

MODERNIZING GOVERNMENT TECHNOLOGY ACT

Preparing our clients for the impacts of new Federal IT legislation

FOCUS AREAS

WHAT IS THE MGT ACT?

The MGT Act allows federal agencies to reprogram unused IT budget allocations to fund future modernization projects. MGT gives agencies more resources to modernize legacy systems enabling agencies to move into the cloud, implement shared services, and improve cyber defense.

BACKGROUND

- The MGT Act builds on other recent IT legislation such as the Federal Information Technology Acquisition Reform Act (FITARA), and more specifically the MEGABYTE metric, that aims to improve efficiency and effectiveness of existing IT spending to make way for future IT modernization
- The MGT Act will allow agencies to put savings into an IT working capital fund which could be accessed for up to three (3) years
- A centralized MGT Act fund was also created to make large government-wide or high value (HVA) investments from which agencies can request funds

Modernize the IT Enterprise

Prioritize shift to consolidated Cloud Services and Software-as-a-Service where feasible

Improve Cyber Security Posture

Adopt a risk based approach to focus on a layered defensive strategy with greater emphasis on application and data level protections

Transition to Digital Services

Position agencies IT investments to support a digital-services delivery model that will meet mission requirements and more effectively deliver services to the American People

02 **Federal IT Funding**
PERCENT Percentage that the federal government spends (\$95.7 B.) on IT systems each year

70 **Legacy Costs**
PERCENT Percentage of federal IT funding (\$67 B.) used to maintain outdated legacy systems

71 **FITARA Scorecard**
PERCENT Percentage of agencies with failing marks (17 out of 24) on the MEGABYTE metric

IN THE NEXT 60 DAYS

- Agencies are to prepare a list of projects in response to the January 2018 OMB Data Call with particular emphasis on cloud migration projects
- Agencies are to submit data on current email contracts as part of an inter-agency task force to "finalize a standard set of requirements for cloud email"
- DHS will be preparing a report on "common areas of weakness" in government high-value assets to be used to focus modernization efforts
- The American Technology Council is to review agencies' cloud migration reports and group them into three categories (1) low-risk systems that should migrate immediately; (2) high-priority systems that present a level of risk that requires external assistance; and (3) high-risk systems that should not be migrated until further policy or capability enhancements are made
- Agencies to initiate efforts to build a culture that utilizes cloud capabilities effectively

WHAT DOES THIS MEAN FOR OPM

OPM is actively engaged in fulfilling the requirements of the MGT Act and will have an opportunity to reprogram funding for future modernization projects like the Trust Fund Modernization (TFM). This timely legislation gives OPM a new mechanism to fund its important modernization initiatives and break the one year spending cycle. Given the focus on cloud solutions, OPM may face increasing pressure to consider or select cloud-based solutions for TFM and other modernization programs.

HOW MAY THIS IMPACT TFM

The objectives of the OPM TFM program map directly to the objectives of the MGT Act. The financial system modernization aims to modernize and/or replace the aging legacy system to facilitate greater transparency, compliance, and overall system stability and sustainability.

Specifically, the system will minimize human intervention, significantly reduce time latency for information sharing, improve internal controls, and minimize redundancy through consolidation of systems and processes. TFM serves as a fantastic example of MGT in practice. OPM may have an opportunity to increase external visibility around the program, and justify ongoing funding needs to fully support its implementation.