

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.

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## 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

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## 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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