STATEMENT BY

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ON BEHALF OF THE DEPARTMENT OF DEFENSE

BEFORE THE
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SUBCOMMITTEE ON
GOVERNMENT OPERATIONS

ON

"FITARA 14.0"

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Introduction

Good morning, Mr. Chairman, Ranking Member, and distinguished Members of the Subcommittee. Thank you for this opportunity to testify today on the Department's implementation of information technology (IT) statutes, focusing on the Federal Information Technology Acquisition Reform Act (FITARA). I am John Sherman, the Department of Defense (DoD) Chief Information Officer (CIO). I serve as the principal advisor to the Secretary of Defense for information management, IT, cybersecurity, communications, positioning, navigation, and timing (PNT), spectrum management, senior leadership communications, and command, control, and communications matters. Additionally, Congress has empowered the DoD CIO to manage the Department's IT portfolio, including oversight of each of the Military Department and Defense Agencies' IT and cybersecurity budgets. These latter responsibilities are clearly unique to the DoD, and my imperative as the CIO in managing this broad and diverse set of functions, is to ensure that the Department has the information and communications technology capabilities needed to support the broad set of Department missions. This includes supporting our deployed forces, cyber mission forces, as well as those providing mission and business support functions.

I appreciate the Committee's assistance in ensuring taxpayer dollars are effectively and efficiently utilized within the Department's IT systems.

FITARA Scorecard

It is my understanding that FITARA scoring is released by the Subcommittee on Government Operations twice each year, based upon a review of the Department information submitted in six distinct areas. Since June 2019, the Department has made positive strides toward improving the DoD FITARA score, raising our score from an F+ to a C+. Specifically, we improved in the areas of Federal Data Center Optimization Initiative (DCOI), Enhanced Transparency and Improved Risk Management, and Modernizing Government Technology (MGT) Act.

I agree with comments made during the Subcommittee's January 20, 2022 hearing on FITARA 13.0 that asserted the goal of the scorecard is to incentivize federal agencies' progress in modernizing and securing their IT infrastructure and capabilities. Identifying accurate metrics for this purpose is critical in order to accomplish that goal while simultaneously protecting sensitive and national security system information.

The Department is accomplishing the goals of IT modernization and enhancing our cybersecurity in a variety of ways that meet the requirements of our warfighters while defending against our adversaries, and remaining vigilant in our efforts to be both transparent with the public and to ensure that the publication of data, alone or aggregated, does not give advantage to our enemies.

Collectively, we are working to identify, prioritize, and address capability gaps to improve user experience, enhance cybersecurity protections, and increase collaboration within the DoD and with mission partners. DoD is executing compliance with Executive Order 14028, "Improving the Nation's Cybersecurity." These tasks include the DoD's publishing of its Zero Trust architecture plan and formalizing its agreement with the Department of Homeland Security to

exchange each agency's incident response orders. We are improving the cybersecurity of national security systems (NSS) following National Security Memorandum 8 that requires all agencies with NSS to ensure their systems are upgraded to more rigorous, cybersecurity standards that will improve cybersecurity across the federal government.

The Department continues its commitment to cloud computing, and we saw a 19 percent increase in cloud spend from FY21 to FY22. This growth includes continued investment in cloud capabilities for infrastructure, platform, and software as a service including the Department's transition to Office 365, which is the culmination of a multi-year effort to ensure the Department's unclassified email, voice, video, and chat communication tools are best of breed.

We know that battlefield success increasingly relies on digital capabilities and are ensuring that we enable access to data, analytics, and innovative capabilities. As the DoD increasingly relies on software, the ability to securely and rapidly deliver resilient software capability is a competitive advantage that will define future conflicts. To that end, in February, the Deputy Secretary of Defense (DSD) signed the Software Modernization Strategy. This joint effort led by the DoD CIO, Under Secretary of Defense for Research and Engineering, and the Under Secretary of Defense for Acquisition and Sustainment aims to achieve three major goals: accelerate the DoD enterprise cloud environment, establish a department-wide software factory ecosystem, and transform processes to enable resilience and speed. In the coming months, the Department will release an implementation plan that will outline the initiatives underway to achieve these three strategic goals.

Federal Data Center Optimization Initiative (DCOI)

Since 2020, the DoD has maintained an "A" on the DCOI FITARA scorecard. As of Q2FY22, we have closed 269 data centers and are on track to meet the FY22 targets. With DoD CIO oversight, components use a standard methodology to decommission or migrate systems to the right environment. We appreciate that the DCOI emphasizes that a majority of system migrations are not a simple 'lift and shift' of systems, but require system re-engineering.

Enhanced Transparency and Improved Risk Management

Since 2018, the DoD has maintained a "C" in the area of Enhanced Transparency and Improved Risk Management. The current structure of the scorecard favors those agencies that report higher risk ratings for major IT investments. The DoD continues to work with DoD Components to ensure accurate risk reporting.

Modernizing Government Technology (MGT) Act

Since May 2018, the DoD's grade for MGT improved from an "F" to a "C". In June 2021, DoD CIO informed the House Committee on Oversight and Reform of DoD's intent to use an existing DoD Working Capital Fund (WCF). The DoD believes the WCF's structure, policies, and processes meet MGT's intent for management of financial resources.

CIO Authority Enhancements (Incremental Development)

The DoD Incremental Development grade has varied over the years, depending on the approach to calculating the score. Currently, the Subcommittee gives credit for projects delivering functionality in less than six-months. Due to the size of DoD and the additional imbedded security the six-month timeframe excludes DoD from obtaining higher grades. I understand the Committee is currently reviewing the methodology for this area and we look forward to working with OMB and the subcommittee to address this definition.

Portfolio Review (PortfolioStat)

Although DoD's reported percentage of IT cost savings improved from 0.3 percent to 2.2 percent of the IT budget, DoD's grade in this area has remained a "D" since December 2020. We look forward to working with OMB and this subcommittee on alternative grading criteria that would take into account the size and budget of federal agencies. In addition, DoD is increasing the accuracy of this report by modifying the budget reporting tool to allow DoD Components to report savings quarterly. My office continues to work closely with the Component CIO and offices and OMB to address this requirement as accurately as possible.

Transition Off the General Services Administration's (GSA) Legacy Telecommunications Contracts (Networx, WITS-III, and GSA Regional Services) to Enterprise Infrastructure Solutions (EIS)

DoD continues to focus on transitioning from GSA's legacy telecommunications contracts to ensure we meet the May 2023 expiration date. Since December 2021, DoD has received an "F" in this area. The Department is on-track to disconnect 80 percent of old contracts by September 2022 and to complete a full transition by May 31, 2023. As a contingency, GSA and DOD have a Memorandum of Understanding for continuance of service through May 31, 2024.

Conclusion

I want to emphasize the importance of our partnerships with Congress, the Federal CIO, and OMB in these areas. We are ensuring accuracy of our FITARA reporting and are working closely with OMB to ensure that scores are reflective of the progress that we're making in these important areas. Thank you for the opportunity to testify this morning, and I look forward to your questions.