

Calendar No. 580

117TH CONGRESS }
2d Session }

SENATE

{ REPORT
117-223 }

STRENGTHENING AGENCY MANAGEMENT
AND OVERSIGHT OF SOFTWARE ASSETS ACT

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 4908

TO IMPROVE THE VISIBILITY, ACCOUNTABILITY, AND
OVERSIGHT OF AGENCY SOFTWARE ASSET MANAGEMENT
PRACTICES, AND FOR OTHER PURPOSES



DECEMBER 5, 2022.—Ordered to be printed

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**STRENGTHENING AGENCY MANAGEMENT AND
OVERSIGHT OF SOFTWARE ASSETS ACT**

DECEMBER 5, 2022.—Ordered to be printed

Mr. PETERS, from the Committee on Homeland Security and
Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 4908]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 4908) to improve the visibility, accountability, and oversight of agency software asset management practices, and for other purposes, having considered the same, reports favorably thereon with an amendment, in the nature of a substitute, and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

S. 4908, *Strengthening Agency Management and Oversight of Software Assets Act*, seeks to reduce costs to taxpayers and improve agency cybersecurity. The bill requires agencies to conduct an independent, comprehensive assessment of their software licensing, deployment, acquisition, and true use capabilities. The bill also requires agencies, after submitting the findings of the comprehensive assessment to the agency head, Congress, and the Comptroller General, to establish a plan to streamline and consolidate agency licenses and to identify opportunities for the agency to adopt enter-

prise licenses, where feasible. Further, the bill requires the Director of the Office of Management and Budget (OMB) to publish a government-wide strategy for software modernization, using information provided to the Director through agency plans and comprehensive assessments. The bill also requires agencies to submit their plans in their annual budget submissions so that Congress can oversee the scope of each agency’s plan and consider whether additional resources or authorities may be needed to help agencies achieve their software asset management goals.

II. BACKGROUND AND NEED FOR THE LEGISLATION

Billions of dollars are spent on software purchases, contract re-ups, and license modifications every year, and the current manner in which vendors sell (and agencies often purchase) software leaves agencies with incomplete information regarding what software assets have been purchased or are deployed on their networks. This information asymmetry impedes important agency oversight and software governance priorities. The Strengthening Agency Management and Oversight of Software Assets Act (SAMOSA, or “Act”) requires comprehensive assessments of all agency software management contracts, including those through resellers or integrators, to provide Chief Information Officers (CIOs), Chief Financial Officers (CFOs), and Chief Acquisition Officers (CAOs) with a comprehensive, performance-based assessment of their software assets.

SAMOSA builds on previous efforts by Congress to ensure agencies have adequate visibility into their software license inventories. In the 114th session, Congress passed the Making Electronic Government Accountable By Yielding Tangible Efficiencies Act of 2016 (MEGABYTE Act).¹ The MEGABYTE Act required the OMB Director to issue a directive to agencies that would require each executive agency CIO to develop a comprehensive software licensing policy.² Beyond the requirements in the MEGABYTE Act, CIOs, CFOs, and CAOs would benefit from greater visibility into the actual use, deployment, costs, and performance of all software assets in their environment. Therefore, the Act pushes agencies to conduct comprehensive assessments of all software purchased, deployed, or in use throughout their agency and then adopt enterprise-licensing agreements or otherwise streamline disparate agency procurements to improve visibility across all agency software assets. These steps will empower agency CIOs to make smarter decisions and drive greater value in their software contracts, thereby reducing costs, stopping unnecessary software waste, and improving performance of agencies’ critical software assets.

Finally, SAMOSA recognizes that improving interagency collaboration can help consolidate software purchasing government-wide, which will significantly reduce unnecessary spending and enhance interoperability of the government’s most robust and widely used software. Therefore, the Act requires OMB to develop a strategy, based on the findings of the comprehensive assessments and agency developed plans, to drive greater efficiencies on critical software asset management goals across all agencies.

¹Pub. L. No. 114–210 (2016).

²House Committee on Oversight and Government Reform, *MEGABYTE Act of 2016* at 2 (May 23, 2016) (H. Rept. 114–587).

An independent analysis from Homeland Security and Governmental Affairs Committee staff concluded that agency compliance with the MEGABYTE Act saved taxpayers over \$450 million over the past several years.³ Because of the way software is variably offered, sold, packaged, and distributed across agency information technology (IT) investments, the government is projected to spend more than \$100 billion on IT in FY2023.⁴ Conservatively estimating that software makes up 30% of that spend, per year,⁵ and assuming that improved software licensing negotiations, informed by the comprehensive assessments required by agencies under this Act, would lead to a 15% reduction in costs, taxpayers could expect to see up to \$5 billion in costs savings annually over the life of this Act.⁶ That number is likely to increase if government-wide purchasing agreements are leveraged by OMB based on the government-wide strategy this Act requires.

III. LEGISLATIVE HISTORY

Senator Gary Peters (D–MI) introduced S. 4908 on September 21, 2022 with Senator Bill Cassidy (R–LA) as co-sponsor. Senator Bill Hagerty (R–TN) joined as a cosponsor on September 29, 2022. The bill was referred to the Senate Homeland Security and Governmental Affairs Committee.

The Committee considered S. 4908 at a business meeting on September 28, 2022. During the meeting, a substitute amendment that made some technical changes and required that agencies’ plans take into account the prevalence of software used across multiple agencies and how that information might help streamline software purchases was offered by Chairman Peters and adopted by voice vote *en bloc* as modified.

The Committee ordered the bill reported favorably as amended by the modified Peters Substitute Amendment by voice vote *en bloc*. Senators Peters, Carper, Hassan, Sinema, Rosen, Padilla, Ossoff, Portman, Johnson, Paul, Lankford, Romney, Scott, and Hawley were present.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short Title

This Act may be cited as the Strengthening Agency Management and Oversight of Software Assets Act.

Section 2. Definitions

This section provides definitions for “Administrator,” “Agency,” “Cloud Computing,” “Cloud Service Provider,” “Comprehensive As-

³See Senator Gary Peters, *Peters Convenes Hearing to Examine Efforts to Modernize Federal Procurement Process and Encourage Innovation in How Government Purchases Goods and Services* (May 12, 2022) (<https://www.hsgac.senate.gov/media/in-case-you-missed-it-law-written-by-peters-saved-taxpayers-more-than-450-million-since-2016?peek=QLI7yHybo43x%2BdVFixH5W4wB1uPVx6jyjgvooXLfHvNdO9vJ>).

⁴See Kyle Bernal, *U.S. Government IT Spending Trends in 2022*, ExecutiveBiz (blog) (June 13, 2022) (<https://blog.executivebiz.com/articles/u-s-government-it-spending-trends-in-2022/>).

⁵HSGAC Staff analyzed the information technology (IT) spend for various departments and agencies that are required to report their investments to the IT Dashboard. A statistically significant sample of agency IT spend data (at the cost pool level) indicates that software spend at various agencies is reported to be between 25–35% of overall spend (<https://www.itdashboard.gov/agency-analysis>).

⁶See Patrick Gray, *How you could save millions during software licensing renegotiations*, TechRepublic (June 9, 2022) (www.techrepublic.com/article/save-with-software-licensing-renegotiations/).

assessment,” “Director,” “Plan,” “Software Entitlement,” and “Software Inventory.”

Section 3. Software entitlement and inventory integrity

Subsection (a) requires each agency, not later than one year after enactment, to conduct a comprehensive assessment of all software entitlements and software inventories of the agency (including specific requirements within the entitlements and inventories). Agency CIOs, CFOs, CAOs, and General Counsels are to work together to complete the comprehensive assessment.

Subsection (b) allows for the agency to utilize contracts to support the work of the comprehensive assessment, provided that there is no conflict of interest for the firm supporting the assessment.

Subsection (c) stipulates that the agency CIO shall, not later than one year after enactment, provide the findings of the comprehensive assessments to the agency head, the Director of OMB, the Administrator of General Services Administration (GSA), the Comptroller General, and the appropriate Congressional Committees.

Subsection (d) allows for OMB and GSA to consult with agencies as they develop their comprehensive assessments and provide additional support, if requested by the agency.

Section 4. Enterprise licensing positions at agencies

Subsection (a) requires the CIO, CFO, and CAO of each agency to use the findings of the comprehensive assessment to develop a plan to consolidate agency software licenses and, to the greatest extent practicable, adopt enterprise license agreements for certain categories of software vendors at the agency.

Subsection (b) lays out some of the requirements that shall be included in the plan.

Subsection (c) allows for the CIO of the agency to request the support of OMB or GSA to support the development of the plan.

Subsection (d) requires the agency CIO to submit the plan to the OMB Director and to the appropriate Congressional Committees not later than 120 days after the completion of the comprehensive assessment in Section 3.

Section 5. Government-wide strategy

Subsection (a) requires the OMB Director, not later than two years after enactment, to develop a government-wide strategy to support the adoption of government-wide enterprise licenses or to update government procurement policies to support the ability of one or more agencies to consolidate and streamline software entitlements.

Subsection (b) requires the OMB Director to publish the strategy in the first budget presented to Congress after the two-year timeline for development and to provide progress updates and agency specific performance metrics related to software licensing modernization in the five subsequent budgets.

Section 6. GAO report

This section requires the Comptroller General, within 3 years of enactment, to provide a report to Congress on agency cross com-

parisons and other government-wide analyses on agency software management practices, policies, and procedures regarding software licensing modernization.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office's statement that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 9, 2022.

Hon. GARY C. PETERS,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed table summarizing estimated budgetary effects and mandates information for some of the legislation that has been ordered reported by the Senate Committee on Homeland Security and Governmental Affairs during the 117th Congress.

If you wish further details, we will be pleased to provide them. The CBO staff contact for each estimate is listed on the enclosed table.

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

SUMMARY ESTIMATES OF LEGISLATION ORDERED REPORTED

The Congressional Budget Act of 1974 requires the Congressional Budget Office, to the extent practicable, to prepare estimates of the budgetary effects of legislation ordered reported by Congressional authorizing committees. In order to provide the Congress with as much information as possible, the attached table summarizes information about the estimated direct spending and revenue effects of some of the legislation that has been ordered reported by the Senate Committee on Homeland Security and Governmental Affairs during the 117th Congress. The legislation listed in this table generally would have small effects, if any, on direct spending or revenues, CBO estimates. Where possible, the table also provides information about the legislation's estimated effects on spending subject to appropriation and on intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act.

ESTIMATED BUDGETARY EFFECTS AND MANDATES INFORMATION

Bill Number	Title	Status	Last Action	Budget Function	Direct Spending, 2023-2032	Revenues, 2023-2032	Spending Subject to Appropriation, 2023-2027	Pay-As-You-Go Procedures Apply?	Increases On-Budget Deficits Beginning in 2033?	Mandates	Contact
S. 4908	Strengthening Agency Management and Oversight of Software Assets Act	Ordered reported	09/28/22	800	Between zero and \$500,000	0	Not estimated	Yes	No	No	Matthew Pickford

S. 4908 would direct federal agencies to generate software inventories, assess the software they use, and report that information to the Government Accountability Office and the Congress, among others. Upon completion of the assessment, agencies would be directed to develop a plan to consolidate software licenses, and the Office of Management and Budget would be required to submit a proposal to develop governmentwide licenses for the most widely used and most costly software. CBO estimates that enacting S. 4908 would have an insignificant effect on direct spending and no effect on revenues over the 2023-2032 period. CBO has not estimated the discretionary costs of implementing the bill. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

This legislation would make no change in existing law, within the meaning of clauses (a) and (b) of subparagraph 12 of rule XXVI of the Standing Rules of the Senate, because this legislation would not repeal or amend any provision of current law.

