

119TH CONGRESS
1ST SESSION

H. R. 2985

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.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2025

Ms. MACE (for herself and Mr. CONNOLLY) introduced the following bill;
which was referred to the Committee on Oversight and Government Reform

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

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

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

3 Section 1078 of the National Defense Authorization
4 Act for Fiscal Year 2018 (Public Law 115–91; 40 U.S.C.
5 11301 note) is amended—

6 (1) in subsection (b)—

7 (A) by amending paragraph (3) to read as
8 follows:

9 “(3) USE OF FUNDS.—

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

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

21 “(I) modernize, retire, or replace
22 legacy information technology systems
23 used by the agency;

24 “(II) enhance cybersecurity and
25 privacy at the agency;

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

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

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

10 “(I) the activities described in
11 clause (i); and

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

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

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

1 the Fund sunsets pursuant to subsection
2 (g)(1).

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

14 (B) in paragraph (5)—

15 (i) in subparagraph (A)—

16 (I) in clause (i)—

17 (aa) by striking “or (B)”;

18 and

19 (bb) by striking “(3)(C)”

20 and inserting “(3)(A)(ii)”;

21 (II) in clause (ii), by striking “,
22 consistent with any applicable re-
23 programming law or guidelines of the
24 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”; 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 (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 (B) in subparagraph (B), by striking the
4 period at the end and inserting a semicolon;
5 and

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

12 (4) by redesignating subsections (e) and (f) as
13 subsections (f) and (g), respectively;

14 (5) by inserting after subsection (d) the fol-
15 lowing new subsection:

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

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

23 “(A) on or before the first September 30
24 that occurs after the date of the enactment of
25 the Modernizing Government Technology Re-

1 form Act, a list of high-risk legacy information
2 technology systems used, operated, or main-
3 tained by the agency, in accordance with the
4 guidance issued under paragraph (4); and

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

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

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

21 “(B) on or before December 30 each year
22 after the year in which the Legacy Federal IT
23 Inventory is compiled, update such Inventory on
24 the basis of each update to the list provided by

an agency Chief Information Officer under paragraph (1)(B).

“(3) PRIORITIZATION LIST.—

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

“(i) not later than 90 days after the date on which the Federal Chief Information Officer receives the list required by paragraph (1)(A) from each agency Chief Information Officer, compile, on the basis of each such list, a list of 10 legacy information technology systems that present the greatest security, privacy, and operational risks to the Federal Government; and

“(ii) not later than 90 days after the date on which the Federal Chief Information Officer receives updates under paragraph (1)(B) from each agency Chief Information Officer, update the list required by subparagraph (A) on the basis of each updates to the list provided by agency Chief information Officers under paragraph (1)(B).

“(B) REPORT TO CONGRESS.—Not later than 14 days after the date on which the Fed-

1 eral Chief Information Officer compiles the list
2 required by subparagraph (A), or updates such
3 list, the Director shall submit to the Committee
4 on Oversight and Government Reform of the
5 House of Representatives, the Committee on
6 Homeland Security and Governmental Affairs
7 of the Senate, and the Comptroller General of
8 the United States, a report (which may include
9 a classified annex) containing—

10 “(i) such list (including any update
11 made to such list under subparagraph
12 (A)(ii)); and

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

17 “(4) GUIDANCE.—

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

23 “(i) prescribe an appropriate format
24 for list to be provided under paragraph
25 (1)(A);

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

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

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

1 “(B) UPDATES.—The Director may update
2 the guidance issued under subparagraph (A) as
3 the Director determines necessary.

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

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

10 “(B) FEDERAL CHIEF INFORMATION OFFI-
11 CER.—The term ‘Federal Chief Information Of-
12 ficer’ means the Administrator of the Office of
13 Electronic Government.”; and

14 (6) in subsection (g)(1), as so redesignated, by
15 striking “On and after the date that is 2 years after
16 the date on which the Comptroller General of the
17 United States issues the third report required under
18 subsection (b)(7)(B),” and inserting “After Decem-
19 ber 31, 2032,”.

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