A)(ii) in direct support of the project;
22 and”; and

23 (ii) in subparagraph (B)—

24 (I) by striking clause (i) and in-
25 serting the following:

1 “(i) for any funds transferred to an
2 agency under paragraph (3)(A)(i), in the
3 absence of compelling circumstances docu-
4 mented by the Administrator at the time of
5 transfer, that such funds shall be trans-
6 ferred only—

7 “(I) on an incremental basis, tied
8 to metric-based development mile-
9 stones achieved by the agency through
10 the use of rapid, iterative, develop-
11 ment processes; and

12 “(II) after the head of the agency
13 has provided the Director any infor-
14 mation the Director is required to re-
15 port pursuant to paragraph (7)(A)(i);
16 and”;

17 (II) in clause (ii)—

18 (aa) by striking “subpara-
19 graphs (A) and (B) of paragraph
20 (3)” and inserting “paragraph
21 (3)(A)(i)”; and

22 (bb) by striking “paragraph
23 (6)” and inserting “this para-
24 graph”;

25 (D) in paragraph (7)—

1 (i) in subparagraph (A)(i)—

2 (I) by inserting “the written
3 agreement entered into under para-
4 graph (6),” after “description of the
5 project,”; and

6 (II) by inserting “(including doc-
7 umented market research into com-
8 mercial products and services)” after
9 “used”;

10 (ii) in subparagraph (B)—

11 (I) in clause (i)—

12 (aa) by striking “estab-
13 lishing”; and

14 (bb) by striking “the cost
15 savings associated with the
16 projects funded both annually
17 and over the life of the acquired
18 products and services by the
19 Fund;” and inserting the fol-
20 lowing: “the amount repaid to
21 the Fund in accordance with the
22 terms established in the written
23 agreements described in para-
24 graph (6);”;

25 (II) in clause (ii)—

1 (aa) by striking “reliability
2 of the cost savings” and inserting
3 “total cost savings”; and

4 (bb) by striking the semi-
5 colon and inserting “; and”; and

6 (III) in clause (iii), by striking “;
7 and” and inserting a period; and

8 (IV) by striking clause (iv);

9 (2) in subsection (c)(2)—

10 (A) in subparagraph (A)—

11 (i) in clause (ii), by striking “the
12 greatest Governmentwide impact; and” and
13 inserting the following: “the greatest im-
14 pact on modernizing, retiring, or replacing
15 Federal legacy information technology sys-
16 tems; and”;

17 (ii) by redesignating clauses (i)
18 through (iii) as clauses (ii) through (iv),
19 respectively; and

20 (iii) by inserting before clause (ii), as
21 so redesignated, the following new clause:

22 “(i) the ability for the head of the
23 agency to ensure repayment of funds
24 transferred from the Fund to the head of

1 the agency, in accordance with subsection
2 (b);”;

3 (B) in subparagraph (D), by striking “to
4 improve or replace multiple information tech-
5 nology systems” and inserting the following: “to
6 modernize, retire, or replace legacy information
7 technology systems under subsection
8 (b)(3)(A)(i)”;

9 (C) in subparagraph (F), by inserting after
10 “subsection (b)(6)” the following: “or the iden-
11 tification of fraudulent or misleading state-
12 ments about the project (including fraudulent
13 statements about technical design, the business
14 case, or program management with respect to
15 the project) in the application or proposal for
16 amounts from the Fund for the project”;

17 (D) in subparagraph (G), by inserting
18 after “operating costs of the Fund” the fol-
19 lowing: “to ensure total amounts in the Fund
20 are no less than the amounts needed to keep
21 the Fund operational until the Fund sunsets
22 pursuant to subsection (g)(1)”;

23 (3) in subsection (c)—

24 (A) in paragraph (5)—

1 (i) in subparagraph (B) by striking
2 the period at the end and inserting “;
3 and”; and

4 (ii) by inserting after subparagraph
5 (B) the following;

6 “(C) a senior official from the Cybersecu-
7 rity and Infrastructure Security Agency of the
8 Department of Homeland Security, appointed
9 by the Director of the Cybersecurity and Infra-
10 structure Security Agency, with the approval of
11 the Director of the Office of Management and
12 Budget.”;

13 (B) in paragraph (6)(A)—

14 (i) by striking “shall be—” and in-
15 serting “shall be 4 employees of the Fed-
16 eral Government primarily having technical
17 expertise in information technology devel-
18 opment, financial management, cybersecu-
19 rity and privacy, and acquisition, ap-
20 pointed by the Director.”; and

21 (ii) by striking clauses (i) and (ii);
22 and

23 (4) in subsection (d)(2)—

24 (A) in subparagraph (A), by striking “sub-
25 section (b)(3)(A) and for products, services, and

1 acquisition vehicles funded under subsection
2 (b)(3)(B)” and inserting “subsection (b)(3)”;
3 and

4 (B) in subparagraph (C), by inserting after
5 “and reduce waste” the following: “and ensure
6 total amounts in the Fund are no less than the
7 amounts needed to keep the Fund operational
8 until the Fund sunsets pursuant to subsection
9 (g)(1)”;

10 (5) by redesignating subsections (e) and (f) as
11 subsections (f) and (g), respectively;

12 (6) by inserting after subsection (d) the fol-
13 lowing new subsection:

14 “(e) RESPONSIBILITIES OF THE FEDERAL CHIEF IN-
15 FORMATION OFFICER; AGENCY CHIEF INFORMATION OF-
16 FICERS.—

17 “(1) AGENCY INVENTORY.—An agency Chief
18 Information Officer, in coordination with stake-
19 holders and other agency officials, shall provide to
20 the Federal Chief Information Officer—

21 “(A) on or before the first September 30
22 that occurs after the date of the enactment of
23 the Modernizing Government Technology Re-
24 form Act of 2023, a list of high-risk legacy in-
25 formation technology systems used, operated, or

1 maintained by the agency, in accordance with
2 the guidance issued under paragraph (4); and

3 “(B) on or before September 30 of each
4 year after the first year in which the list is pro-
5 vided under subparagraph (A), any updates to
6 such list.

7 “(2) LEGACY FEDERAL IT INVENTORY.—The
8 Federal Chief Information Officer shall—

9 “(A) on or before the first December 30
10 that occurs after the date of the enactment of
11 the Modernizing Government Technology Re-
12 form Act of 2023, compile a Legacy Federal IT
13 Inventory on the basis of the each list provided
14 by an agency Chief Information Officers under
15 paragraph (1)(A) that includes information
16 about each high-risk legacy information tech-
17 nology system used, operated, or maintained by
18 an agency; and

19 “(B) on or before December 30 each year
20 after the year in which the Legacy Federal IT
21 Inventory is compiled, update such Inventory on
22 the basis of each update to the list provided by
23 an agency Chief Information Officer under
24 paragraph (1)(B).

25 “(3) PRIORITIZATION LIST.—

1 “(A) REQUIREMENT.—The Federal Chief
2 Information Officer shall—

3 “(i) not later than 90 days after the
4 date on which the Federal Chief Informa-
5 tion Officer receives the list required by
6 paragraph (1)(A) from each agency Chief
7 Information Officer, compile, on the basis
8 of each such list, a list of 10 legacy infor-
9 mation technology systems that present the
10 greatest security, privacy, and operational
11 risks to the Federal Government; and

12 “(ii) not later than 90 days after the
13 date on which the Federal Chief Informa-
14 tion Officer receives updates under para-
15 graph (1)(B) from each agency Chief In-
16 formation Officer, update the list required
17 by subparagraph (A) on the basis of each
18 updates to the list provided by agency
19 Chief information Officers under para-
20 graph (1)(B).

21 “(B) REPORT TO CONGRESS.—Not later
22 than 14 days after the date on which the Fed-
23 eral Chief Information Officer compiles the list
24 required by subparagraph (A), or updates such
25 list, the Director shall submit to the Committee

1 on Oversight and Accountability of the House
2 of Representatives, the Committee on Home-
3 land Security and Governmental Affairs of the
4 Senate, and the Comptroller General of the
5 United States, a report (which may include a
6 classified annex) containing—

7 “(i) such list (including any update
8 made to such list under subparagraph
9 (A)(ii)); and

10 “(ii) each list provided by an agency
11 Chief Information Officer under paragraph
12 (1)(A) (including any update made to any
13 such list under paragraph (1)(B)).

14 “(4) GUIDANCE.—

15 “(A) IN GENERAL.—Not later than 180
16 days after enactment of this Act, the Director
17 shall issue guidance on implementing the re-
18 quirements of this subsection that shall, at a
19 minimum—

20 “(i) prescribe an appropriate format
21 for list to be provided under paragraph
22 (1)(A);

23 “(ii) prescribe the information to be
24 included in the Legacy Federal IT Inven-
25 tory required by paragraph (2);

1 “(iii) provide guidance on how an
2 agency Chief Information Officer should
3 identify high-risk legacy information tech-
4 nology systems that, at least, requires
5 agency Chief Information Officers, in co-
6 ordination with other agency stakeholders,
7 to identify as a high risk legacy informa-
8 tion technology system any outdated or ob-
9 solete system of information technology
10 that is critical to the agency such that the
11 loss or degradation of the system would
12 create a security, operational, or privacy
13 risk to the agency or would otherwise im-
14 pact the ability of the agency to perform
15 the mission of the agency, effectively de-
16 liver programs, or conduct business; and

17 “(iv) provide guidance on how existing
18 reporting structures can be used to submit
19 the Legacy Federal IT inventory required
20 by paragraph (2).

21 “(B) UPDATES.—The Director may update
22 the guidance issued under subparagraph (A) as
23 the Director determines necessary.

24 “(5) DEFINITIONS.—In this subsection:

1 “(A) AGENCY CHIEF INFORMATION OFFI-
2 CER.—The term ‘agency Chief Information Of-
3 ficer’ means a Chief Information Officer des-
4 ignated under section 3506(a)(2) of title 44,
5 United States Code.

6 “(B) FEDERAL CHIEF INFORMATION OFFI-
7 CER.—The term ‘Federal Chief Information Of-
8 ficer’ means the Administrator of the Office of
9 Electronic Government.”; and

10 (7) in subsection (g)(1), as so redesignated, by
11 striking “On and after the date that is 2 years after
12 the date on which the Comptroller General of the
13 United States issues the third report required under
14 subsection (b)(7)(B),” and inserting “After Decem-
15 ber 31, 2031,”.

Passed the House of Representatives May 21, 2024.

Attest:

Clerk.

118TH CONGRESS
2^D SESSION

H. R. 5527

AN ACT

To amend section 1078 of the National Defense Authorization Act for Fiscal Year 2018 to increase the effectiveness of the Technology Modernization Fund, and for other purposes.