



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 12, 2017

### **H.R. 2227 MGT Act**

*As ordered reported by the House Committee on Oversight and Government Reform  
on May 2, 2017*

#### **SUMMARY**

H.R. 2227 would establish new budget accounts to fund efforts to modernize government information technology (IT) systems. The new accounts would include a working capital fund for each major federal agency that would be used to retire and replace older IT systems (legacy systems) and a single government-wide technology and modernization fund to update federal IT systems and make them more secure. H.R. 2227 also would establish a board of managers to oversee, evaluate, and monitor federal IT spending. Finally, H.R. 2227 would authorize the appropriation of \$250 million in each of fiscal years 2018 and 2019 to cover the costs of complying with the bill.

CBO estimates that implementing this legislation would cost \$500 million over the 2017-2022 period, assuming appropriation of the specified amounts. CBO estimates that enacting H.R. 2227 would not affect direct spending or revenues; therefore pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2227 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2227 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effects of H.R. 2227 are shown in the following table. The costs of this legislation fall within all budget functions that include IT spending.

	By Fiscal Year, in Billions of Dollars						2017-2022
	2017	2018	2019	2020	2021	2022	
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Estimated Authorization Level	0	250	250	0	0	0	500
Estimated Outlays	0	83	167	167	83	0	500

**BASIS OF ESTIMATE**

For this estimate, CBO assumes that H.R. 2227 will be enacted near the end of fiscal year 2017, that the necessary amounts will be appropriated each year, and that spending will follow historical spending patterns for similar investments in IT.

H.R. 2227 would authorize the appropriation of \$500 million over two fiscal years to establish a Technology Modernization Board and a Technology Modernization Fund. The board would consist of eight federal employees, two from the General Service Administration, one each from the Departments of Defense and Homeland Security, and four appointed by the Office of Management and Budget. The board’s purpose would be to help improve information technology and cybersecurity systems across the government. Assuming appropriation of the authorized amounts, CBO estimates that implementing the bill would cost \$500 million over the 2018-2022 period.

The bill also would establish IT revolving funds in each major agency to be used to modernize information technology, primarily by replacing legacy systems with new technology. Individual agencies would be authorized to reprogram their discretionary appropriations to pay for new IT systems. In future years, any appropriated funds no longer needed to operate legacy systems because of changes made under the bill could be available to agencies, through the revolving funds, to upgrade other IT systems.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

**INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting H.R. 2227 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2227 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

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