



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 26, 2009

S. 920 **Information Technology (IT) Investment Oversight Enhancement** **and Waste Prevention Act of 2009**

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on May 20, 2009*

S. 920 would amend federal law regarding the oversight of project plans for information technology (IT) systems. The legislation would require chief information officers to identify critical IT projects and would subject each IT project to additional reporting, planning, and monitoring requirements, including corrective actions for projects that fail to meet applicable standards. In addition, the legislation would establish a group of information technology experts, administered by the Office of Management and Budget (OMB), to respond to problems with IT projects. Finally, S. 920 would authorize agencies to provide awards (including cash) to federal employees for excellence in IT acquisition, subject to the availability of appropriated funds.

CBO estimates that implementing S. 920 would cost about \$30 million per year, or \$150 million over the 2010-2014 period, primarily for the additional reporting requirements, subject to the availability of appropriated funds. The bill would have no effect on direct spending or revenues.

Most of the provisions of S. 920 would expand the current practices of the federal government. Under the Clinger-Cohen Act of 1996, agencies are required to analyze, track, and evaluate the risks and results of major capital investments in IT systems. To accomplish this, OMB uses a Management Watch List to monitor and plan agencies' IT investments. OMB also evaluates each agency's capability to manage its investments.

Based on information from OMB and various agencies, CBO expects that complying with the reporting provisions of S. 920 would increase the administrative expenses of most federal agencies, but because of the large number of agencies and computer systems involved, we cannot precisely estimate the likely total costs. According to the Government Accountability Office (GAO), about \$71 billion will be spent on IT projects

by the federal government in 2009. In addition, GAO has reported that OMB and federal agencies have identified more than 400 IT projects—costing \$25.2 billion in 2008—as being poorly planned, poorly performing, or both. CBO expects that the legislation would require additional quarterly status reports and detailed corrective action plans for a significant number of those troubled IT projects. We estimate that implementing the bill would increase the cost of such projects by a total of \$25 million a year over the 2010-2014 period.

Reporting costs over the 2010-2014 period would generally come from agencies' salary and expense budgets. In addition, there could be additional costs to implement and deploy the IT response group and to provide for awards to IT employees. Those costs also would be subject to the availability of appropriated funds, and we estimate that they would total around \$5 million a year, depending on the number of employees deployed or awarded.

S. 920 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.