July 27, 2020

The Honorable Margaret Wood Hassan
Ranking Member
Federal Spending Oversight and
  Emergency Management Subcommittee
Homeland Security and
  Governmental Affairs Committee
United States Senate
Washington, DC 20510

Dear Senator Hassan:

Thank you for your letter dated June 3, 2020, regarding the status of the Department of Education's (Department's) legacy systems. Consistent with the objectives of the 2018 President's Management Agenda (and subsequent 2019 update) on Transformation and IT Modernization, and concerns highlighted in the June 2019 Government Accountability Office report on Agency Modernization Plans for Critical Legacy Systems, the Department has undertaken a number of initiatives to transform IT management practices and modernize its IT systems in support of our business priorities.

Since 2017, we have leveraged a multi-pronged strategy to meet our goals. This began with a comprehensive assessment of our IT inventory and the development of a 5-year IT Modernization Roadmap designed to overhaul legacy systems, enhance cybersecurity protections for systems and data, and strengthen governance to meet the mandates of the Federal Information Technology Acquisition Reform Act (FITARA).

I am pleased to provide the following responses to your questions:

1) ***Does your agency have a comprehensive IT modernization plan?***
    a. ***If so, please attach it to your response.***
    b. ***If not, please provide a comprehensive IT modernization plan for your agency.***

Response: Yes, the Department is in the process of implementing its 5-year IT Modernization Roadmap for several legacy systems. The Department's baseline IT Modernization Roadmap that was developed in 2018 is enclosed. Adjustments to priorities, timelines, cost savings strategies and expected outcomes are being made based on funding and other constraints.

2) ***What are the top five modernization priorities for your agency? For each, please provide or describe:***
    a. ***the modernization plan for the priority***

> b. *the expected cost of modernization and any anticipated cost-savings as a result of modernization;*
> c. *The expected completion date of the modernization; and*
> d. *the reason(s) for any schedule delays or cost overruns to date*

Response: The Department has evaluated and prioritized a number of IT systems for modernization. We are in the process of completing or have completed modernization of the following initiatives:

- Financial Management Support System (FMSS) Modernization: Our financial management system modernization enabled us to migrate from an unsupported legacy technology to a more modern application platform that produced improved integration and transparency across several financial management and accounting practices. The cost of our FMSS modernization was $10.5 million (M). The FMSS modernization was completed and became fully operational in the first quarter of Fiscal Year (FY) 2019.

- Core IT Infrastructure Services Modernization: The Department's recent transition from a centralized service provider to a modular set of contracts for IT service delivery, supported by multiple providers, created greater cost transparency and accountability for vendors and provided the Department the flexibility to meet emerging technology needs. The cost of the migration was $18.5M and is expected to achieve $20.5M in cost savings over 5 years (FY 2019 through FY 2023). The migration was completed in May of 2019. Although we faced a number of delays, the majority of delays stemmed from protests of the contract award, schedule, or cost overruns based on project management. As a result of this modernization, the Department was able to respond quickly to the COVID-19 pandemic with a robust IT environment that fully supported an unprecedented 100 percent remote workforce over an extended period.

- Next Gen Federal Student Aid (FSA): The Next Gen FSA initiative is overhauling the way in which FSA's customers are able to access and manage their student aid, while also providing FSA with greater operational efficiency and oversight over our contractors. Next Gen FSA is currently in progress and has already modernized FSA's customer-facing digital platform and management of customer communications, and is also on track to replace legacy systems related to application processing, partner participation, contact center management, and core processing. Similar to our Core IT Infrastructure Services Modernization effort, we face the same challenges associated with contract protests and have put risk mitigation strategies in place to overcome the challenges.

- Web Modernization: The Department is in the process of modernizing its primary website (ED.gov) to improve services and meet the requirements of the 21st Century Integrated Digital Experience Act of 2018. This initiative aids efforts across the Federal Government to leverage the use of digital technologies to improve customer engagement through digital versus paper-based transactions. The cost and potential cost savings of our holistic modernization of the ED.Gov website are being evaluated through exhaustive market research efforts. We expect to complete our research and analysis by first quarter of FY 2021. Concurrently, the restructure of our main website (ED.Gov) is underway and is expected to be complete in the fourth quarter of FY 2021.

- Grants Management System (G-5): Lastly, the Department is partnering with other Federal agencies and the Federal Grants Management Quality Services Management Office on the streamlining of processes and technologies for Grants management services. The cost and

potential cost savings of our holistic modernization of our Grants Management system are being evaluated through exhaustive market research efforts and is expected to be completed by first quarter of FY 2021. We are in the research and planning phases of our Grants Management System Solution initiative, which is targeted for completion in FY 2022.

3) *What is the status of the modernization of the legacy system identified by GAO and described in this letter?*

Response: The Department will modernize the legacy system as part of the Next Gen FSA initiative. FSA plans to publish a new solicitation this fall. The modernized Eligibility Determination system is slated to launch for the Free Application for Federal Student Aid (FAFSA®) cycle 2023-2024 on October 1, 2022.

4) *Please describe your efforts to phase out the use of legacy systems that are physically outdated and do not support current software capabilities, are no longer supported by the vendor or manufacturer, or require specialized employees or contractors to operate and maintain. For example, have you conducted a survey of your IT systems based on use and determined which systems can be eliminated to reduce waste?*

Response: As part of our aforementioned IT Modernization Roadmap, we identified replacement or update plans for systems in our IT inventory. We also worked with business owners and stakeholder communities across the Department to complete surveys that facilitated a holistic review of technologies and associated business processes supported by them to assess their viability to meet current and emerging needs. This involved: identifying opportunities to leverage technologies that automate manual processes; modernizing legacy systems from Cold Fusion based technologies that left us vulnerable to cyber risks; and using Enterprise Architecture and database management tools to eliminate redundant systems and improve the capture and management of metadata to help us proactively address unsupported or expiring systems or applications.

5) *Please describe the coordination between the Office of the Chief Information Officer and the Office of the Chief Financial Officer on IT acquisitions.*

    a. *In particular, how has the implementation of FITARA changed the way your agency acquires, maintains, and organizes its IT investments?*

    b. *How can your offices' coordination under FITARA be improved to better address IT modernization across the agency, especially for legacy systems?*

Response: FITARA has helped bolster our collaboration and information sharing practices. The Offices of the Chief Information Officer (CIO) and Chief Financial Officer (CFO) have worked to establish and oversee the implementation of integrated IT governance forums and appropriate processes consistent with the principles of FITARA. The offices of the CIO and CFO partner with the Chief Acquisition Executive and other Chief Executive Officer communities to lead monthly Planning and Investment Review Working Group (PIRWG) meetings. In addition to coordinating on the development of IT funding strategies, the PIRWG enables the cross-

functional review and prioritization of IT requirements, and the examination of IT contracts to promote the use of shared service opportunities and modernization opportunities. Additionally, the CIO and CFO have coordinated on the development of business processes for data collection pertinent to informing IT investment decisions. Lastly, we have redesigned IT evaluation criteria and budget artifacts to help improve transparency of technologies in the Department's IT inventory.

While we can always improve upon our processes, we believe the coordination between the Offices of the CIO and CFO on the aforementioned collaborative initiatives have been the linchpin of our success in developing and implementing a comprehensive IT modernization plan.

6) *Finally, how can Congress better facilitate or oversee the modernization of government IT systems to achieve greater system reliability, security, and fiscal efficiency?*

Response: The Department does not have a working capital fund because Congress has not authorized the transfer authority necessary for the Department to have one. Here are the details:
- On May 20, 2019, the Department requested that the Department of Treasury activate an Information Technology System Modernization and Working Capital Fund (WCF). After discussions with the Office of Management and Budget (OMB), the Department of Treasury stated they would not establish the account at that time because the Department does not have authority to transfer funds to such an account.
- The Department worked with OMB and Congress to obtain appropriations language that would allow us to transfer funds to a WCF and requested the transfer authority in the President's Budget for FY 2020. Ultimately, Congress did not include the needed authority in the final appropriations bill as signed into law.
- On June 26, 2019, the CIO reiterated the need for the transfer authority during a FITARA 8.0 Hearing before the House Committee on Oversight and Reform.
- The Department again requested authorization for a WCF in the President's Budget for FY 2021.

If the transfer request is enacted, the Department will request the Department of Treasury establish the account. The CIO was actively engaged with the Budget Service Director in making this request, and the funds within the WCF would be for exclusive use by the CIO for IT modernization efforts.

If you have any additional questions, please have your staff contact the Office of Legislation and Congressional Affairs at (202) 401-0020.

Sincerely,

Jason K. Gray

Enclosure

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.