

**Statement of Eric Olson
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U.S. Department of the Treasury
Before the Committee on Oversight and Reform
Subcommittee on Government Operations
U.S. House of Representatives
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INTRODUCTION

Thank you Chairman Connolly, Ranking Member Meadows, and members of the subcommittee for the opportunity to testify on Treasury's implementation of the Federal Information Technology Acquisition Reform Act (FITARA) and other information technology related laws passed by Congress, including the Making Electronic Government Accountable By Yielding Tangible Efficiencies (MEGABYTE) Act of 2016 and the Modernizing Government Technology (MGT) Act. My name is Eric Olson, and it is my honor and privilege to serve as the Chief Information Officer (CIO) for the U.S. Department of the Treasury.

Information technology is at the core of what Treasury does. We represent the third largest civilian agency in terms of overall IT budget and plan to spend approximately \$4.84 billion annually on IT in FY 2019.

We use this funding to accomplish many mission central priorities, including to annually process more than \$4 trillion in Federal receipts and distribute more than \$3.5 trillion in Federal payments—including Social Security payments, Internal Revenue Service (IRS) tax refunds, and veteran's benefits; process more than 253 million tax returns and collect over \$3.5 trillion in tax revenue; and issue more than \$10 trillion in marketable Treasury securities.¹ These and our responsibility to promote a strong economic agenda are among our most publicly known financial functions. But IT also is key to our being the nation's manufacturer of coins and printed currency, an issuer of alcohol and tobacco permits, as well as a critical component of our country's financial law enforcement and financial intelligence community, among other things.

TREASURY IT SYSTEMS

In support of these expansive and diverse functions, Treasury operates more than 400 applications and operates one of the federal government's largest enterprise IT networks serving over 800 locations. Many of these applications support mission essential functions, and have been designated as High-Value Assets. We employ approximately 8,000 IT professionals and currently fund more than 100 major IT projects.

Managing a large IT portfolio with the scale and complexity of the Treasury is a challenging endeavor, and we are grateful for the financial and human resources we have been provided to accomplish our mission. We recognize our responsibility for the stewardship of these resources,

¹ President's Budget FY 2020, pages 82-83, <https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf>.

and we take this responsibility very seriously. We appreciate that FITARA was enacted to assist us to perform this responsibility.

MODERNIZATION

To effectively serve our citizens and serve as effective stewards of taxpayer funds, we must operate and secure the portfolio of systems and programs that support our expansive and technology-intensive missions, while also leveraging technology to transform the way government operates. The pursuit of IT modernization embraces a range of outcomes, from the promise of digital transformation at the most aspirational end of the spectrum to the fundamental focus of risk mitigation at the present.

Our key guiding principle in this regard is to drive the greatest amount of resources towards mission enablement and digital transformation. This requires pursuing enterprise-initiatives and shared services so that we can reduce duplication and leverage economies of scale. At the same time, we encourage our bureaus to focus on transforming mission outcomes by adopting practices from the private sector that have proven successful in delivering digital transformation, such as cloud-based services, agile development, and low-code platforms.

SUCCESES

I would like to briefly summarize some of our recent accomplishments and how they fit into the larger approach for Treasury IT modernization.

Tax Reform Implementation

On the heels of Congress' enactment of the Tax Cut and Jobs Act, the IRS recently completed a successful tax filing season that was enabled in large part by the successful delivery of one of the largest and most complex IT implementations ever undertaken by Treasury. Implementation of tax reform required the modification of hundreds of applications across the IRS and the Bureau of the Fiscal Service. This recent accomplishment demonstrates Treasury's ability to deliver change at scale in an accelerated timeframe.

IRS Modernization

Concurrent with the implementation of tax reform, the IRS now has delivered a comprehensive IRS modernization plan. This multi-year plan seeks to transform the taxpayer experience and introduce profound operational efficiencies into the IRS. The IRS plan represents a major portion of the overall Treasury-wide modernization plan with other elements of the plan under development in FY 2019. The plan is also an opportunity to leverage the scale of the IRS for the benefit of other Treasury bureaus.

Enterprise-wide Services

Treasury continues its pursuit of enterprise-wide services. Recently, Treasury delivered an expansive upgrade to its enterprise HR system—a enterprise-wide service that supports the nearly 100,000 Treasury employees. Treasury is in the process of implementing a cloud-based talent management system that will deliver a common platform for employee training, performance management, and succession planning. These initiatives demonstrate Treasury's ability to use its Franchise Fund to achieve the benefits of what an IT Working Capital Fund might achieve.

TREASURY'S IMPLEMENTATION OF FITARA

In addition to the above successes, I would like to report on how Treasury is implementing FITARA. The FITARA scorecard is a helpful tool in measuring agencies' progress, but we believe we have advanced successes that, while not always captured by the scorecard, are in furtherance of the goals of FITARA, the MEGABYTE Act, and the MGT Act.

For example, in some areas of the FITARA scorecard, Treasury has scored well—*i.e.*, data center consolidation and portfolio review. We have worked hard in these areas, and we are proud of our results. In other areas, although we have worked hard to achieve the goals of these Acts, we recognize there is room for improvement. I would like to briefly comment on the areas where the scorecard historically has indicated that Treasury needed to improve and comment on the progress Treasury has recently made in these areas.

CIO Reporting to the Secretary

FITARA recognizes the importance of agency CIOs having a substantial role in agency IT decisions. I meet regularly with Secretary Mnuchin on major IT investments, cybersecurity risk, and opportunities to pursue Treasury-wide IT initiatives.

I believe this increased engagement with Treasury senior leadership has produced notable results in the delivery of the IRS modernization plan and the delivery of technology to support tax reform, among other things.

Software Asset Management

We acknowledge that software asset management is fundamental to sound stewardship of our financial resources. Each Treasury bureau currently is responsible for defining and implementing an approach to track software assets. Concurrently, at the Department level, we are implementing an approach to aggregate this information into our data-driven decision-making processes. Nonetheless, we are not waiting for a fully-developed software asset inventory to begin the pursuit of enterprise license agreements (ELAs). We are pleased to report that we have initiatives underway to pursue ELAs in areas of concentrated purchasing.

IT Security

We fully appreciate the threat posed by well-resourced and highly-motivated adversaries and are committed to mitigating the risk posed by such actors. While we cannot completely eliminate the risk, we acknowledge our responsibility to proactively address cybersecurity risk to the greatest degrees possible. Towards that end, we operate a comprehensive cybersecurity program focused on risk mitigation. Our strategy is to make investments in capabilities that materially reduce our risk and reduce the cost of compliance. We are grateful to Congress for the support of our Cybersecurity Enhancement Account (CEA) which is focused on identifying and funding projects which have the greatest Treasury-wide impact in these and other important areas.

IT Working Capital Fund

We recognize the value of an IT working capital fund and the benefits it can bring to achieving modernization. Although Treasury does not have an IT working capital fund, we have materially accomplished the same objectives through our existing Franchise Fund. We have successfully

used the Franchise Fund to pursue enterprise-wide services and to fund enterprise modernization priorities. We continue to explore how the flexibilities of how an IT Working Capital Fund could be beneficial to the Department.

Transparency

We are committed to transparency and the benefits of increased accountability that transparency affords. At this time, we believe that the scoring mechanism the scorecard has used in the past could be improved in some ways. For example, the existing Enhanced Transparency and Improved Risk Management metric equates a high level of reported risk with transparency. This potentially rewards agencies that fail to effectively manage risk, while penalizing those that do. A better measure of transparency may be the percentage of the portfolio that is reviewed, and reported on, on a monthly basis. At Treasury, we are proud of the percentage of our portfolio that is visible to Congress and the public through the itdashboard.gov website. We support the efforts by the Federal CIO Council to propose improvements to the FITARA scorecard metrics.

CLOSING

I would like to once again thank the subcommittee for the opportunity to testify today. In summary:

- We recognize and embrace our responsibility to be a good steward of the IT resources with which we have been provided.
- We understand and embrace language and intent of FITARA as well as the Congress' effort to define metrics to measure progress.
- We share the common goal of Treasury IT modernization and are committed to Treasury's achieving this goal.
- We value the collaboration with Congress to jointly achieve these goals.

At this time I will answer any questions you may have or elaborate on the points I have made in my opening remarks.