



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 12, 2013

H.R. 1232 **Federal Information Technology Acquisition Reform Act**

*As ordered reported by the House Committee on Oversight and Government Reform
on March 20, 2013*

SUMMARY

H.R. 1232 would amend the laws governing the procurement and management of information technology (IT) throughout the federal government. Specifically, the legislation would increase the authority of Chief Information Officers (CIOs) and the CIO Council, establish a collaboration center to coordinate the acquisition of IT products, and require a number of additional reports and analysis by government agencies.

CBO estimates that implementing H.R. 1232 would cost \$145 million over the 2014-2018 period, assuming appropriation of the necessary amounts. Enacting the bill could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net increase in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

H.R. 1232 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 impact of H.R. 1232 is shown in the following table. The costs of this legislation fall within all budget functions that include funding to purchase information technology.

	By Fiscal Year, in Millions of Dollars					2014- 2018
	2014	2015	2016	2017	2018	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Federal IT Acquisition Management Improvement Fund						
Estimated Authorization Level	8	18	18	18	18	80
Estimated Outlays	8	18	18	18	18	80
Administrative Provisions						
Estimated Authorization Level	12	10	10	10	10	52
Estimated Outlays	10	10	10	10	10	50
Regulations and Reports						
Estimated Authorization Level	5	3	3	3	3	17
Estimated Outlays	3	3	3	3	3	15
Total Proposed Changes						
Estimated Authorization Level	25	31	31	31	31	149
Estimated Outlays	21	31	31	31	31	145

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1232 will be enacted early in fiscal year 2014.

Federal IT Acquisition Management Improvement Fund

The bill would establish and authorize funding for the Federal Infrastructure and Common Application Collaboration Center. The Center would advise agencies on IT procurement. Under the bill, 5 percent of the amounts currently set aside from funds appropriated to procure goods and services through governmentwide and multiple award contracts would be deposited in the proposed Federal IT Acquisition Management Improvement Fund. Amounts in the fund would be spent by the collaboration center to improve IT purchasing as well as recruitment and training of IT personnel.

The federal government spends about \$50 billion annually under current law to procure goods and services through interagency contracts. Such contracts lower prices by leveraging the government's buying power. The General Services Administration (GSA) recovers the costs of administering that contracting program (about \$360 million annually), by charging federal agencies that participate in such contracts a fee of less than 1 percent. Under H.R. 1232, 5 percent of that annual fee (about \$18 million annually) would be deposited in the Federal IT Acquisition Management Improvement Fund and

spent on improvements to federal IT infrastructure. Based on information from GSA regarding the current contracts and the experience of similar programs, such as the Acquisition Workforce Training Fund, CBO expects that GSA would continue to spend the same amount on general administrative expenses under H.R. 1232 as under current law. Therefore, H.R. 1232 would result in an increase in overall spending of about \$18 million annually.

Administrative Provisions

H.R. 1232 would authorize agency CIOs to hire additional staff, expand the role and responsibilities of the Chief Information Officers Council, and expand the analysis needed to justify governmentwide IT procurements. Based on information from GSA and the Government Accountability Office (GAO), CBO estimates that implementing those provisions would cost \$50 million over the 2014-2018 period.

Regulations and Reports

The legislation would require agencies to prepare additional regulations for purchasing IT equipment. Under the bill, GAO, the Office of Federal Procurement Policy, and GSA would be required to prepare reports to the Congress concerning the inventory of the federal government's information technology, the use of open-source technology by the government, and the need for federal data centers. Based on the cost of similar activities, CBO estimates that implementing those provisions would cost \$15 million over the 2014-2018 period.

Other Provisions

The federal government spends about \$80 billion annually on information technology investments. Many provisions of H.R. 1232 would codify and expand upon the government's current practices concerning IT procurement. OMB memoranda, Presidential directives, initiatives, and plans have directed federal agencies to consolidate data centers, make improvements to websites, increase the use of cloud computing, and generally improve IT procurement practices. Consequently, CBO expects that enacting those provisions of H.R. 1232 would not significantly increase administrative costs to federal agencies.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting the bill could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net increase in

spending by those agencies would not be significant. Enacting the bill would not affect revenues.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1232 contains no intergovernmental or private-sector mandates as defined in the UMRA and would impose no costs on state, local, or tribal governments.

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