Department of Education

INFORMATION TECHNOLOGY SYSTEM MODERNIZATION

AND WORKING CAPITAL

Fiscal Year 2021 Budget Request

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**INFORMATION TECHNOLOGY SYSTEM MODERNIZATION AND
WORKING CAPITAL**

TITLE III GENERAL PROVISIONS

SEC. 306. Notwithstanding section 302, the Secretary of Education may transfer up to 10 percent of any amounts that are made available to the "Program Administration", "Office for Civil Rights", or "Office of Inspector General" accounts in this Act to the "Information Technology System Modernization and Working Capital Fund" (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018[1]: Provided, That any amounts transferred to the IT WCF shall remain available for 3 fiscal years[2]: Provided further, That the Secretary shall notify the Committees on Appropriations of the Senate and the House of Representatives at least 15 days in advance of any such transfer.[3]

NOTE

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document, which follows the appropriation language.

**INFORMATION TECHNOLOGY SYSTEM MODERNIZATION AND
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Analysis of Language Provisions and Changes

Language Provision	Explanation
<u>TITLE III GENERAL PROVISIONS</u> [1] <u>SEC. 306. Notwithstanding section 302, the Secretary of Education may transfer up to 10 percent of any amounts that are made available to the Program Administration, Office for Civil Rights, or Office of Inspector General accounts in this or any other Act to the "Information Technology System Modernization and Working Capital Fund" (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018</u>:	This language provides authority to transfer up to 10 percent of any amounts that are available from most administrative fund accounts to an Information Technology System Modernization and IT Working Capital Fund.
[2] <u>*Provided*, That any amounts transferred to the IT WCF shall remain available for 3 fiscal years:</u>	This language makes funds transferred to the IT Working Capital Fund available for 3 fiscal years.
[3] <u>*Provided further*, That the Secretary shall notify the Committees on Appropriations of the Senate and the House of Representatives at least 15 days in advance of any such transfer.</u>	This language requires the Secretary to notify the Committees on Appropriations at least 15 days before funds are transferred.

INFORMATION TECHNOLOGY SYSTEM MODERNIZATION AND WORKING CAPITAL

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2019	2020	2021
Discretionary budget authority:			
Transfer from Department of Education, Program Administration, for IT System Modernization and Working Capital	0	0	$5,000
Subtotal, adjusted discretionary appropriation	0	0	5,000

Information Technology System Modernization and Working Capital
(P.L. 115-91, Division A, Title X, Section 1077(b)(1))

(dollars in thousands)

FY 2021 Authorization: Indefinite

Budget Authority:

	2020	2021	Change from 2020 to 2021
Non-Personnel Costs	0	$5,000[1]	+$5,000
Total	0	5,000	+5,000

[1] The budget authority for this account would be transferred from funds requested in the Program Administration account.

PROGRAM DESCRIPTION

The Modernizing Government Technology Act of 2018 (MGT Act) authorizes all CFO Act agencies to establish IT Working Capital Funds (IT WCFs). These IT WCFs may only be used: (A) to improve, retire, or replace existing information technology systems to enhance cybersecurity of existing systems and to improve efficiency and effectiveness of the life of a given workload; (B) to transition legacy information technology systems to commercial cloud computing and other innovative commercial platforms and technologies, including those serving more than one covered agency with common requirements; (C) to assist and support covered agency efforts to provide adequate, risk-based, and cost-effective information technology capabilities that address evolving threats to information security; (D) to reimburse funds transferred to the agency from the Technology Modernization Fund established by the MGT Act; and, (E) for a program, project, or activity or to increase funds for any program, project, or activity that has not been denied or restricted by Congress. With the additional transfer authority requested in this Budget, the Department may use this authority to transfer funds from the Program Administration, Office for Civil Rights, and Office of Inspector General accounts to this account for IT modernization projects.

FY 2021 BUDGET REQUEST

In fiscal year 2021, the Administration is requesting $5.0 million, to be transferred from the Program Administration account to the IT Systems Modernization and Working Capital Fund.

The Administration's request includes the transfer authority necessary to establish and use the IT WCF authorized by the Modernizing Government Technology Act in 2018. The requested

authority would also enable the Department to transfer 1-year administrative funds to an account with a 3-year period of availability for use on IT modernization.

The IT Working Capital Fund authority would enable the Department to make the best use of limited administrative funds, particularly when circumstances such as a contract postponement or lower-than-anticipated FTE costs leave unanticipated balances available at the end of the fiscal year. The 3-year availability would provide the Department more time to appropriately consider all risks, merits, and alternatives with IT investments, reducing risk and maximizing the effectiveness.

Thirty-one percent of the Program Administration account funds major contracts such as the Department's IT infrastructure and security and financial management systems. These major procurements are not routine in nature, but rather have become more complex; requiring, for example, additional layers of integration with security requirements. Contract actions, particularly those that are complex, are often subject to protests, which can impact the timing of funding needs--in many cases crossing over fiscal years. The IT Working Capital Fund will give the Department the flexibility to align the availability of funds with these procurement actions.

Consistent with the Federal Information Technology Acquisition Reform Act (FITARA), the Secretary shall ensure that the Department's Chief Information Officer, at a minimum, be the principal advisor to the Secretary and a member on any board or governance structure of the Department responsible for advising and setting Departmentwide information technology budgets to include the IT Working Capital Fund. Furthermore, funds transferred to the IT Working Capital Fund may not be obligated without authorization from the Department's Chief Information Officer.

G5 Modernization

One of the principle uses of the Fund will be to help modernize the G5 grants management system. As part of its modernization efforts, the Department plans to gather and analyze system requirements and identify a strategy and approach for replacing the current G5 grants system with a modern, modularized system that incorporates best-in-class solutions that may include shared service, commercial-off-the-shelf components, and are in line with the Grants Quality Service Management Office (QSMO) standards.

The technology that supports G5 is aging and increasingly unable to meet the expanded grants management needs of Department staff. As part of the G5 Modernization effort, a number of Department office-specific systems have been identified for consolidation into G5 to increase efficiency and decrease costs. Modernizing the G5 system would improve the entire grants experience to both internal and external customers by providing a modern, supportable and user-friendly way for applicants and grantees to communicate and manage grants.

The G5 grants management system supports the full lifecycle of the Department's grant-making business process. G5 services end-to-end grants management activities, from intake of applications, peer reviews, awards, payments, and performance monitoring to final closeout of the grant award. G5 also processes payments for Federal Student Aid programs, such as Pell

Grants and campus-based aid. In addition to processing payments for these feeder systems, G5 is seamlessly integrated with the Financial Management Support System; the Department's general ledger.

G5 customers include grant program staff and external customers who apply for and receive grant funds. This includes individuals, colleges and universities, states, counties, school districts, tribal organizations, non-profit organizations, and other potential applicants and grantees that use the G5 system to apply for grants and, when the grant is awarded, to draw down funds. G5 also allows applicants and grantees to see and maintain their grant data electronically in one place.