SECTION 55—INFORMATION TECHNOLOGY INVESTMENTS

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Summary of Changes

Reorders and renames subsections to reflect a more logical flow and intuitive organization (section 55).

Updates language to align more closely with statutory requirements (section 55).

Removes outdated references, including mention of Technology Business Management (TBM) and the IT Dashboard (section 55).

Consolidates IT Investment type to "Major IT Investments" and "Non-Major IT Investments" (section 55.5).

55.1 Overview

Section 55 provides guidance for agency information technology (IT) budget formulation and IT portfolio management activities. This section supersedes all previously issued "IT Budget – Capital Planning Guidance."

Section 55 outlines the minimum IT data that agencies must report to OMB as part of budget reporting, with a focus on statutory requirements. OMB's Office of the Federal Chief Information Officer (CIO) may identify additional data elements for agencies to report, and will provide supplemental guidance as appropriate. Select data will be made publicly available in accordance with 40 U.S.C. § 11302(c)(3).

By following this guidance, agencies enable OMB to review and evaluate each agency's IT spending, and to analyze and compare IT spending across the Federal enterprise. OMB is responsible for IT portfolio oversight, which requires timely access to actionable data on agencies' IT Investments.

55.2 Does this apply to my agency?

The following 24 agencies are required to report their IT spending and investment data to OMB:

Department of Agriculture	Department of the Treasury
Department of Commerce	Department of Veterans Affairs
Department of Education	Department of War
Department of Energy	Environmental Protection Agency
Department of Health and Human Services	General Services Administration

Department of Homeland Security	National Aeronautics and Space Administration
Department of Housing and Urban Development	National Science Foundation
Department of the Interior	Nuclear Regulatory Commission
Department of Justice	Office of Personnel Management
Department of Labor	Small Business Administration
Department of State	Social Security Administration
Department of Transportation	U.S. Army Corps of Engineers

OMB may direct additional agencies to report their IT spending and investment data as needed.

55.3 What information do I need to report?

Agencies must report data on their total IT spending and Major IT Investments. This information should be consistent with the agency's overall budget submission.

(a) IT Spending

Agencies must report their IT spending by budget account. This reporting is intended to support Federal Information Technology Acquisition Reform Act (FITARA) requirements and provide transparency into the total dollar amount under the agency CIO's direct oversight. This reporting must be completed for the prior year (PY), current year (CY), and budget year (BY) for all budget accounts that fund IT across the entire agency (including all component-level organizations).

(b) Major IT Investments

Agencies should regularly review their Major IT Investments to ensure that they continue to add the expected value to the agency's stated business goals or mission outcomes. At a minimum, agencies must document the following for Major IT Investments:

- Planned and actual costs;
- Anticipated and achieved benefits of the investment to support the agency's desired business or mission outcomes;
- The extent to which any benefits or costs are expected to be shared by other Federal agencies or State or local governments;
- The current performance of the investment in meeting its business goals or mission purpose;
- If relevant, whether an incremental or non-incremental development approach is being used and why;
- An assessment of investment risks, including cost, schedule, and performance risks; and
- The risk rating assigned by the agency CIO (i.e., "CIO risk evaluation").

55.4 When do I need to report this information?

In accordance with 40 U.S.C. § 11302, agencies must report information on Major IT Investments, including data on cost, schedule, and performance, on a semi-annual basis. CIO risk evaluations for Major IT Investments must be conducted and reported once per quarter. OMB may request additional updates as needed.

55.5 What terms do I need to know?

IT Investment refers to the expenditure of IT resources – categorized as Major or Non-Major – to address mission delivery and management support. An IT Investment includes a project or projects for the continuous development of a single IT asset or group of IT assets with related functionality, and the subsequent operation of those assets in a production environment. All IT Investments should have a defined lifecycle with start and end dates, with the end date representing the end of the currently estimated useful life of the investment, consistent with the investment's most current alternatives analysis (if applicable). When the asset(s) is essentially replaced by a new system or technology, it should be identified as a new, distinct IT Investment with its own defined lifecycle.

Types of IT Investments:

A ***Major IT Investment*** is an IT Investment that is designated as "major" by the agency responsible for the investment or by OMB. When deciding whether a given investment qualifies as major, agencies should consider any relevant factors, including whether:

- The investment requires special management attention because of its importance to an agency's mission or its implications for agency programs or policies;
- The investment was designated as a Major IT Investment in the previous budget submission, unless otherwise downgraded by the agency CIO;
- The investment has a high annual cost and/or a high projected total lifecycle cost;
- The agency CIO has designated the investment as a high risk;
- The investment involves a Tier I High Value Asset; and/or
- The investment has a high-visibility profile with agency executive leadership, congressional leadership, and/or the public.

A ***Non-Major IT Investment*** is an IT Investment that is not designated as "major" by the agency or OMB.

IT Funding Categories:

Mission Delivery refers to IT spending that directly supports the delivery of the agency's mission. This information should map directly to the agency's strategic and annual performance plan.

Mission Support Services refers to IT spending for activities that are common across many or all agencies and include functional areas such as financial management, human resources, contracting, and travel.

Standard IT refers to IT spending for technology goods and services common to all agencies such as IT infrastructure, IT security, and IT management.

CIO Risk Evaluation refers to the risk rating assigned to a Major IT Investment by the agency's CIO, as required by 40 U.S.C. § 11302(3)(C). Evaluations should reflect the CIO's best judgment of the current level of risk based on:

- Risk management;
- Requirements management;
- Contractor oversight;
- Historical performance;
- Ability of the investment to accomplish its stated business goals or mission outcomes;
- Human capital; and

- Other factors the CIO deems important when assessing the future success of the investment.

While CIOs should continually evaluate the risk of all IT Investments throughout their lifecycle, OMB only requires CIOs to report a numeric evaluation for Major IT Investments. The numerical evaluation should be scored on a five-point scale as follows:

1 – High Risk
2 – Moderately High Risk
3 – Medium Risk
4 – Moderately Low Risk
5 – Low Risk

55.6 Where can I find additional guidance?

Detailed reporting instructions can be found via the Office of the Federal CIO's Data Collections Hub: https://community-dc.max.gov/x/XYq6mQ. For additional questions, agencies should consult their Desk Officer within OMB's Office of the Federal CIO.