



**Department of
Information Resources**

Self-Evaluation Report

**Submitted to the
Sunset Advisory Committee**

September 2009

CONTENTS

I.	Agency Contact Information	1
II.	Key Functions and Performance	1
III.	History and Major Events	9
IV.	Polymaking Structure.....	15
V.	Funding	19
VI.	Organization	32
VII.	Guide to Agency Programs	34
	ICT Cooperative Contracts Program.....	34
	Data Center Services.....	42
	Communications Technology Services.....	49
	eGovernment and IT Policy	55
	IT Security	65
VIII.	Statutory Authority and Recent Legislation	73
IX.	Policy Issues	75
	Conflict of Interest.....	76
	TexasOnline Funding	77
	Name Change.....	78
	Statewide Privacy Management Office	79
	Geographic Information Systems	80
	Expansion of the ICT Program	81
X.	Other Contacts	82
XI.	Additional Information.....	83
XII.	Agency Comments	88

Department of Information Resources Self-Evaluation Report

I. Agency Contact Information

A. Please fill in the following chart.

Department of Information Resources Exhibit 1: Agency Contacts				
	Name	Address	Telephone & Fax Numbers	E-mail Address
Agency Head	Brian Rawson	300 West 15th St., Suite 1300 Austin, Texas 78701	Office: 463-9909 Fax: 475-4759	Brian.Rawson@dir.state.tx.us
Agency's Sunset Liaison	David Duncan	300 West 15th St., Suite 1300 Austin, Texas 78701	Office: 936-9851 Fax: 475-4759	David.Duncan@dir.state.tx.us

II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.
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Mission. The mission of the Department of Information Resources (DIR) is to transform the delivery of technology to agencies so they can better serve the citizens of Texas.

Objectives. DIR has five objectives:

- Solve common business problems through managed services
- Deliver business value and maximize buying power through integrated technology supply chain services
- Provide leadership to secure the state's technology assets and promote appropriate use of citizen information
- Enhance statewide technology management and collaboration, and
- Deploy value-added technology solutions to meet agency core missions and serve Texas citizens.

Key Functions. DIR has five key functions that support these objectives—contracting and procurement, data center services, communications technology, eGovernment, and information technology security.

Contracting and Procurement

DIR establishes and manages the statewide cooperative contracts for Information and Communications Technology (ICT) commodities and services. Now, with over 660 contracts in place, this program generates more than \$1.1 billion in sales for contracted vendors and savings of more than \$120 million annually for DIR customers by maximizing the state's volume buying power and streamlining the procurement process.

In addition to direct cost savings, customers are able to avoid the soft costs and time delays associated with the procurement process. The value of significant direct and indirect cost savings has resulted in the consistent growth in use of these contracts by voluntary customers. Non-state agency customers now account for 75% of all purchases made through DIR contracts.

To better understand the purchasing needs and habits of its customers, DIR has implemented sourcing strategies such as spend analysis, analytics, and business intelligence to generate greater cost savings and improve the quality of the state's investment in technology commodities.

Data Center Services

DIR manages consolidated state data centers under a seven-year, \$863 million contract with IBM. Under this contract, the data centers of 27 key agencies will be consolidated into two locations, Austin and San Angelo. The consolidation will result in technology upgrades and improvements in addition to cost savings as a result of statewide economies of scale.

This initiative enables agencies to access data center computing as a managed service and pay only for the amount of services used rather than invest in hardware and software that is quickly outdated and expensive to own or lease. It also provides a more transparent and predictable cost that eliminates many of the capital expenditures these agencies spent on utility computing hardware. Strong service levels, in place since the first day of the contract, hold the service provider accountable for achieving specific metrics.

Communications Technology Services

DIR manages the statewide telecommunications infrastructure that provides voice, video, data, and long-distance services, supplies local phone services for state office buildings through the Capitol Complex Telephone System (CCTS), and provides Internet access for all state agencies. Known as TEX-AN, this infrastructure supports the needs of more than 600 state and local government agencies, is adaptable to changing customer requirements, and can rapidly incorporate new and emerging technologies.

The future reprocurement strategy to manage the TEX-AN system will provide DIR's customers with a wide array of communications technology solutions that are cost-effective and affordable, have more predictable recurring costs, and are simple to understand, budget, and acquire.

eGovernment

Electronic government, or eGovernment, provides the guidance and tools needed for state and local government to offer Internet-based services to businesses and citizens.

TexasOnline, the state's Internet portal, is the premier one-stop shop for Texas government information and services provided over the Internet and is managed by DIR under the eGovernment function. Operating as a self-supporting public-private partnership, TexasOnline offers more than 850 services in a secure technical and service infrastructure. By sharing the processes and systems of TexasOnline, publicly funded entities are able to reduce redundancy of effort and leverage economies of scale. The TexasOnline revenue-sharing partnership has added more than \$50 million to the state's General Revenue fund over the course of the current contract.

In July 2009, DIR completed a new contract with NICUSA, Inc., dba Texas NIC for the next generation of TexasOnline. Within this new agreement is a financial model that increases the state's share of total revenue from 30% to almost 40% over the life of the contract. In addition, provisions are in place to introduce new services at a rapid pace, including deployment of a content management system, Internet and intranet web templates, and Web 2.0 tools and features.

The eGovernment function also includes information technology policy activities that assist each state agency in:

- Managing information technology projects
- Making electronic information resources accessible to citizens and state employees with disabilities, and
- Reporting the deployment of information resources in support of that agency's mission, goals, and objectives.

IT Security

DIR manages the state's information technology (IT) security program, which is responsible for the security of information and communications technology resources, including the physical and logical security of the state's data systems and networks. This is a shared responsibility that requires continuous, coordinated, and focused efforts.

The IT Security program operates the Network and Security Operations Center; conducts technical security assessments for state agencies, institutions of higher education, and local governments; maintains a secure web portal to provide information among state agency information security officers; and identifies vulnerabilities to the state's most important website functions.

B. Do each of your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

Each function serves a clear and ongoing objective, and benefits both citizens and other state agencies through the performance of that function.

Through the **contracting and procurement** function, DIR provides technology products and services to customers at the best prices. Every dollar saved by a state or local customer through a purchase from DIR contracts is money that can be spent on the delivery of mission-specific governmental services such as providing better education or improved health care services. DIR continues to add new products and services to address the changing needs of customers. Without this function, state and local governmental entities would not be able to benefit from the aggregated buying power of the state and would be required to conduct procurements for each product and service individually, adding significant costs to state government

The **data center services** function provides several benefits to the state that would not be available without the data center consolidation. These include:

- A cost savings from April 1, 2007, through February 28, 2009, of \$9.7 million—3.65% below the cost to provide those services prior to the consolidation and outsourcing
- Transparency in the cost of providing the function, since agencies pay for the amount of service used instead of through capital expenditures
- Consistent security and disaster recovery services provided at a high level, and
- Periodic upgrades of hardware and software as part of the regular services provided.

Without the data center services function, the state would not have the overall cost savings and individual agencies would return to purchasing data center hardware and software and providing security and disaster recovery services individually. Prior to the data center consolidation efforts, these services were both inconsistent and more vulnerable.

The **communications technology** function, previously referred to as telecommunications, provides cutting-edge services to state and local entities uniformly and at a cost that would not

be available to those customers individually. A state-level system is needed to provide the expertise, redundant systems, and vision to incorporate emerging technologies into the existing infrastructure and maximize the use of available bandwidth. Without this state-level focus, even the largest customers would be unable to provide the combination of high-level services with low costs.

Through the **eGovernment** function, citizens and businesses are able to conduct business with government, access state and local government services, and stay informed of government activities. With over 850 services available in several languages, TexasOnline brings government services and information to people, regardless of their location in the state or the world. Due to careful design and management of the state portal, TexasOnline provides a significant contribution to the state's General Revenue fund. Other aspects of eGovernment, such as the Texas Project Delivery Framework and electronic information resources accessibility rules and best practices, recognize that technology is a neutral tool that requires effective management to be of benefit to people.

The **IT security** function provides aggressive guidance to state and local entities to protect information from unauthorized access. The level of service provided would not be available otherwise, opening government agencies, and by extension the citizens whose information they possess, to security breaches that could result in identity theft and loss of information and money. As those with malicious intent become more knowledgeable and aggressive, it is critical that the state match that knowledge and aggression in a positive manner.

C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

Beginning in FY 2008, DIR developed and implemented a set of metrics to measure success at meeting key management objectives. The intent was to supplement the information provided in the Legislative Budget Board quarterly performance measures by tracking and measuring financial and business line performance in specific dimensions. These metrics fall into two categories:

- **Quarterly Business Line and Financial Performance Metrics.** These measure progress toward meeting key performance objectives unique to each of DIR's business lines, with an overarching goal of assessing DIR's ability to provide quality services to its customers. In addition, the financial performance metrics, as shown in Part XII – Agency Comments, measure financial results against pre-established targets in each of the business lines. These measures are prepared and reviewed by management, and presented to the DIR board on a quarterly basis. The metrics vary by business line, but include measures such as availability of service, growth in services and number of customers, and achievement of cost savings.
- **Annual Agency Performance Metrics.** This set of metrics was developed collaboratively between the DIR board and the DIR executive management team and is designed to measure the progress of the agency in meeting critical performance milestones and targets. At the beginning of each fiscal year, the DIR executive management team meets with the board chair to establish the goals and targets for the upcoming year. At the end of the fiscal year, the DIR executive management team assesses and reports progress against the targets and goals and presents the results to the DIR board. The discussion includes an assessment of successes and opportunities for improvement, which are then incorporated into the targets and goals used for the next fiscal year.

In addition to the metrics discussed above, many of the business lines assess detailed information on a monthly basis to determine program success and identify necessary corrective actions and program enhancements. For example, the Information and Communications Technology (ICT) Cooperative Contracts program produces a monthly “Operations Graybook” that provides comparisons of projected and actual sales from ICT contracts, administrative fees, customer demographics, and other trend data, which is used to assess customer demand and improve customer services.

The Data Center Services program produces an array of monthly measures to give participating agencies, DIR, and the vendor team an in-depth understanding of data center service performance outcomes. IBM measures and reports 32 “critical” and 27 “key” service levels in areas such as service availability, response timeliness, batch processing success, mail processing quality, change management, and incident management. In addition, monthly dashboard reports summarize overall performance results and present IT director customer satisfaction ratings intended to prioritize and guide improvement efforts.

D. Does your agency’s enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions? Have you recommended changes to the Legislature in the past to improve your agency’s operations? If so, explain. Were the changes adopted?

DIR’s enabling laws, primarily the Information Resources Management Act, accurately reflect the agency’s mission, objectives, and approach to performing DIR’s functions. DIR has recommended statutory changes to the Legislature when the state would benefit from revision, primarily because of changes in technology.

Significant changes made during the 79th Regular Session of the Texas Legislature in House Bill (H.B.) 1516 made state agencies’ use of ICT contracts mandatory, gave DIR responsibility for the data center consolidation efforts, and adopted the Texas Project Delivery Framework as a required element of every state IT project over \$1 million in cost. First introduced in the 2004 Biennial Performance Report, *Making Technology Deliver*, the concept of an enterprise approach to technology forms the basis of this legislation. With these changes DIR has been able to work with state agencies, local government, and the public education community to further transform the use of technology in government at the enterprise level.

In 2009, DIR recommended changes in the form of three bills, each of which became law.

- H.B. 1705 streamlines DIR functions by eliminating the Telecommunications Planning and Oversight Council and transferring its authority to DIR, changes the requirements for commodity planned procurement schedules from semi-annual to an as-needed basis, and allows assistance organizations access to TEX-AN services.
- H.B. 1830 improves DIR’s security program by increasing access to key information. The law allows DIR to conduct criminal history background checks on all DIR employees and contractors, allows the DIR staff to brief the board of directors in executive session about specific security incidents at agencies, and requires that security vulnerability reports on an agency’s network be provided to that agency’s executive director.
- H.B. 2004 requires governmental entities to comply with the same legal standards as a business if a person’s sensitive personal information has been accessed through a breach of IT system security. In that case, the governmental entity must inform the person whose information was accessed as quickly as possible, through either written or electronic mail.

E. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

While there is no direct overlap between DIR's functions and those of another state or federal agency, there are areas of clarification within the contracting function and the geographic information systems (GIS) function where improvements could be made.

DIR's statewide contracting and procurement function, which is limited to technology products and services, is complementary of the Texas Procurement and Support Services (TPASS) program at the Office of the Comptroller of Public Accounts. TPASS is responsible for statewide procurement of non-technology-related products and services. Improving the process of designating purchases as IT would help to ensure against duplication in the procurement process. This issue and suggested improvements are detailed in Part VII – Guide to Agency Programs/ICT Cooperative Contracts Program, Section L.

Two state agencies currently have various responsibilities for providing GIS services—the Texas Water Development Board and DIR. This issue is detailed in Part IX of this report.

F. In general, how do other states carry out similar functions?

Generally, other states manage their state-level IT functions in a manner similar to that used in Texas, through a state agency led by the state chief information officer (CIO). Management of the state website, state data center, and IT security, in particular, are usually under the authority of the CIO. Appointment of the CIO falls within the governor's authority in the plurality of states, sometimes as a member of the cabinet, other times as an agency head. Closely following this plurality is the CIO appointment by cabinet heads or boards.

Regarding contracting and procurement, Texas is one of ten states in which the state IT office oversees IT procurement. In 20 states, procurement authority is shared among agencies; in ten states, a central procurement office oversees IT procurement; and six states mix procurement authority with specific responsibilities for both the IT and central procurement offices.

Communications technology is managed by the CIO in states of similar size and complexity to Texas, including California, New York, Pennsylvania, Virginia, Indiana, and Missouri. In Illinois, the state general services agency manages communications technology.

Additional specific information is available from the National Association of State Chief Information Officers at www.nascio.org.

G. What key obstacles impair your agency's ability to achieve its objectives?

DIR is supported primarily from administrative (cost-recovery) fees that are part of the price of products and services provided to the state. These administrative fees are intended to allow DIR to recover its cost of operating the functions discussed here, including ICT cooperative contracts, communications technology, IT security, and data center services. Many of these fees are collected from voluntary customers. TexasOnline is the only program that receives a small amount of general revenue, for the management of the contract with a vendor to develop and manage the website.

If macroeconomic conditions continue to deteriorate, revenue received by DIR through cost-recovery fees may drop as sales of products and services decrease. A lower level of fee revenue would directly impact the funding available to operate the agency and affect DIR's ability to continue the same level of service to its customers.

H. Discuss any changes that could impact your agency's key functions in the future (e.g., changes in federal law or outstanding court cases).

At this time, DIR is not aware of any changes that would impact the agency's key functions.

I. What are your agency's biggest opportunities for improvement in the future?

Continuous improvement is key for DIR to be fully responsive to its customers' needs. As the state technology agency, DIR expects to provide its customers with access to the most up-to-date technology and services. This includes the services and products available through the ICT Cooperative Contracts and Communications Technology Services programs, the protection offered through the IT Security program, the hardware and software provided for Data Center Services, and TexasOnline, DIR's only program with direct citizen access.

The process of providing and offering the current technology requires knowledgeable staff who are skilled in recognizing and meeting the needs of DIR's customers as well as committed to public service. Access to qualified staff is in part a function of broader economic conditions, since some people with a strong technical background may prefer to work in the private sector. DIR, along with other state agencies, must continue to make its work relevant and interesting to its current and potential workforce to maintain the most qualified staff.

The agency has opportunities to expand through providing new goods and services and through enhanced marketing and outreach in local channels while increasing sales to current customers. This expansion will serve two purposes. It will increase the cost savings experienced by customers, allowing them to use their revenue for their core functions. It will also maintain the level of revenue received from the administrative fees, allowing DIR to remain self-supporting.

DIR's role in contract management affects every function, either through products and services purchased directly from vendors by customer agencies or through managed services, such as the Data Center Services. DIR must continue to ensure that vendors are held responsible for the level of service required by their contracts with DIR.

J. In the following chart, provide information regarding your agency’s key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures.

Department of Information Resources Exhibit 2: Key Performance Measures – Fiscal Year 2008			
Key Performance Measures	FY 2008 Target	FY 2008 Actual Performance	FY 2008 % of Annual Target
Number of Project Briefs/Issue Papers Produced	7	6	85.71%
Total Contract Savings and Cost Avoidance Provided through DIR Contracts.	\$76,000,000	\$124,706,211	164.09%
Average Cost Per Rule, Guideline, and Standard Produced	\$105.00	\$279.10	265.81%
Average Price Per Intrastate Minute on TEX-AN	\$0.05	\$0.05	102.00%
Average Price Per Toll-Free Minute on TEX-AN	\$0.05	\$0.04	97.78%
Total Contract Cost Savings/Costs Avoided Per Dollar of Program Operating Cost	\$35.00	\$36.50	104.29%
Percent of Customers Satisfied with Voluntary Shared Services	92.00%	88.80%	96.52%
Percentage of Customers Satisfied with CCTS	99.00%	97.00%	97.98%
Percentage of Customers Satisfied with TEX-AN	96.00%	96.00%	100.00%

III. History and Major Events

Provide a timeline of your agency's history and key events, including:

- the date your agency was established;
- the original purpose and responsibilities of your agency;
- major changes in responsibilities or statutory authority;
- changes to your policymaking body's name or composition;
- significant changes in state/federal legislation, mandates, or funding;
- significant state/federal litigation that specifically affects your agency's operations;
- and
- key changes in your agency's organization (e.g., a major reorganization of the agency's divisions or program areas).

- 1967 The Systems Division was created in the State Auditor's Office to maintain comprehensive current information on data processing systems and equipment for all agencies.
- 1979 The Systems Division was given an additional mandate to advise the State Purchasing and General Services Commission (SPGSC) on procurements of data processing resources. The Division was actively involved in oversight from 1967 to 1981.
- 1981 The Automated Information System Advisory Council (AISAC) was established to promote the economical and efficient use of automated information systems in state government. AISAC was authorized to create guidelines for long-range planning, common databases, networking, applications, shared software, security, and disaster recovery. The creation of AISAC removed oversight responsibility from the State Auditor's Office Systems Division, and AISAC became responsible for reviewing requests filed with SPGSC by state agencies for the purchase, lease, or conversion of automated systems. The role of the Council was primarily advisory.
- 1985 AISAC was renamed the Automated Information and Telecommunications Council (AITC) and its mandate was broadened. In addition to the AISAC's previous responsibilities, AITC's oversight included the preparation of a long-range telecommunications plan. AITC was also directed to provide technical assistance to agencies and to provide staff support to the Legislative Budget Board with respect to requests for appropriations for technology.
- 1987 The Legislature gave AITC more of a regulatory role through the passage of House Bill (H.B.) 2224, which required AITC to review and approve long-range automated information and telecommunications systems plans and procurement proposals submitted by agencies pursuant to the approved long-range plans.
- 1989 The Legislature enacted the Information Resources Management Act, creating the Department of Information Resources (DIR) to replace AITC. The Act established, for the first time, a comprehensive information resources management cycle including components related to strategic and operational planning, budgeting, procurement, and performance evaluation. The Act required DIR to:

- Develop a state strategic plan every two years for information resources management
 - Compile an annual performance report on the state's use of technology
 - Monitor national and international technology standards
 - Develop, publish, and ensure compliance with policies, procedures, and standards related to information resources management by state agencies, and
 - Establish an information resources technology evaluation center for use by DIR and other state agencies.
- 1991 The 72nd Legislature created the Telecommunications Planning Group, consisting of DIR, the Comptroller of Public Accounts, and the General Services Commission, to develop a statewide telecommunications operating plan. DIR was named as chair of an interagency workgroup to develop a health and human services integrated database network and client access pilot programs.
- 1993 The 73rd Legislature streamlined state agency reporting requirements; repealed the requirement for DIR review of state agency technology procurements; named the members of the Quality Assurance Team (QAT) and defined the QAT review process; and required DIR to establish the state disaster recovery facility and operations data center in cooperation with Angelo State University. The requirement for an annual statewide performance report was changed to a biennial report, and the content of the report moved from inventory-type information toward a more strategic plan.
- 1995 The 74th Legislature redefined the membership of the QAT, and clarified the legislative intent that agencies maximize utilization of the state data center.
- 1996 The Cooperative Contracts program began, with \$59.6 million in sales in the first year.
- 1997 The 75th Legislature adopted Sunset legislation continuing DIR for 12 years, created the Year 2000 Project Office within the agency, and added internal quality assurance assistance to DIR's duties.
- The Legislature also revised the structure of the board of directors. The membership was reduced from nine to six, and the requirement was eliminated that three members must be appointed by the Governor from a list of names submitted by the Speaker of the House and three from a list of names submitted by the Lieutenant Governor.
- 1999 The 76th Legislature adopted an appropriations rider directing DIR to contract with the Legislative Budget Board for the execution of all quality assurance and oversight activities, and established the Electronic Government Task Force to implement the state's Internet business portal.
- 2000 The Cooperative Contracts program was restructured so that customers order products and services directly from the vendor instead of ordering products through DIR.
- 2001 The 77th Legislature transferred the Telecommunications Services Division from the General Services Commission to DIR and established the Telecommunications Planning and Oversight Council to oversee planning and reporting functions of the division. Laws were also passed establishing the Program Management Office and a statewide security program within DIR, and the TexasOnline Authority to oversee the

- TexasOnline project managed by DIR. DIR's executive director was statutorily designated as the state's Chief Information Officer.
- 2003 The 78th Legislature made several changes to TexasOnline: e-Pay, the online payment processing system, was expanded to allow state agencies to use the service for over-the-counter transactions; state agencies were required to provide a link to TexasOnline from their websites; additional state agencies were required to use the Common Occupational Licensing project; and DIR was required to create a web portal for veterans.
- In addition, DIR was given additional responsibilities relating to the review of agencies' IT strategic plans and the oversight of consortia projects, DIR was named as a member of the Quality Assurance Team, and DIR was required to develop an IT consolidation plan for state government.
- The Legislature also increased the number of voting members of the board of directors from six to seven.
- 2004 DIR streamlined its organization to better align the agency to the technology needs of the state. The new structure gave the agency the agility and focus to rapidly respond to new opportunities as it became a more performance- and customer-driven agency.
- DIR published *Making Technology Deliver*, its 2004 Biennial Performance Report. In this report, DIR outlined its emphasis on reducing government costs, supporting effective technology contracting and execution, consolidating technology operations for increased efficiencies, and promoting innovative use of technology that adds value to government services. The statewide technology issues identified in this report were addressed in the 79th Texas Legislature by comprehensive technology legislation such as H.B. 1516 and H.B. 3112.
- DIR published *A Foundation for Change*, which presented a roadmap for a shared IT infrastructure to support the missions of government agencies.
- Recognizing the growing importance of information technology security, DIR hired the state's first Chief Information Security Officer.
- 2005 The 79th Legislature enacted H.B. 1516 and H.B. 3112, implementing most of DIR's technology recommendations in its 2004 Biennial Performance Report, and ensuring a statewide enterprise approach to information resource management and IT security.
- H.B. 1516 required state agencies to use DIR's contracts to purchase commodities and to use the state data center if DIR determined that use was cost-effective. The legislation also established the Texas Project Delivery Framework for use by state agencies, a method for selection, control, and evaluation of information technology projects. H.B. 3112 required DIR to provide IT security services to state agencies.
- The arrival and aftermath of Hurricanes Katrina and Rita in the Gulf Coast resulted in an expanded role for DIR in terms of seeking and providing innovative uses of technology to offer direct assistance to hurricane evacuees. DIR staff worked collaboratively with other state and local agencies, the federal government, and the private sector to enable Texas to serve thousands of Gulf Coast citizens in need of immediate information and assistance.

DIR published its state strategic plan for information resources management, *Shared Services, Building a Better Texas through Shared Responsibilities*. The report laid out a plan for changing technology investment and management practices to ensure the state's business needs provide the driving force behind the state's technology.

DIR cooperative contracts sales exceeded \$668 million, an increase of 27% over fiscal year 2004. This was significant because the pricing for the goods and services continued to decrease while the terms and conditions became more favorable to DIR customers.

- 2006 DIR amended the contract with its TEX-AN provider, resulting in significant technology enhancements and reduced costs for its diverse customer base.

DIR created a shared, statewide Internet Protocol (IP) communications platform for TEX-AN in partnership with its service providers. This shared infrastructure supports next-generation network services across state government, such as implementation of the 2-1-1 network. These services include call center support, Voice over IP (VoIP), Interactive Voice Response, Automatic Call Distribution, Outbound Call Dialer, and other data and video offerings.

Representatives from DIR and the other 26 agencies participating in the statewide Data Center Services program developed the request for offers, conducted the procurement, and executed the agreement. Many of the same state agency staff participated in 35 days of review sessions to evaluate the responses. This process included individual reviews, group assessments, and interactive clarification sessions with the prospective service providers.

TexasOnline, with more than 850 online services available, achieved financial "breakeven," that is, the vendor recouped its initial capital investment in the portal. At that point, all assets were then transferred to the ownership of the State of Texas, including all hardware and perpetual licenses to all software developed for the portal, and the state began receiving 50% of the net revenues generated by the project in addition to sharing in total revenues. This self-funding model is unique among state web portals.

A Brown University survey of over 1,600 public sector websites ranked TexasOnline as the number one website in the country.

- 2007 The 80th Legislature repealed the requirement for a Program Management Office, and transferred authority for an Enterprise Resource Planning system from DIR to the Comptroller of Public Accounts.

On March 31, the Texas Data Center Services contract commenced. The contract established enterprise-managed services for the state by transitioning employees, hardware, leases, and licenses to the vendor team. At the start of the contract, participating agencies began receiving services, and 268 state employees joined the state's primary service provider or its main vendor partners. As part of this effort, equipment from the agency data centers began to be migrated to two locations—one in Austin, one in San Angelo.

The Austin Data Center became operational in June, and the Health and Human Services Commission (HHSC) became the first agency to move its print and mail operation to the data center in November.

DIR worked with HHSC to ensure a smooth transition and systematic turnover of vendor responsibility for its call center service requirements. As a part of this process, DIR completed the transition of data and voice infrastructure to DIR services, and developed and implemented a comprehensive set of operational policies and procedures.

DIR published the *State Enterprise Security Plan for Fiscal Years 2007–2012*. The plan provided goals, objectives, and a plan of action to safeguard the information resources of the state, and was consistent with the *Texas Homeland Security Strategic Plan*.

State agencies submitted their first Information Resources Deployment Reviews (IRDR) to DIR. The IRDR provides a review of the operational aspects of each agency's information resources deployment in support of the agency's mission, goals, and objectives.

2008 Information and Communications Technology Cooperative Contracts program posted record sales of \$1.1 billion and record savings of \$123 million for customers.

Supply Chain Support Office was established to provide support through business intelligence to the ICT Cooperative Contracts program, strengthening the negotiation power for the state.

Business Development Office was established to provide customer outreach and education about all aspects of DIR.

Texas Department of Agriculture, Texas Department of Transportation, Texas Workforce Commission, and Office of the Attorney General consolidated print and mail operations in the new Austin Data Center.

Texas Youth Commission and Texas Workforce Commission completed mainframe consolidation in the new Austin Data Center.

DIR issued a request for offers for a new contract to manage TexasOnline.

DIR determined strategy and issued a vision document for a new contract to manage TEX-AN services.

The Network and Security Operations Center was opened. The center provides security services to state agencies, including security event alerting and reporting, event correlation, and non-intrusive vulnerability scans.

2009 The 81st Legislature strengthened DIR's IT security program and eliminated the Telecommunications Planning and Oversight Council.

DIR successfully transferred management of TexasOnline on a short-term basis when the incumbent vendor filed for bankruptcy.

DIR entered into a new contract to manage TexasOnline. The new governance will be effective January 1, 2010. The new contract expands the services to customers, utilizes new Web 2.0 tools, and delivers significantly increased revenue to the state.

Texas Higher Education Coordinating Board, Texas Education Agency, Texas Department of Insurance, and Texas Department of State Health Services completed

print and mail consolidation in the Austin Data Center. Ninety-nine percent of the print/mail volume has been consolidated.

Office of the Attorney General and Texas Railroad Commission completed mainframe consolidation in the Austin Data Center. One hundred percent of the mainframes have been consolidated.

Through third quarter of FY 2009, ICT Cooperative Contracts generated sales of \$893 million, or 16% over the same period for the prior year, while posting a 34% increase in cost avoidance in the same comparative time.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

Department of Information Resources Exhibit 3: Policymaking Body			
Member Name	Term/Appointment Dates/ Appointed by Governor	Qualification (e.g., public member, industry representative)	City
Charles Bacarisse, Chairman	02/01/2007–02/01/2013	Public	Houston
Ramon Baez	05/28/2009–02/01/2015	None	Dallas
Rosemary Martinez	02/01/2007–02/01/2013	Higher Education	Brownsville
Debra McCartt	02/01/2006–02/01/2011	Local Government	Amarillo
Richard S. Moore	08/28/2009–02/01/2015	None	Goliad
Phillip Keith Morrow	02/01/2005–02/01/2011	None	Dallas
Robert Pickering, Jr.	05/28/2009–02/01/2015	None	Houston
John Cox	02/01/2009–02/01/2011	<i>Ex officio</i> , Texas Education Agency	Austin
Brad Livingston	02/01/2009–02/01/2011	<i>Ex officio</i> , Texas Department of Criminal Justice	Huntsville
Carter Smith	02/01/2009–02/01/2011	<i>Ex officio</i> , Texas Parks & Wildlife Department	Austin

B. Describe the primary role and responsibilities of your policymaking body.

The DIR board is a governing board. It has seven voting members who are appointed for six-year terms by the governor. It has three *ex officio*, non-voting members from larger agencies who serve two-year terms. The board selects and employs the agency's executive director, who is also the state's chief technology officer. As required by law, the board has adopted a delegation policy that sets forth the responsibilities it has delegated to the executive director. The board approves the DIR state strategic plan, all rules promulgated by the agency, the internal audit plan, annual operating budget, and the legislative appropriations request. It approves budget amendments over a certain threshold and must approve most gifts to the agency. The board approves the performance and compensation of the executive director,

develops and reviews performance of the executive management team, and may hear certain bid protests. It receives comments from the public in open meeting.

C. How is the chair selected?

The governor appoints the board chair.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

The DIR conflict of interest provision applicable to its board and executive director is unusually broad. Some provisions are ambiguous and some restrict board relationships with other agencies and entities that may contract with state government. The provisions of Section 2054.022, Government Code, relating to conflict of interest, may impede the ability of the governor to find qualified individuals to serve on the board. Additionally, the board has three non-voting, *ex officio* members from other large state agencies.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2008? In FY 2009?

The board is statutorily required to meet at least quarterly. It generally meets each quarter. In both FY 2008 and FY 2009, the board met four times.

F. What type of training do members of your agency's policymaking body receive?

The board members receive statutorily mandated training on DIR's fundamental statutes, DIR programs, the role and function of DIR, DIR rules, DIR budget, the results of the most recent formal audit of DIR, and the requirements of the Public Information Act, the Open Meetings Act, and the Administrative Procedure Act. They also receive training on DIR-specific and general public servant conflict of interest laws, DIR's ethics policy, and relevant Ethics Commission opinions. Board members are notified of the dates of the Office of the Attorney General's Law and Liability Conference so they may attend.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

With the exception of certain responsibilities which the board must retain by law (such as approval of the agency budget and budget amendments, rules, the state strategic plan, and advisory committees) the board has delegated authority to run the agency to its executive director pursuant to a delegation of authority document approved in open meeting.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

The executive director updates the board at each meeting on the agency's performance, including significant events, media coverage, and staffing. Other executive staff updates the board at each meeting on Finance, ICT Cooperative Contracts, Data Center Services, Communications Technology Services, TexasOnline, and IT Security. During legislative sessions, the board is updated at meetings on legislative matters affecting DIR. There is additional written material provided to the board in its board briefing materials. The board receives the Data Center Services executive status report monthly, and quarterly receives written documentation on DIR performance on key measures identified by the board as critical to the successful performance of the agency. The executive director and other executive staff communicate with individual board members as needed throughout the fiscal year on matters of interest to the board or on which an individual board member has questions or wants additional information.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

The opportunity for public testimony is presented on each board agenda and announced during each board meeting. DIR's jurisdiction relates to state agencies with some impact on information technology vendors through extensive IT contracts the agency negotiates and administers. Representatives of six state agencies serve rotating two-year terms on the DIR board so that agency input is always available to the board. The board appoints an advisory committee composed of individuals with various backgrounds to provide input to DIR on the state strategic plan, including strategic technology directions the state should take. The information provided by the advisory committee is considered by DIR staff and often incorporated into the state strategic plan.

The board has encouraged staff to involve affected agencies in the development of rules that impact those agencies. A recent example of the effectiveness of collaborative development of rules is DIR staff working with information security officers of other state agencies and institutions of higher education on significant amendments to the information technology security rules applicable to state agencies, including institutions of higher education. As a result of including this input on changes to the security rules, no comments were received during the public comment period when the changes were published in the Texas Register.

All rules that apply to institutions of higher education must first be presented to the Information Technology Council for Higher Education (ITCHE), created by Section 2054.121, Texas Government Code. Documentation of the impact of the rules on higher education must be submitted to ITCHE. No rules are presented to the board for adoption without staff informing the board that the impact of the rules on institutions of higher education has been considered. The agency has several other customer or user groups that provide input in areas where DIR policies and rules impact others, but these groups interact with DIR staff rather than the board.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart.

Department of Information Resources Exhibit 4: Subcommittees and Advisory Committees			
Name of Subcommittee or Advisory Committee	Size/Composition/How are members appointed?	Purpose/Duties	Legal Basis for Committee
State Strategic Plan for Information Resources Management Advisory Committee	Nine to 24 members appointed by the executive director with board approval. Must include two IT managers from state agencies, one from an institution of higher education; one Texan not employed in state government, IT, or communications; one representative from local government; two representatives from IT/communications who do not sell to the state; one IT/communications representative who does sell to the state; and one federal agency representative.	Review and advise on the development of the State Strategic Plan for Information Resources Management	Section 2054.033, Texas Government Code; Section 2054.091, Texas Government Code; 1 Texas Administrative Code Section, 201.17
DIR Board Finance/Budget Subcommittee	One board member, appointed by the board chair	Internal auditor reports up through this subcommittee. DIR finance staff work most directly with this subcommittee on budget/finance issues.	No specific legal basis; discretionary with board
DIR Board Data Center Subcommittee	Two board members, appointed by the board chair	Receive frequent updates on status of data center consolidation	No specific legal basis; discretionary with board

V. Funding

A. Provide a brief description of your agency's funding.

DIR, as an enterprise, is responsible for the effective planning, implementation, and management of a statewide technology infrastructure that supports business operations for the benefit of Texas state agencies, universities, school districts, municipalities, and counties.

DIR is authorized to recover operational costs through administrative fees for:

- Information and Communications (ICT) Cooperative Contracts
- Communications Technology Services – TEX-AN and Capitol Complex Telephone System (CCTS)
- IT Security
- Data Center Services

DIR fee receipts may include funding from interagency contracts (IAC) and appropriated receipts.

Net Revenue (Loss) generated from four of five DIR business lines will impact fund balances of the respective funds below.

- Clearing Fund – receives IAC and appropriated receipts from ICT Cooperative Contracts
- Telecommunications Revolving Fund – receives IAC and appropriated receipts from Communications Technology Services and IT Security
- Statewide Technology Account – receives funding from Data Center Services IACs

Administrative fees for each business line are unique and have individual requirements governing the cost-recovery criteria, what kinds of expenditures are allowable, cost recovery for administrative overhead, and the flexibility for the use of the fund balances.

TexasOnline (eGovernment), the fifth business line, is funded with appropriated general revenue.

In addition, certain costs that are not directly associated with providing the services of a business line are allocated (“shred”) across all of the business lines. These indirect costs include those associated with DIR administrative activities such as finance, human resources, and internal IT, as well as costs associated with activities DIR is legislatively mandated to provide, but for which DIR receives no other source of funding, such as policy and guidelines development, statewide technology planning, and statewide security.

B. List all riders that significantly impact your agency's budget.

Source: 2010–2011 General Appropriations Act, Article I – DIR Riders

1. Performance Measure Targets

The following is a listing of the key performance target levels for the Department of Information Resources. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Information Resources. In order to achieve the objectives and service standards established by this Act, the Department of Information Resources shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

Department of Information Resources Exhibit 5: Performance Measure Targets		
Performance Measure Targets	2010	2011
A. Goal: Promote Effic IR Policies/Systems A.1.2. Strategy: Rule and Guideline Development Efficiencies: Average Cost Per Rule, Guideline, and Standard Reviewed and Produced	332.92	332.92
B. Goal: Manage Cost-Eff Svc Del of IT Outcome (Results/Impact): Percent of Monthly Minimum Service Level Targets Achieved for Data Center Services Percentage of Customers Satisfied with Data Center Services Contract Management B.1.1. Strategy: Contract Admin of IT Commodities & Services Output (Volume): Total Contract Savings & Cost Avoidance Provided through DIR Contracts	92% 95% \$120,000,000	92% 95% \$120,000,000
C. Goal: Telecommunications Outcome (Results/Impact): Percent of Customers Satisfied with CCTS Percent of Customers Satisfied with TEX-AN C.2.1. Strategy: Network Services Efficiencies: Average Price Per Intrastate Minute on TEX-AN Average Price Per Toll-free Minute on TEX-AN	99% 96% \$0.05 \$0.04	99% 96% \$0.05 \$0.04

2. Capital Budget

Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes.

The appropriation transfer provision in Article IX, Section 14.03, subsection (i)(1)(C) does not apply to the Department of Information Resources and therefore it is the intent of the Legislature that DIR may not add a new capital budget item to those shown below during the 2010–2011 biennium.

Department of Information Resources Exhibit 6: Capital Budget		
Acquisition of Information Resource Technologies	2010	2011
(1) Daily Operations	\$ 50,000	\$ 50,000
(2) Data Center Consolidation	1,389,845	1,017,057
(3) Asset Control - Malware Deployment	165,800	165,800
(4) Website Upgrade	410,000	410,000
(5) Communication and Collaboration Infrastructure and Integration Support Tool	780,000	780,000
(6) Standardization of Business Intelligence Platform	240,000	240,000
Total, Acquisition of Information Resource Technologies	3,035,645	2,662,857
Total, Capital Budget	\$ 3,035,645	\$ 2,662,857

Department of Information Resources Exhibit 6: Capital Budget, continued		
Method of Financing (Capital Budget)	2010	2011
Other Funds		
Appropriated Receipts		
DIR Clearing Fund Account - AR	\$ 476,958	\$ 411,150
Telecommunications Revolving Account - AR	301,017	273,628
Interagency Contracts		
DIR Clearing Fund Account - IAC	289,389	252,086
Telecommunications Revolving Account - IAC	1,214,463	1,041,577
Statewide Technology Account - IAC	753,818	684,416
Subtotal, Other Funds	\$ 3,035,645	\$ 2,662,857
Total, Method of Financing	\$ 3,035,645	\$ 2,662,857

3. DIR Clearing Fund Account

The Comptroller shall establish in the state treasury the Department of Information Resources Clearing Fund Account for the administration of cost recovery activities pursuant to authority granted under Chapters 771, 791, 2054, 2055, and 2177, Government Code.

The account shall be used:

- a. As a depository for funds received as payments from state agencies and units of local government for services provided;
- b. As a source of funds for the department to purchase, lease, or acquire in any other manner services, supplies, software products, and equipment necessary for carrying out the department's duties relating to services provided to state agencies and units of local government for which the department receives payment from state agencies and local governmental units; and
- c. To pay salaries, wages, and other costs directly attributable to the services provided to state agencies and units of local government for which the department receives payment from those agencies and governmental units. However, the maximum amount for all administrative costs to be applied to state agency receipts and local government receipts shall not exceed 2.0 percent per receipt. The Department of Information Resources shall report the amount of all administrative costs allocated to each agency and unit of local government annually to the Legislative Budget Board.

The balance of the account at the end of the fiscal year shall not exceed more than 10 percent of the total revenue processed through the account in the prior fiscal year. Included in the amounts appropriated above are all balances as of August 31, 2009 (estimated to be \$5,838,787), and all revenues accruing during the 2010-11 biennium (estimated to be \$5,600,701 in fiscal year 2010 and \$9,658,505 in fiscal year 2011 in Strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; B.1.1, Contract Administration of IT Commodities and Services; B.2.3, Shared Services and/or Technology Centers; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support Services) to the Department of Information Resources Clearing Fund Account. In addition to amounts identified herein and included above, all unexpended balances remaining as of August 31, 2009, and all revenue generated on or after September 1, 2009, are hereby appropriated for the same purposes.

As part of its Comprehensive Annual Financial Report showing the use of appropriated funds, the Department of Information Resources shall include information showing the costs avoided and/or savings obtained through its cooperative activities and a list of the agencies or units of local government for which the clearing fund account was used.

4. Capital Purchases on Behalf of Other Government Entities

Any capital items related to information resources and telecommunications technologies purchased by the Department of Information Resources for use by other state agencies and governmental entities for which the department is reimbursed do not apply to the department for the purpose of the capital budget rider limitations specified in Article IX, Limitation on Expenditures - Capital Budget, of the General Provisions of this Act.

5. Cash Flow Contingency

Contingent upon receipt of reimbursements from state agencies, other governmental entities, and vendors for direct services provided and procurements of goods or services, the department may temporarily utilize additional general revenue funds in an amount not to exceed 10 percent of projected non-Go DIRECT Cooperative Contract annual sales or \$4.0 million, whichever is greater. These funds shall be utilized only for the purpose of temporary cash flow needs. The transfer and reimbursement of funds shall be made under procedures established by the Comptroller of Public Accounts to ensure all borrowed funds are reimbursed to the Treasury on or before August 31, 2011.

6. TexasOnline Project

Included in the amounts appropriated above in Strategies B.2.2, Texas Online; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support Services are amounts not to exceed \$792,677 for fiscal year 2010 and \$792,678 for fiscal year 2011 out of General Revenue generated by the TexasOnline Project for the 2010-11 biennium for the continued operation, expansion, and administration of the TexasOnline Project.

Any unexpended balances as of August 31, 2010, out of the appropriations made herein are hereby appropriated to the Department of Information Resources for the fiscal year beginning September 1, 2010.

The Department of Information Resources shall provide the Legislative Budget Board monthly financial reports and expenditures on the TexasOnline project within 60 days of the close of each month.

7. Telecommunications Capital Budget Purchases

The Department of Information Resources is hereby authorized to expend funds appropriated elsewhere in this Act to acquire equipment that may be necessary to facilitate cost savings or technical advancements associated with the Capital Complex Telephone System (CCTS) or TEX-AN Statewide Telecommunications System. The Department of Information Resources shall coordinate any equipment acquisitions associated with the TEX-AN Statewide Telecommunications System with the Telecommunications Planning and Oversight Council. (The 81st Legislature abolished the Telecommunications Planning and Oversight Council in H. B. 1705.) The Department of Information Resources shall notify the Legislative Budget Board and the Governor prior to such acquisition.

8. Telecommunications Revolving Account

Out of the funds appropriated above in Strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; B.2.3, Shared Services and/or Technology Centers; C.1.1, Capitol Complex Telephone; C.2.1, Network Services; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support Services, are all unexpended and unobligated balances as of August 31, 2009, (estimated to be \$9,525,631 in Appropriated Receipts and Interagency Contracts) and all revenue estimated to be \$68,559,591 in fiscal year 2010 and \$70,071,257 in fiscal year 2011 in Appropriated Receipts and Interagency Contracts for the purpose of planning, development of requests for information and proposals, and contract negotiations, and any other purpose set out in Chapter 2170, Government Code.

In addition, out of funds appropriated above in Strategies A.1.3, Statewide Security, and C.2.2, Network and Telecommunication Security Services, is \$4,945,668 in fiscal year 2010 and \$5,410,989 in fiscal year 2011 in Appropriated Receipts and Interagency Contracts for the purpose of providing network security services and any other purpose set out in Chapter 2059, Government Code.

Any unexpended balances remaining as of August 31, 2010 in the appropriation made herein are hereby appropriated for the fiscal year beginning September 1, 2010 for the same purposes.

9. Statewide Technology Account

In accordance with Government Code, Chapter 403.011, the Comptroller of Public Accounts shall establish within the state treasury an operational account, called the statewide technology center account for all transactions relating to the operation and management of statewide technology centers. The statewide technology center account may maintain a two month operating reserve and may also be utilized to perform operations authorized by Government Code, Chapter 2054, Subchapter L.

Included in amounts appropriated above are all revenues accruing during the 2010-11 biennium to the statewide technology center account, estimated to be \$182,764,342 in fiscal year 2010 and \$168,089,252 in fiscal year 2011 out of Interagency Contracts, and any amounts received in Appropriated Receipts (estimated to be \$0 each fiscal year) in Strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; B.2.1, Data Center Services; B.2.3, Shared Services and/or Technology Centers; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support Services, for purposes authorized by Government Code Chapter 2054, Subchapter L relating to the operation and management of Statewide Technology Centers. In addition, amounts remaining in the account as of August 31, 2010 are hereby appropriated for the same purpose for the fiscal year beginning September 1, 2010.

The Department of Information Resources shall report all administrative costs collected and the administrative cost percentage charged to each state agency and other users of statewide technology centers as defined in Government Code, Chapter 2054, Section 2054.380 to the Governor and Legislative Budget Board no later than April 1 for the first six month period of the fiscal year and by October 1 for the second six month period of the fiscal year. By the same deadlines, the Department of Information Resources shall submit the proposed administrative costs collected and the proposed administrative cost percentage for the next six month period. The Legislative Budget Board and Governor's Office shall consider the incremental change to administrative percentages submitted. Without the written approval of the Governor and the Legislative Budget Board, the

Department of Information Resources may not expend funds appropriated to the Department if those appropriated funds are associated with the statewide technology center account.

10. TexasOnline Plan for Closed Loop Event Management Technology

It is the intent of the Legislature that out of funds appropriated above for the TexasOnline project, the Department of Information Resources shall purchase or develop a plan to provide closed loop event management technology that secures, logs, and provides audit management of baseboard management controllers and consoles of cyber assets. The plan shall be developed and implemented no later than January 1, 2010.

11. Data Center Efficiencies

It is the intent of the Legislature that out of funds appropriated above for Strategy B.2.1, Data Center Services, the Department of Information Resources shall utilize energy efficient multi-core servers wherever possible.

Source: 2010–2011 General Appropriations Act, Article IX – General Provisions

Part 3. Salary Administration and Employment Provisions

Sec. 3.05. Scheduled Exempt Positions

Department of Information Resources, Executive Director, Group 6

Part 8. Other Appropriation Authority

Sec. 8.02. Federal Funds/Block Grants.

- (a) Funds received from the United States government by a state agency or institution named in this Act are hereby appropriated to the agency or institution for the purposes for which the federal grant, allocation, aid, payment, or reimbursement was made subject to the provisions of this section.
- (b) Notwithstanding subsection (a) of this section, prior to the expenditure of any funds appropriated under this section in an amount in excess of \$10 million greater than the amount for which an agency was appropriated federal funds for the same purpose in this Act, each agency shall report to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts, the amount of federal funds and the proposed use of the funds. If after the tenth business day after notification from the agency neither the Legislative Budget Board nor the Governor issues a written disapproval, the Comptroller of Public Accounts shall release the funds.
- (c) Except for an institution of higher education, federal funds:
 - (1) including unexpended balances, shall be deposited to and expended from the specific appropriation item identified in this Act; and
 - (2) may not be expended for a strategy or function other than a strategy or function that has been reviewed by the Eighty-first Legislature and authorized by specific language in this Act or encompassed by an agency's budget structure as established by this Act.
- (d) As applicable, federal reimbursements received for expenditures previously made or services performed on behalf of federal programs from state funds shall be credited by the Comptroller to the fund from which the expenditure was originally made. The credit shall be to the agency's current appropriation item or accounts from which the

expenditures of like character were originally made and are hereby appropriated. Reimbursements received from employee benefits paid from General Revenue Fund appropriations of other administering agencies shall be deposited to the unappropriated General Revenue Fund.

- (e) A position created for administration of federal grant programs shall be phased out upon discontinuance of the particular federal grant for which it was authorized.
- (f) (1) Semi-annual reports, of federal funds received and their intended usage comparing historical, appropriated, and agency expected amounts for those funds, shall be filed by the Governor with the Legislative Budget Board and the presiding officers of both houses of the Legislature for referral to appropriate standing committees for review.
 - (2) Before expending or obligating funds received under a federal grant or program, an agency must file the required information regarding application for federal funds and receipt of federal funds.
- (g) Agencies subject to Chapter 654, Government Code (the Position Classification Act) will make federal grant employment in accordance with the provisions of that Act in positions listed in, or otherwise authorized by, this Article.
- (h) In order to maximize the amount of federal alcohol and drug abuse funds that might become available to the Department of State Health Services, state funds used by a state agency to provide alcohol and drug abuse services may be counted towards any required state matching contribution for such federal funds.
- (i) In the event that federal programs that authorize federal funds included in this Act are eliminated, consolidated, or replaced with new federal programs and funding authorization or block grants, or the federal funds appropriated to agencies are reduced, any reduction or reallocation of federal funds will be distributed across affected agencies and programs to pattern the strategies and programs included in this Act to the extent possible without restricting the state's ability to receive federal funds, in accordance with a plan adopted by the designated single state agency or otherwise by each affected agency. An agency shall provide a copy of the plan to the Legislative Budget Board and the Governor.

Sec. 8.11. Appropriation of Receipts: Credit, Charge, Debit Card, or Electronic Cost Recovery Service Fees.

Any fee amount assessed by an agency for the purpose of paying the costs associated with credit, charge, or debit card services is appropriated to that agency from the fund to which the fee was deposited. Any cost recovery fees assessed by an agency and approved by the Department of Information Resources as authorized under Chapter 2054, Government Code, for the purpose of paying the costs associated with implementing and maintaining electronic services, excluding subscription fees as defined in Subchapter I, Chapter 2054, Government Code, are hereby appropriated to the assessing agency from the fund to which the fee was deposited. Any unexpended balances from credit, charge, or debit card service or cost recovery fees remaining at the end of the fiscal biennium ending August 31, 2009, are reappropriated to the assessing agency from the fund to which the fee was deposited for the same purposes for the fiscal biennium beginning September 1, 2009.

Part 9. Information Resources Provisions

Sec. 9.02. Quality Assurance Review of Major Information Resources Projects.

- (a) In this section:

- (1) "Major information resources project" has the meaning provided by § 2054.003, Government Code.
 - (2) "Quality Assurance Team" and "QAT" means the quality assurance team established under § 2054.158, Government Code.
- (b) A state agency may not expend appropriated funds for a major information resources project unless the project has been reviewed and approved by the Legislative Budget Board in the agency's biennial operating plan and the QAT. The QAT shall determine approval based on an analysis of the project's risk. The QAT may request any information necessary to determine a project's potential risk. The QAT may waive the project review requirements for a project.
 - (c) The QAT may require independent project monitoring, project status reporting, project expenditure reporting, or any additional information necessary to assess a project's on-going potential for success. After a project has been completed, the QAT may also require an agency to submit a project post-implementation evaluation report to determine if the project met its planned objectives. The QAT may take any additional actions or request information as specified in § 2054.1181, Government Code.
 - (d) On request by the QAT, the State Auditor's Office shall provide audit and review of the projects and the information provided by the agencies.
 - (e) The QAT may request the assistance of the Comptroller in regard to the accuracy of project expenditures and compliance with this Act.
 - (f) The QAT shall provide an annual report to the Governor, Lieutenant Governor, Speaker of the House, the House Appropriations Committee, and Senate Finance Committee on the status of projects under its review by December 1.
 - (g) The State Auditor's Office may:
 - (1) provide an independent evaluation of the post implementation evaluation review process to ensure the validity of its results; and
 - (2) send the evaluation to the Legislative Audit Committee.
 - (h) The Legislative Budget Board may issue guidelines for software development, quality assurance, and the review of major information resources projects.
 - (i) Unless waived by the Legislative Budget Board the QAT shall require each affected agency to:
 - (1) quantitatively define the expected outcomes and outputs for each major information resource project at the outset;
 - (2) monitor cost; and
 - (3) evaluate the final results to determine whether expectations have been met.

Sec. 9.03. Biennial Operating Plan and Information Resources Strategic Plan Approval. It is the intent of the Legislature that agencies and institutions of higher education receiving appropriated funds for the acquisition of information technology must have a current Information Resources Strategic Plan and a Biennial Operating Plan including any amendments as approved by the Legislative Budget Board prior to expending any funds for information technology. Information Technology items identified in the Capital Budget Rider must be included and approved in the Biennial Operating Plan or a subsequently approved amendment of the Biennial Operating Plan. The Legislative Budget Board may direct the

Comptroller to deny the agency or institution of higher education access to information technology appropriations for non-compliance.

Sec. 9.04. Information Technology Replacement. It is the intent of the Legislature that agencies and institutions of higher education receiving appropriated funds for the acquisition of information technology perform a cost-benefit analysis of leasing versus purchasing information technology and develop and maintain a personal computer replacement schedule. Agencies and institutions of higher education should use the Department of Information Resources' (DIR) Guidelines for Lease versus Purchase of Information Technologies to evaluate costs and DIR's PC Life Cycles: Guidelines for Establishing Life Cycles for Personal Computers to prepare a replacement schedule.

Sec. 9.05. TexasOnline Project: Occupational Licenses. Each licensing entity not otherwise authorized to increase occupational license fees elsewhere in this Act is authorized to increase the occupational license or permit fees imposed on the licensing entity's licensees by an amount sufficient to cover the cost of the subscription fee charged by the TexasOnline Project to the licensing entity pursuant to Chapter 2054, Government Code. Each licensing entity provided by Chapter 2054, Government Code and not otherwise authorized to increase occupational license fees elsewhere in this Act is hereby appropriated the additional occupational license or permit fees in excess of the Comptroller's biennial revenue estimate 2010-11 for the sole purpose of payment to the TexasOnline contractor subscription fees for implementing and maintaining electronic services for the licensing entities. Each agency, upon completion of necessary actions to access or increase fees, shall furnish copies of board meeting minutes, an annual schedule of the number of license issuances or renewals and associated annual fee total, and any other supporting documentation to the Comptroller. If the Comptroller finds the information sufficient to support the projection of increased revenues, a notification letter will be issued and the contingent appropriation made available for the intended purposes.

Sec. 9.06. TexasOnline Project: Cost Recovery Fees. Any cost recovery fees, excluding subscription fees as defined in Subchapter I, Chapter 2054, Government Code, approved by the Department of Information Resources in relation to the TexasOnline Project as authorized under Chapter 2054, Government Code, are hereby appropriated to that agency from the fund to which the fee was deposited for the purpose of paying the costs associated with implementing and maintaining electronic services. Any unexpended balances remaining at the end of the fiscal biennium ending August 31, 2009, are reappropriated for the same purposes for the fiscal biennium beginning September 1, 2009.

Sec. 17.03. Enterprise Resource Planning Projects.

- (a) The Comptroller of Public Accounts (CPA) shall enter into a separate interagency contract to manage the development and implementation of a Enterprise Resource Planning project with each of the following agencies:
 - (1) the Health and Human Services Commission (HHSC);
 - (2) the Texas Department of Transportation (TXDOT); and
 - (3) the Department of Information Resources (DIR).
- (b) Additionally the CPA shall have the option to enter into interagency contracts with additional agencies for the same purposes listed under subsection (c).
- (c) In accordance with the CPA's duties pursuant to Government Code 2101.036 to adopt standards for implementation and modification of state agency Enterprise Resource Planning (ERP) systems, the CPA shall provide guidance on the following:

- (1) The scope and budget of the project;
 - (2) The timeline to ensure completion on schedule, on budget and with the expected functionality;
 - (3) That business processes are changed to match the software versus changing the software to accommodate business processes;
 - (4) The project helps the overall ERP statewide project effort;
 - (5) Coordination of efforts across all ERP projects (HHSC, TxDOT, and DIR);
 - (6) Management of the contractors working on implementing the systems; and
 - (7) Development of Request For Proposals and other bid documents.
- (d) The CPA shall report annually to the Legislative Budget Board and the Governor's Office on the status of the implementation of each of the Enterprise Resource Planning project and any savings or benefits realized as a result of the implementation of the project.
- (e) In addition to amounts appropriated elsewhere in this Act, the Health and Human Services Commission is appropriated \$7,059,289 from the General Revenue Fund and \$9,476,000 in All Funds for the 2010-11 fiscal biennium to develop and implement an Enterprise Resource Planning project.
- (f) In addition to amounts appropriated elsewhere in this Act, the Department of Information Resources is hereby appropriated \$285,000 out of DIR Clearing Fund Account - Appropriated Receipts; \$75,000 in Telecommunications Revolving Account - Appropriated Receipts; \$120,000 in DIR Clearing Fund Account - Interagency Contracts; \$720,000 Telecommunications Revolving Account - Interagency Contracts; and \$300,000 in Statewide Technology Account - Interagency Contracts each year of the 2010-11 biennium to develop and implement an Enterprise Resource Planning system.

C. Show your agency's expenditures by strategy.
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Department of Information Resources Exhibit 7: Expenditures by Strategy Fiscal Year 2008 (Actual)	
Goal / Objective / Strategy	Amount
A.1.1. Statewide Planning	\$ 372,112
A.1.2. Rules and Guideline Development	415,995
A.1.3. Statewide Security	127,222
Goal A, Subtotal	915,329
B.1.1. Contract Administration of IT Commodities and Services	3,937,733
B.2.1. Data Center Services	155,747,908
B.2.2. Texas Online	582,877
B.2.3. Shared Services and/or Technology Centers	190,008
Goal B, Subtotal	160,458,526
C.1.1. Capitol Complex Telephone System - CCTS	4,854,518
C.2.1. TEX-AN and Provide Enhanced TEX-AN Network Services	70,886,516
C.2.2. Network and Security Services	2,263,976
Goal C, Subtotal	78,005,010
D.1.1. Central Administration	1,346,114
D.1.2. Information Resources	1,962,093
D.1.3. Other Support Services	456,276
Goal D, Subtotal	3,764,483
Grand Total	\$ 243,143,348

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY 2009-2010.

Department of Information Resources Exhibit 8: Objects of Expense by DIR Business Line Fiscal Year 2009 (Bud FY 2009 per FY 2010-2011 LAR)						
Object of Expense	CTS – Capitol Complex Telephone System	ICT Cooperative Contracts	Data Center Services	CTS – TEX-AN and IT Security	eGovernment	Grand Total
1001 Salaries and Wages	\$ 2,075,339	\$ 4,609,147	\$ 3,508,668	\$ 5,766,916	\$ 615,639	\$ 16,575,710
1002 Other Personnel Costs	57,641	73,398	47,943	116,738	6,200	301,920
2001 Professional Fees and Services	498,272	2,522,980	51,602,780	11,402,197	92,918	166,119,146
2002 Fuels and Lubricants	6,750	—	—	—	—	6,750
2003 Consumable Supplies	5,679	9,324	6,195	13,039	1,001	35,237
2004 Utilities	648,976	29,366	25,389	1,019,181	768	1,723,681
2005 Travel	24,000	120,604	38,645	81,054	3,700	268,003
2006 Rent – Building	79	22,056	206	290	8	22,640
2007 Rent – Machine and Other	330	2,018	360	7,250	70	10,028
2009 Other Operating Expense	2,527,929	1,828,803	468,173	53,033,332	70,624	57,928,861
5000 Capital Expenditures	390,250	13,250	9,000	853,295	1,750	1,267,545
Grand Total	\$ 6,235,246	\$ 9,230,945	\$ 155,707,359	\$ 72,293,293	\$ 792,679	\$ 244,259,521

E. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Department of Information Resources Exhibit 9: Sources of Revenue Fiscal Year 2008 (Actual)	
Source	Amount
General Revenue Fund	\$ 780,823
Federal Funds	173,559
Appropriated Receipts	22,784,153
Interagency Contracts	230,952,305
Agency Total	\$ 254,690,840

F. If you receive funds from multiple federal programs, show the types of federal funding sources.

Department of Information Resources Exhibit 10: Federal Funds Fiscal Year 2008 (Actual)				
	State/Federal Match Ratio	State Share	Federal Share	Total Funding
CFDA # 97.074 Homeland Security (Gov's Office Disaster Emergency Mgmt) Law Enforcement Terrorism Prevention	—	—	100%	\$ 173,559

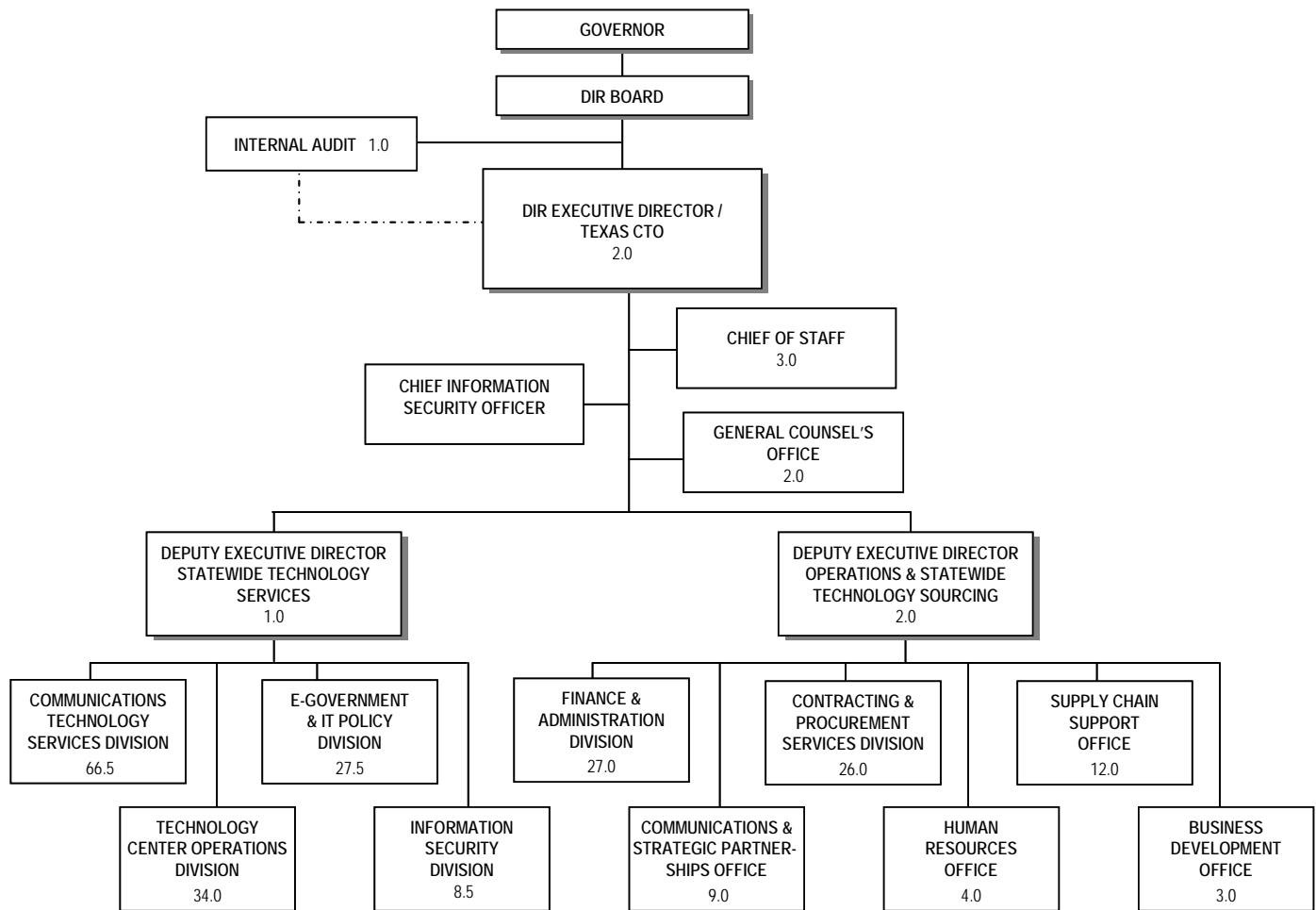
G. If applicable, provide detailed information on fees collected by your agency.

Department of Information Resources Exhibit 11: Fee Revenue Fiscal Year 2008 (Actual)				
Business Line Fee Description	Current Cost Recovery Fee / Statutory Maximum	Number of Persons / Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited
ICT Cooperative Contracts	Average current fee is .9% per contract. Maximum fee is 2%.	2,635	\$ 11,030,008	DIR Clearing Fund (Approp # 13002)
CTS – Capitol Complex Telephone System	Fee is \$14.75 per line. Covers phones, running cable, maintaining switches, other direct and indirect costs.	Agencies and offices located within the Capitol Complex and locations within the CCTS network	\$ 3,387,910	Telecommunications Revolving Fund (Approp # 13013)
CTS – TEX-AN and IT Security	4% fee for service and maintenance of the telecom point-to-point intralata circuits, translation, and other ancillary services. 8% fee to cover managed services, e.g., IP phones, Call Centers, billings and collection of fees. Average 4.5 cents per minute, which covers long distance, toll-free, and data circuits.	State Agencies, Municipalities, School Districts, Political Subdivisions, Universities	\$ 20,428,393	Telecommunications Revolving Fund (Approp # 13014)
Data Center Services	An administrative fee of 2.95% is charged to each of the 27 agencies involved in the Data Center Operations. DIR Rider 9. DIR shall report all administrative costs collected and the cost percentage charged each agency on April 1 and October 1 of each year for the activity for the appropriate six-month period. DIR will request any fee change required at that time and the fee must be approved by the LBB and Governor's Office of Budget and Planning.	27 state agencies receiving services	\$ 3,374,319	Statewide Technology Account (Approp # 13016)

VI. Organization

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division.

**DEPARTMENT OF INFORMATION RESOURCES
August 2009**



Positions: 228.5

B. If applicable, fill in the chart below listing field or regional offices.

Department of Information Resources Exhibit 12: FTEs by Location – Fiscal Year 2008			
Headquarters, Region, or Field Office	Location	Number of Budgeted FTEs, FY 2008	Number of Actual FTEs as of August 31, 2008
Headquarters	Austin	234.9	229.5

C. What are your agency's FTE caps for fiscal years 2008-2011?

2008–2009 FTE cap: 234.9

2010–2011 FTE cap: 234.9

D. How many temporary or contract employees did your agency have as of August 31, 2008?

3.44 Full-Time Equivalent positions

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.

Department of Information Resources Exhibit 13: List of Program FTE's and Expenditures Fiscal Year 2008			
Business Lines (Programs)	Budgeted FTE's	FTEs as of 8/31/2008	Actual Expenditures
ICT Cooperative Contracts Program	41.70	41.23	3,937,733
IT Security	11.50	9.00	2,391,198
Data Center Services	28.20	31.17	155,747,908
Communications Technology Services	82.00	89.47	75,741,034
eGovernment and IT Policy	14.30	13.50	1,370,984
Indirect Administration	57.20	38.21	3,954,491
Total	234.90	222.58	243,143,348

VII. Guide to Agency Programs

Complete this section for **each** agency program (or each agency function, activity, or service if more appropriate). Copy and paste the questions as many times as needed to discuss each program, activity, or function. Contact Sunset staff with any questions about applying this section to your agency.

ICT Cooperative Contracts Program

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Information and Communications Technology Cooperative Contracts Program
Location/Division	Contracting and Procurement Services, Supply Chain Support, and Business Development
Contact Name	Cindy Reed
Actual Expenditures, FY 2008	\$ 3,937,733
Number of FTEs as of August 31, 2008	41.23

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of this program is to deliver business value and maximize the state’s buying power through integrated technology supply chain services. The Information and Communications Technology (ICT) Cooperative Contracts program is designed to generate savings for taxpayers by efficiently leveraging volume buying power to lower the cost and improve the quality of the state’s investment in technology commodities.

The ICT Cooperative Contracts program plays a key role in reducing government costs and helping agencies serve their constituents. Because ICT cooperative contracts are competitively awarded, the procurement process is streamlined for customers by eliminating the need to issue a competitive solicitation individually. Every dollar DIR saves its customers on the purchase of technology goods and services is a dollar that can be spent on mission-critical services such as providing better education or improving health services.

Over the last two biennia, the ICT Cooperative Contracts program has continued to advance from transaction-based procurements to a knowledge-driven supply chain that generates value for over 4,400 eligible state agency, local government, and public education customers across the state, and an expanding customer base outside the state.

There are three major activities performed under this program—Contracting and Procurement, Supply Chain Support, and Business Development.

- **Contracting and Procurement.** The ICT Cooperative Contracts program competitively awards contracts for IT commodities and services that eliminate the need for customers to go through an extensive procurement process. All cooperative contracts are based on an indefinite demand/indefinite quantity model that sets not-to-exceed pricing and allows customers to negotiate further with vendors for pricing and value-added options. This provides smaller agencies and government entities savings based on the state’s volume buying power and gives those making large purchases a good starting point for additional discounts.

The value provided to DIR customers and Texas taxpayers is reflected in lower contract rates, more efficient contracting processes, and improved performance standards and accountability requirements.

In recent years, DIR has reengineered both the information technology staffing services contracts and seat management contracts to provide better efficiencies to customers and to the state. Using the knowledge gained through the business intelligence and analytics from Supply Chain Support, new product categories that have been added recently include deliverables-based contracting, emergency preparedness hardware and software, and Software as a Service.

In addition, the Strategic Procurement section provides dedicated staff to manage the procurement and subsequent contract administration of DIR's large outsourcing contracts such as Data Center Services, TexasOnline, and TEX-AN.

- Supply Chain Support. The ICT Cooperative Contracts program deploys and manages a business intelligence technology infrastructure that supports knowledge capture, transfer, and use. Formal processes include:
 - Calculation and analysis of monthly spend figures
 - Preparation of business cases for new product offerings based on research and market intelligence provided both through analytics and through customer and vendor input
 - Demand/opportunity analysis based on quantifiable research and market intelligence
 - A validated methodology to calculate and track cost savings that is based on actual contract expenditures, rather than projections
 - The use of market intelligence and analytics to drive price reductions and other improvements in the value of state contracts
 - Improved commodity and service specifications through knowledge of the competitive marketplace
 - Benchmarking DIR contract results against competitive regional/national cooperative buying options
- Business Development. While state agencies are required to purchase IT commodities and services through the ICT Cooperative Contracts program, 75% of all purchases are voluntary purchases made by local government and public education entities. It is the responsibility of the Business Development group to educate customers on the value of using the DIR contracts, bring customers and vendors together to discuss solutions to business problems, and keep customers informed of new contracting options.

To assist in accomplishing this, DIR has invested in a Customer Relationship Management tool that contains information on all current and potential customers throughout the state and is used to inform them of recent contracting initiatives important to their businesses.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

DIR's data warehouse is mined monthly for a series of reports that show the effectiveness of the ICT Cooperative Contracts program and an overall "Operations Graybook" is published for management. Incorporated in these reports are statistics on:

- Gross sales – \$1.13 billion in FY 2008, up 14% from prior year
- Total contract savings and cost avoidance – \$123 million in FY 2008, up 6% from prior year
- Growth in customers using the contracts – up 7% in FY 2008
- Growth in current customer purchases – 55% purchased more in FY 2008 than in prior year
- Average customer purchase – up 13% in FY 2008 over prior year
- Historically Underutilized Business (HUB) sales – \$281 million, up 24% in FY 2008 over prior year

In addition, the “Operations Graybook” tracks sales by customer, product type, vendor, and contract, and contains variance explanations. This data is analyzed regularly to identify opportunities and assess progress toward meeting customer needs.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

While the program focus has not changed from the original intent of leveraging the buying power of the state to drive down prices on IT commodities and services, there have been two major shifts in the program administration since inception in 1996. Initially, DIR acted as middleman between customers and vendors by placing orders, billing, collecting payment, and reimbursing vendors. In 2000, DIR’s role changed to that of contract establishment and management and customers and vendors interacted directly for order placement, fulfillment, billing, and payment.

More recently, given the competitiveness, complexity, and expansiveness of today’s technology marketplace, DIR recognized that to truly maximize contracting value for the State of Texas, it must establish a progressive data- and knowledge-driven supply chain organization. DIR was not satisfied to rely solely on the state’s volume buying power to provide customers with quality technology goods and services at the most cost-effective prices. The transformation included the following key activities.

- Organizational Structure/Skills
 - Contract execution (development and award) activities were separated from contract management activities. Each business unit is staffed by employees with the appropriate skills and expertise in the respective discipline (e.g., negotiation skills vs. contract management skills). Besides the different skill sets required for each of these activities, this division of responsibilities helps to ensure that the appropriate time and emphasis are given to the contract management activities.
 - As a further alignment between knowledge and skill sets, tactical procurements were separated from strategic procurements.
 - A new group, Supply Chain Support, was created to support the contracting and procurement activities. The employees in this business unit have expertise in strategic sourcing strategies, analytics, and business intelligence. This group provides support to the contracting and procurement activities by providing business analytics and intelligence to develop new contracts, prioritize contracting opportunities, and implement new sourcing strategies.

- Technology Infrastructure
 - The Revenue and Sales Reporting (RASR) project was initiated to address shortcomings in the existing technology infrastructure by providing an industry standard data warehouse, business intelligence portal, and contract management tool. Through the integration of highly innovative technology platforms, including Software as a Service, an enterprise database, and scalable business intelligence tools, RASR provides a cost-effective solution that is functional, scalable, robust, and fungible. Today, the RASR project includes cumulative data from September 2004 forward for over 500 contracts with approximately 150,000 unique technology services and commodities.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

DIR serves four customer groups with the ICT Cooperative Contracts program. They are state agencies, local government, the public education community, and assistance organizations. The first three categories include sales to out-of-state government entities. State agencies are required to purchase commodity items from the ICT Cooperative Contracts unless an exemption is granted in accordance with Section 2157.068 (f) of the Government Code. Government entities are eligible to purchase from DIR contracts according to Texas Government Code, Section 2054.0565. Assistance organizations are eligible according to TGC 2175.001.

Customer breakdown is 25% state agencies, 25% local government, and 50% public education including higher education. Assistance organizations and out-of-state customers account for less than 1% of sales. Of the approximately 4,400 potential government customer organizations in Texas for FY 2008, 2,635 used ICT Cooperative Contracts. Of note, 75% of all customers are voluntary.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

DIR has established a full procedural guide for the ICT Cooperative Contracts program. Key phases of these procedures are:

- Planning
 - Demand/need analysis
 - Market intelligence
 - Risk assessment
- Procurement
 - Draft solicitation
 - Posting
 - Vendor conference
 - Proposal evaluation
 - Selection for negotiation

- Contract formation
 - Contract negotiation
 - Cost avoidance
 - Contract assembly
 - Contract signatures
- Contract oversight
 - Vendor orientation
 - Ongoing contract monitoring
 - Vendor sales reporting process
 - Vendor sales compliance audit
 - Customer satisfaction survey
 - Customer eligibility legal review
 - Administrative fee payment reconciliation
- Customer education
 - Contracts Bulletin publication
 - Website update
 - Outreach activities

A full copy of the DIR Contract Management Procedures is contained in the attachments to this document.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The ICT Cooperative Contracts program is a cost-recovery program, and is funded through an administrative fee that is included within (i.e., not added to) the purchase price of commodities and services available on DIR contracts. The customers make payment for goods and services to the contract vendors, and the vendors in turn remit the appropriate administrative fee back to DIR.

The administrative fee is statutorily capped at 2% of the invoiced amount, but is currently averaging approximately 0.93%. DIR establishes the exact amount of the fee through the contract negotiation process. The continued growth of sales in the ICT Cooperative Contracts program has allowed DIR to reduce its administrative fee during FY 2009 and FY 2010 in order to pass along greater cost savings to DIR customers.

Department of Information Resources Exhibit 14: Funding Sources by Business Line Contracting and Procurement – Fiscal Year 2008						
	DIR Fund Revenue Deposited	Appropriated General Revenue	Appropriated Receipts	Interagency Contracts	Federal Funds	Total
Contracting and Procurement	Clearing Fund 70% Appropriated Receipts 30% Interagency Contracts	—	\$ 11,030,008	—	—	\$ 11,030,008

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

While there are other cooperative contracting programs available both in state government and on a regional and national level, the ICT Cooperative Contracts program is unique in its targeted scope and degree of technology-related expertise available. The Texas Procurement and Support Services (TPASS) program at the Office of the Comptroller of Public Accounts is similar in concept and has a broader scope of products available—everything from pencils to fleet trucks—but is statutorily excluded from providing IT products and services.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

DIR and the Comptroller's Office, while both offering cooperative contracting programs for the state, delineate between areas of responsibility with DIR handling IT products and services while the Comptroller's Office contracts for all other commodities. Conflict can arise on the designation of what is considered IT, which at times creates a confusing division within a single commodity code. Further description and suggested solution are contained in ICT Cooperative Contracts Program, Section L.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

DIR works with local and regional government groups including cities, counties, K–12 public education, public higher education, and assistance organizations, in a supplier/customer relationship. DIR spends considerable effort in understanding the needs of these entities and providing cooperative contracts that meet these needs.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Department of Information Resources Exhibit 15: Contracted Expenditures Contracting and Procurement – Fiscal Year 2008			
Program Name	FY 2008 Expenditures	Number of Contracts	General Purpose
Contracting and Procurement	\$ 935,567	2	Contracted services impact this program both directly and indirectly. Direct expenses include: <ul style="list-style-type: none"> • Services for programming and development of RASR (business intelligence platform for supply chain support) – Multiple vendors • Procurement Support Services – Noblis Inc.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Grant DIR the authority to designate which commodity codes are classified as IT.

Prior to September 1, 2005, the General Services Commission was responsible for administering the purchasing program for the state. This included the Catalog Information Systems Vendor (CISV) program. Beginning September 1, 2005, DIR was given the authority to administer the purchasing program for IT purchasing. The CISV program was legislatively abolished on September 1, 2007, and state purchasing moved to the Comptroller’s Office (CPA). However, the CPA still has control for designating which commodity codes are considered IT. Having IT commodity codes classified by an agency whose main mission is not IT can lead to overlaps in the contracts established by the two agencies.

For example, commodity code 600/39 for analog copy machines is not classified as an IT item; however, commodity code 600/42 for laser copy machines and 600/46 for digital copy machines are classified as IT. This means CPA has authority to contract for analog copy machines and DIR for digital copy machines.

This classification made sense several years ago; however, IT is a very rapidly changing industry and today all copiers have the ability to be networked, thus making them digital copiers.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

A brochure describing the ICT Cooperative Contracts program is included in the attachments to this report.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not Applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not Applicable

Data Center Services

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Data Center Services
Location/Division	Technology Center Operations Division
Contact Name	Lara Coffey
Actual Expenditures, FY 2008	\$ 155,747,908
Number of FTEs as of August 31, 2008	31.17

B. What is the objective of this program or function? Describe the major activities performed under this program.

Data Center Services (DCS) is one of the core functions that fulfill the objective of solving common business problems through managed services. It provides data center technology services to 27 of the largest state agencies. When the program began on March 31, 2007, there were 31 independent data center facilities with widely varying standards among the 27 participating agencies. The program's objectives are to upgrade the state's aging, decentralized data center technology environment to two modern data centers with current, standardized hardware and software while lowering statewide costs through economies of scale.

On November 22, 2006, DIR executed a contract with International Business Machines Corporation (IBM) to provide data center consolidation and operations for the prioritized 27 agencies. The contract commenced on March 31, 2007, and expires on August 31, 2014, with three optional, one-year extensions. The contract includes transition of in-scope services in 31 legacy data centers, careful and methodical consolidation of these services to two commercial-grade facilities, and ongoing operations in a high-performance environment. As a result of the contract, 560 positions were affected; however, because 231 of those positions at agencies were vacant by the time the contract commenced, IBM and its partners made a total of 329 job offers to state employees. The state retains ownership of all assets until end of life and retains ownership of all data on the in-scope systems.

The state's goals for the DCS contract include effective management of in-place services, migration of services to the consolidated data centers, and improvements to services, security, and disaster recovery capability. IBM organizes these activities into three phases: transition, transformation, and consolidation. *Transition* was the transfer of responsibility for data center services to the vendor. All in-scope systems have transitioned to IBM for day-to-day operational management. *Transformation* is the implementation of improved processes and tools and *consolidation* is the migration from 31 separate data centers to two upgraded facilities. Consolidation and transformation are managed together with transformation providing the foundation for consolidation by establishing enterprise processes and common tools and consolidation addressing the state's need for a more efficient infrastructure.

The contract provides for the following services: mainframe and server computer processing, bulk printing and mailing, disaster recovery, security, and data center facility management including the consolidated data center network. The vendor also provides a 24 x 7 x 365 Support Center to resolve technical incidents and fulfill agency requests. Participating agencies

retain responsibility for application development, their local area networks, agency security policy, and end-user support (desktop computers and help desk).

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Operational Performance. The contract includes a complex service level methodology intended to provide incentives for performance. The DCS contract includes 59 service levels that establish performance expectations and measure performance monthly against these requirements. The service levels are divided into two categories: critical service levels and key measures. The 32 critical service levels are tied to financial credits to the state when the vendor fails to meet the performance expectation. The key measures are tracked and reported with the critical service levels and can be promoted to a critical service level if the state determines the area would benefit from additional visibility.

There are two thresholds for each critical service level: minimum and expected. If performance does not meet the lower threshold (minimum), it is considered a service level default and the vendor is charged a financial credit for that month. If performance does not meet the higher target (expected) for three months in a rolling 12-month period, it is considered a service level default and the vendor is charged a financial credit in the third month. Because the state's goal is performance at or above expected service levels, the contract also includes opportunities for the vendor to earn back credits for improved performance. If performance exceeds the expected targets for 12 consecutive months following a service level default, the vendor can earn back the financial credit.

DIR tracks critical service levels and key measures monthly to manage operational performance and drive the vendor toward contract objectives. In addition, DIR has developed several composite measures, which calculate a weighted average of several of the most important service levels, to provide an executive summary of performance to the DIR board and DCS customer executives and IT management. These measures convey performance and trends for overall performance, incident and change management, customer satisfaction, infrastructure availability, and percentage of critical service levels that met the minimum and expected targets.

Financial Performance. DIR has hired an independent consulting firm to assess the cost performance of the DCS program. The firm issues quarterly reports comparing actual savings with projected savings under the contract. Each quarterly report is cumulative, inclusive of costs and savings to date. These reports are posted on the DIR website at www.dir.state.tx.us/datacenter/index.htm and are included in the attachments to this report.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Texas Government Code §2054.375, Subchapter L. Statewide Technology Centers, directed state agencies to take an enterprise view of information technology and build a secure, reliable, cost-effective technology infrastructure that could be leveraged across multiple agencies. The law charged DIR with coordinating the consolidation of the state's data centers and prioritizing

agencies for participation in the consolidation. The fiscal note associated with this legislation estimated a positive net impact to general revenue of \$16.6 million through 2010 for the data center consolidation and other included items such as commodity technology purchasing. To achieve the consolidation and financial goals of this legislation, DIR determined a contract with a vendor that would provide necessary technology expertise, coordination, and cost savings.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Section 2054.384 of the Government Code states that DIR shall conduct a cost and requirements analysis for each state agency that DIR selects for participation in the state data center. DIR conducted that analysis and selected 27 agencies for participation. The Comptroller of Public Accounts, the Department of Public Safety, and state universities are exempt from participation in the data center, although those entities may choose to participate. All other state agencies are eligible. The 27 agencies currently receiving services through the program are:

Angelo State University	Texas Facilities Commission
Department of Aging and Disability Services	Texas Commission of Environmental Quality
Department of Assistive and Rehabilitative Services	Texas Department of Agriculture
Department of Criminal Justice	Texas Department of Insurance
Department of Family and Protective Services	Texas Department of Transportation
Department of Information Resources	Texas Education Agency
Department of Licensing and Regulation	Texas Higher Education Coordinating Board
Department of State Health Services	Texas Parks and Wildlife
Health and Human Services Commission	Texas State Library and Archives Commission
Office of the Attorney General	Texas Veterans Commission
Public Utility Commission	Texas Workforce Commission
Railroad Commission	Texas Youth Commission
Secretary of State	Water Development Board
Texas Alcoholic Beverage Commission	

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Daily data center operations, facility management, and consolidation planning and execution are performed by IBM under the terms of the DCS contract. Agency customers perform out-of-scope functions (see Data Center Services, Section B) and interface with IBM and DIR. All parties (agency customers, IBM, and DIR) have shared responsibility within the DCS program. For example, in consolidation, IBM must develop the consolidation plan, detailed timelines, and server-by-server migration plan, and review all deliverables with the agency. The agency must provide business requirements and technical information, as requested, review and approve the plans, coordinate with business users, and complete any updates to applications (remediation) required to meet standards in the consolidated facilities. DIR must oversee the process to ensure contractual requirements, service levels, and financial obligations are fulfilled.

IBM has developed and DIR has approved a policies and procedures manual describing the interfaces between the parties. The manual contains the following sections:

- Introduction
- Section 1.0 Purpose and Document Control
- Section 2.0 Organizational Overview
- Section 3.0 Transition and Transformation Activities and Responsibilities
- Section 4.0 Performance Management
- Section 5.0 Financial Management
- Section 6.0 Contract Management
- Section 7.0 Relationship Management
- Section 8.0 Team for Texas (IBM) Operational Procedures

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Department of Information Resources Exhibit 16: Funding Sources by Business Line Data Center Services – Fiscal Year 2008						
	DIR Fund Revenue Deposited	Appropriated General Revenue	Appropriated Receipts	Interagency Contracts	Federal Funds	Total
Data Center Services	Statewide Technology Account 100% Interagency Contracts	—	—	\$155,747,908	—	\$155,747,908

The DCS program is a cost-recovery program and is funded through interagency contracts with the participating state agencies. The funds received through the interagency contracts fit into two distinct categories:

- Pass-through funds for payment of IBM invoices. The participating agencies receive appropriations to pay for their share of data center services provided under the DIR contract with IBM. Under the contract, IBM invoices DIR, who then invoices the agencies, collects the funds from the agencies, and pays the IBM invoices.
- Cost-recovery fees for DIR program administration. The internal DIR operating costs for the DCS program are funded via a cost-recovery fee added to the IBM invoices. This fee is structured as a percentage of the invoices, and for the period of March 31, 2009, through August 31, 2009, is 3.38%. As of September 1, 2009, the rate will revert to 2.95% pending request of an adjustment pursuant to the process specified in the General Appropriations Act.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Data center services are the “infrastructure” of information technology and, as such, are provided in every state agency and university. The 27 state agencies listed in Data Center Services, Section E receive these services through DIR and the DCS contract; all other

agencies and universities procure or provide these services independently of DIR. DIR does not have visibility into these operations but, in aggregate, the operations are likely similar to those of the 27 participating agencies, which had widely varying levels of technology investment and currency at the beginning of the contract.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency’s customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The operation of other, smaller data centers across the state does not conflict with the DCS program. However, after the current customer agencies are consolidated, there may be opportunities to include new, eligible customers in the consolidated data center system.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Not Applicable

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Department of Information Resources Exhibit 17: Contracted Expenditures Data Center Services – Fiscal Year 2008			
Program Name	FY 2008 Expenditures	Number of Contracts	General Purpose
Data Center Services	\$ 153,389,427	1	Contracted services impact this program both directly and indirectly. Of the amount, \$151 million reflects payments made to IBM for data center services on behalf of all participating agencies. Other expenditures included a bandwidth study, IT staffing, financial analysis, and IT programming. <ul style="list-style-type: none"> • Bandwidth Study (Determine accommodating Data Center State Agencies' needs) – Contracted through Austin Ribbon & Computer • IT Staffing – Highly specialized contractors for specific temporary projects are utilized. Contracted service through Calence Inc. • Financial Analysis – Temporary financial analysis for specialized projects. Contracted service through Salvaggio Teal & Associates • IT Programming – Ensures programming maintenance continuity. Contracted through Abdeladim & Associates

Because of issues related to the backup and recovery of key data, DIR issued a Notice to Cure to IBM on November 4, 2008. IBM implemented backups for all the files that required immediate backup, and has updated the backup and recovery policies and procedures. IBM also implemented an enterprise reporting tool that reports the state of the almost 200,000 backups that run each month.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

Section 2054.380 of the Government Code allows DIR to charge a fee to state agencies that participate in the state data center in an amount to cover the direct and indirect costs of providing the data center services. Currently, the cost-recovery rate is calculated by dividing DIR's costs by the cost of data center services invoiced by IBM. The rate is then applied to each invoice and collected from the participating agencies.

These costs are dynamic, not static. DIR's costs are fairly constant. However, IBM's costs grow as agencies' participation in the data center grows. Therefore the denominator of the formula used to determine agencies' costs and the resulting cost-recovery fee will change every six months.

The General Appropriations Act, in Rider 9 of DIR's bill pattern, directs DIR to report to the Office of the Governor (OOG) and the Legislative Budget Board (LBB) by October 1 and April 1 each fiscal year. If the cost-recovery fee has changed from the prior report, DIR must receive written approval from the OOG and the LBB before the revised fee may be applied to each agency's costs.

DIR proposes revision of current Rider 9 so that the OOG and the LBB are notified of incremental changes to the cost-recovery fee and the OOG and LBB could notify DIR of any issues or concerns, without the requirement for written approval prior to imposition of the revised cost-recovery fee. Since DIR follows a standard and well-documented process to recover actual costs, it would be more efficient to allow adjustment of the rate as needed to promptly recover the actual costs.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Not Applicable

- N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

Not Applicable

**O. For each regulatory program, if applicable, provide the following complaint information.
The chart headings may be changed if needed to better reflect your agency's practices.**

Not Applicable

Communications Technology Services

A. Provide the following information at the beginning of each program description.

Name of Program or Function	Communications Technology Services
Location/Division	Communications Technology Services
Contact Name	Ginger Salone
Actual Expenditures, FY 2008	\$ 75,741,034
Number of FTEs as of August 31, 2008	89.47

B. What is the objective of this program or function? Describe the major activities performed under this program.

Communications Technology Services is a core program supporting the objective of solving common business problems through managed services. This function supports statewide voice, video, and data services through the state's communications system—the Texas Agency Network (TEX-AN)—and manages the Capitol Complex Telephone System (CCTS), which delivers voice and data communications support within the Capitol Complex.

The statewide communications system provides an array of network communications services that are adaptable to changing requirements of eligible government entities statewide. To meet the diverse communications needs of its customers, DIR has created a shared statewide Internet Protocol (IP) communications platform through its contractual relationship with its service providers. This shared infrastructure supports new technologies including call center support, Voice over IP (VoIP), interactive voice response, automatic call distribution, outbound call dialer, and other communications technology service offerings. The system allows DIR customers to meet their agency goals by providing cost-effective, high-quality advanced communications services, enhancing business continuity capability, delivering converged services for greater flexibility, and sharing underutilized bandwidth.

TEX-AN. DIR oversees the service delivery of a robust and resilient IP-based platform utilizing multiprotocol label switching that delivers quality service for data, voice, and video transport. This platform provides IP service gateways in 18 locations across the state, including all local access transport areas, and is provided by AT&T.

CCTS. The Capitol Complex Telephone System delivers communications technology services to support the needs of the Governor's Office, state agencies, the Texas Legislature, and legislative agencies in the Capitol Complex. CCTS is a digital private branch exchange. Additional infrastructure includes voice mail systems, automatic call distribution services, shared service connectivity for local and long distance services, and inside/outside cable plant.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Communications Technology Services met or exceeded all service objectives and performance measures for FY 2008.

- The average price per intrastate minute on TEX-AN met the target of \$0.05
- The average price per toll-free minute on TEX-AN was lower than target by \$0.01

- The percentage of customers satisfied with CCTS was 97%
- The percentage of customers satisfied with TEX-AN was 96%

In addition to sustaining quality performance across all measures and objectives, Communications Technology Services has collaborated with many state agencies on specific projects to leverage services and contracts to reduce costs and enhance customer experiences.

- When the Health and Human Services Commission's legacy, wide area network migrated to the DIR communications platform, improved operational reliability and network security were realized. Because of the migration, customers using this network have realized \$1 million in savings by averting network infrastructure upgrade costs associated with aged technology.
- Working with the Commission on State Emergency Communications, DIR leveraged the existing communications platform to provide a fully managed service arrangement for the Texas Poison Control Network, saving the commission \$5,000 per month.

Perhaps the strongest indication of effectiveness and efficiency is that the Communications Technology Services function continues to attract new customers, 75% of which are voluntary.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

All important historical changes to this function are included in the general agency history section.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

Communications Technology Services provides telecommunications and data services that connect state agencies and many local government entities to each other and the citizens they serve. Communications technology services comprise 6,447 total circuits, more than 4,500 of them broadband, across 600 cities serving more than 620 state and local government agencies. Currently, services are provided to 144 state agencies, 174 public K-12 and higher education customers, 253 local government entities, and 9 other organizations that fall within the eligibility requirements. It should be noted that, while state agencies and state offices are required to use these services, 75% of all customers have voluntarily chosen to use TEX-AN services over other options.

There are two sections of the Texas Government Code that define the eligibility requirements that must be met for the use of Communications Technology Services. TGC 2170.004 stipulates that state agencies and government offices are required to use these services to the fullest extent possible, and agencies cannot acquire intercity telecommunications services from other sources without a waiver from the DIR executive director. TGC 2170.059 addresses the Capitol Complex Telephone System, requiring all state agencies and offices in the Capitol Complex to use this service.

In addition, TAC 207.3 authorizes use of TEX-AN services by local governments, private institutions of higher education with stipulations, state agencies, legislative agencies, and

students living on campuses where the college or university provides the centralized telephone system. Included in this section is the requirement for interlocal agreements between DIR and local governments for use of TEX-AN services.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

Communications Technology Services is administered by agency staff working with a variety of vendors and a variety of service options. Depending on customer needs, options are drawn upon to create a solution that is then ordered, deployed, billed, and provided with ongoing support. Selective services leverage the use of two vendors—AT&T and e-Loyalty—in conjunction with potentially a variety of commodity goods and managed service providers available through the ICT Cooperative Contracts program. The following table describes the type of service, equipment owner, and roles of DIR and vendors.

Department of Information Resources Exhibit 18: CTS Service Types and Roles					
Type of Service	Equipment Owner	DIR Role	AT&T Help Desk Role	AT&T Role	e-Loyalty Role
CCTS Service Voice and cabling services for the Capitol Complex in Austin	Customer owns phones and headsets	Support for 4-HELP Help Desk	Support for 4-HELP Help Desk	Circuits	None
Traditional TEX-AN Service Voice and data services from the Texas Agency Network	Customer	<ul style="list-style-type: none"> • Receive customer issues • Escalations 	Issue management. Customers and DIR can report issues.	None	None
Premium Service The bundling of voice and/or data circuits and equipment	AT&T owns circuit and equipment	<ul style="list-style-type: none"> • Turn up circuits • Monitor 	Issue management. Customers and DIR can report issues.	<ul style="list-style-type: none"> • Circuit and equipment Owner • Provision circuits 	None
Managed Service–Data (WAN) Data circuits and equipment are monitored and managed by parties other than owner	<ul style="list-style-type: none"> • AT&T owns circuit • DIR owns equipment 	<ul style="list-style-type: none"> • Equipment Owner • Monitor and manage both circuit and equipment 	Issue management. Customers and DIR can report issues.	Circuit Owner	None
Managed Service–Voice and Data over ISG Circuits and equipment are monitored and managed by parties other than owner	<ul style="list-style-type: none"> • AT&T owns circuit • Customer or vendor owns equipment 	Able to monitor but not responsible	Circuit issues	Circuit Owner	Monitor all managed service voice communication and data over ISG

Within the DIR role, in addition to managing the contract relationship with AT&T, there are three major functions: fulfillment process, change management, and incident management.

- Fulfillment process includes the solution design, ordering, deployment, and billing.
- Change management includes hardware and software changes to the overall system, as well as simple changes like adding a phone line or voice mail services to existing solutions.
- Incident management is response to outages and emergency situations that require immediate attention.

DIR is currently working on preparing a request for offers (RFO) for the next generation of TEX-AN services and is considering changes to certain operational roles it is currently performing. It is envisioned that this strategy will strengthen the Service Level Agreement supply chain model and enable customers to leverage more service provider solutions and managed service options.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Department of Information Resources Exhibit 19: Funding Sources by Business Line Communications Technology Services – Fiscal Year 2008						
	DIR Fund Revenue Deposited	Appropriated General Revenue	Appropriated Receipts	Interagency Contracts	Federal Funds	Total
CCTS	Telecommunications Revolving Fund 100% Interagency Contracts	—	—	\$ 5,996,202	—	\$ 5,996,202
TEX-AN	Telecommunications Revolving Fund 15% Appropriated Receipts 85% Interagency Contracts	—	\$ 11,008,370	\$ 62,380,762	—	\$ 73,389,132

The Communications Technology Services business line is a cost-recovery program that is funded through appropriated receipts and interagency contracts with state agencies and other governmental entity customers. The funding fits into two distinct categories:

- Pass-through funds for payment of TEX-AN contract and other invoices. Under the AT&T contract, AT&T invoices DIR, who then invoices the agencies for telecommunications services, collects the funds from the agencies and other governmental entities, and pays the AT&T invoices. In addition, for some other telecommunication projects, such as the Health and Human Services Commission 2-1-1 project, DIR will fund the cost of infrastructure and services, and then collect reimbursement from the customer agency.
- Cost-recovery fees for DIR program administration. The internal DIR operations of the Communications Technology Services program are funded via a cost-recovery fee added to the invoices. The fee structure varies depending on the program (CCTS vs. TEX-AN), and is detailed in Part V – Funding, Section G.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

Although a few agencies manage their own data networks exclusively for internal enterprise use, they utilize TEX-AN services for the communications building blocks required to support their agencies' communications needs. DIR provides a wide array of telecommunications services to all agencies throughout the state, from commodity communications building blocks to full-service solutions.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

In order to ensure the most cost-effective pricing on discounted telecommunications services rates, agencies must use TEX-AN services under DIR contracts. Agencies must receive a waiver to utilize intercity telecommunication services not under contract through DIR.

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

Communications Technology Services is used by 253 local government entities, including cities and counties. No federal entities are served directly by CTS. Through interlocal agreements, these customers can access TEX-AN services and pricing.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Department of Information Resources Exhibit 20: Contracted Expenditures Communications Technology – Fiscal Year 2008			
Program Name	FY 2008 Expenditures	Number of Contracts	General Purpose
Communications Technology Services	\$ 64,285,388	155	Contracted services impact this program both directly and indirectly. Of the amount \$57 million reflects payments made to telecom vendors such as AT&T and Southwestern Bell. Approximately \$3.6 million of the amount is for contractors offering program support, consultation, and analysis on a variety of initiatives, including the TEX-AN re-bid and HHSC Integrated Eligibility and Enrollment transition. The remaining balance was used for outside legal and acquisition tools. <ul style="list-style-type: none"> • IT Staffing – Highly specialized contractors for specific temporary projects are utilized. Contracted service through Active Strategies, Calence Inc., Capitol Systems, Cooper Consulting, HBMG Inc., Logic House Ltd., Rhyon Technology Services, Sheardigital Inc., Teksystems Inc., and Texas Govlink Inc. • Outside Legal – Gardere, Wynne, Sewell LLP • Acquisition Support Tools – Noblis

L. What statutory changes could be made to assist this program in performing its functions? Explain.

No statutory changes are necessary at this time.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Not Applicable

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not Applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency’s practices.

Not Applicable

eGovernment and IT Policy

A. Provide the following information at the beginning of each program description.

Name of Program or Function	eGovernment and IT Policy
Location/Division	eGovernment and IT Policy
Contact Name	R. Douglas Holt
Actual Expenditures, FY 2008	\$ 1,370,984*
Number of FTEs as of August 31, 2008	13.50

* Does not include expenditures for DIR internal IT infrastructure, which is included in the Indirect cost category.

B. What is the objective of this program or function? Describe the major activities performed under this program.

In addition to maintaining and supporting the operational IT infrastructure for the agency, the eGovernment and IT Policy function supports two objectives within the state strategic plan for information resources management. TexasOnline, the official State of Texas web portal, is one of five lines of business at DIR that are designed to solve common business problems through managed services. The IT Policy activities support the enhancement of statewide technology management and collaboration. Services provided by the eGovernment and IT Policy function include management of TexasOnline, internal technical support for DIR employees, and development of both enterprise- and agency-level plans, policies, guidelines, assessments, and reports.

TexasOnline. TexasOnline is the official eGovernment portal for the State of Texas. The site, which was launched in 2000, has more than 850 online services serving a wide variety of customers—including citizens, businesses, local governments, and state agencies. From the Texas Emergency Portal to an automated vehicle inspection system, TexasOnline has consistently delivered innovative applications that simplify access to government and meet the challenges posed by distance in Texas's diverse geography. Included in the portal is an online payment processing feature that provides a reliable online collection of fees and payments for services.

Some of the most utilized services on TexasOnline include:

- Driver license renewals and driver records
- Vehicle registrations and renewal
- Voter registration
- Property and sales tax payment
- Utility bill and citation payment
- Renewal of professional licenses, permits, and registrations
- Electronic filing of court documents

TexasOnline enables various government users to realize operational efficiencies and improve service delivery to their customers. Cross-government coordination through TexasOnline helps citizens find the services they need faster and easier, without having to discover which agency provides each element of the needed service. Participating agencies and governments gain efficiency by not having to replicate the technology infrastructure that is shared through

TexasOnline. Furthermore, as TexasOnline becomes the mainstay means of providing these services, agencies gain the option of eliminating antiquated and costly alternative methods of service delivery.

The key means of realizing these gains continues to be TexasOnline's use of portal technology and architecture. Visitors to TexasOnline find a repository of information that is organized and easily navigated. Portal architecture, based on services and topics of interest to users, lessens the information silos that can separate federal, state, county, and local government agencies. Direct benefits include financial savings, time savings, improved security in conducting business, and the ability for the agencies to focus their human resources on their core missions—not information technology.

The self-funded, public-private partnership that was created at the project's inception has allowed Texas to rapidly deploy new services without an up-front capital investment from the state. The state's portion of revenue sharing was strengthened in 2005 when the program reached the financial breakeven point, thus increasing the percentage that goes into the state's coffers.

IT Policy. Included within the IT Policy portion of the function are four distinct areas of concentration—geographic information systems (GIS), electronic information resources (EIR) accessibility, statewide planning, and the Texas Project Delivery Framework. These areas provide thought leadership, share best practices, and develop policy that allows collaboration among state agencies.

- GIS: DIR develops, promotes, and facilitates effective enterprise planning for the development of geographic information systems technology and data for state government.
- EIR Accessibility: DIR provides statewide guidance on electronic information resources accessibility of government technology to people with disabilities through outreach activities, administrative rulemaking, education, and technical support to assist agencies in meeting their statutory requirements. Through administrative rulemaking, DIR has adopted statewide standards for EIR accessibility of state websites and technologies. Working in collaboration with a variety of organizations, subject matter experts assist DIR in identifying and communicating best practices for EIR accessibility and usability compliance issues.
- Statewide Planning: DIR produces a number of legislatively mandated planning and reporting documents for statewide management of government technology intended to dovetail with agency strategic plans and legislative sessions. These include:
 - In odd-numbered years DIR produces the state strategic plan for information resources management, which sets the statewide strategic direction of IT in state government.
 - In even-numbered years DIR produces the biennial performance report, which reports on progress toward statewide goals and presents major legislative proposals for government technology management.
 - Additionally, DIR develops and administers the Information Resources Deployment Review, which provides a review of the operational aspects of each agency's information resources deployment in support of the agency's mission, goals, and objectives.
- Texas Project Delivery Framework: DIR established the Texas Project Delivery Framework to help improve the value of services delivered by Texas state government through technology projects. The Framework focuses on activities, processes, and automated and manual tools that support the state's technology project portfolios.

Included are strong project management practices that tie technology initiatives to business objectives.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

Both sections of this function have strong performance measures that indicate the success of each.

TexasOnline. Statistics and performance measures that show the effectiveness of this function include:

- Portal visits: When TexasOnline launched its first applications in August 2000, it received fewer than 25,000 visits monthly. Today, TexasOnline receives almost 3 million visits each month. About three quarters of these visits result in a transaction through one or more of the services offered.
- Applications and services: To date more than 100 applications have been launched that provide more than 850 services. Efficiencies continue to be gained by adding new applications that allow agencies to offer services to citizens and businesses using online delivery methods instead of paper and face-to-face transactions.
- Transactions: Approximately 1.5 million transactions are processed monthly, bringing the total since launch to more than 100 million.
- Revenues: As anticipated, increased use and enhanced services have resulted in phenomenal growth in portal-generated revenues. More than \$12 billion in revenue has been securely processed through the portal and \$51 million has been deposited into the state treasury.
- Adoption rate: Adoption rates are critical measures of how well the public has embraced TexasOnline as the preferred means of finding information and accessing government services. Rapid increases in TexasOnline adoption rates have been an ongoing measure of the success of this state portal. For many of the older services, these numbers are now approaching saturation of 100% use. For example, online license renewals for Occupational and Physical Therapists were 90% in FY 2007 and grew to 94% in FY 2008. Other examples include 159 Texas counties that provide vehicle registration renewal through TexasOnline and the eFiling service is now used in 39 Texas counties, bringing coverage to 72% of the state's population.

IT Policy. Areas within IT Policy have measurements for progress and success.

- GIS: Within DIR the GIS function monitors agency GIS activity to ensure coordination with TGIC. This includes all expenditures over \$100,000 to acquire, enhance, or develop a GIS base map dataset. The function also monitors agency compliance with interoperability and compatibility standards for shared GIS data.
- EIR Accessibility: Agency compliance with EIR accessibility standards is measured with the Information Resources Deployment Review (IRDR). Agencies not meeting the standards are required to complete corrective action plans. DIR's outreach, education, and guidance are responsive to the needs of state agencies and institutions of higher education based on results of this review.
- Statewide Planning: DIR collects and reports quarterly and annual data to the Legislative Budget Board on technology rules, guidelines, and standards reviewed and produced.

The agency also collects and reports data on its performance measure on state agency initiatives that support the state strategic plan for information resources management.

- Texas Project Delivery Framework: DIR tracks and reports performance measures on the effectiveness of the Texas Project Delivery Framework. One measure is use of the Framework for non-major IR projects—DIR tracks the number of agencies that use some or all of the Framework for smaller projects where its use is not required.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

All areas under this function have seen refinements that strengthen the original intent of enabling legislation.

TexasOnline. TexasOnline was established in 2000 by the 76th Texas Legislature to provide local and state governments with an Internet-based infrastructure that enables the creation of a wide assortment of government-to-citizen, government-to-government, and government-to-business online services. This legislation also established the TexasOnline Authority as the initial governance and oversight body for TexasOnline.

A competitive procurement completed in May 2000 resulted in a public-private partnership between the state and KPMG Consulting, and its successor BearingPoint, Inc., along with a self-funding model to develop and maintain TexasOnline. The first online service was launched in August 2000.

Since that time several major changes have been made in the TexasOnline program to ensure that it continues to deliver the original intent of its enabling legislation as well as the refinements made by subsequent legislation.

By 2005, TexasOnline had become a critical resource for state and local governments. To ensure that the TexasOnline infrastructure remained consistent with the DIR strategic vision for technology statewide, the 79th Texas Legislature abolished the TexasOnline Authority and transferred governance and oversight to DIR.

In September 2005, DIR re-negotiated the master contract with the TexasOnline vendor to strengthen the state's financial and ownership position in the program, while retaining the public-private partnership and self-funding model. In April 2006, the program reached the financial breakeven milestone. Two key results of these events were the transfer of program assets to the state and the deposit of nearly \$50 million into the state treasury.

In July 2009, Texas NICUSA, Inc., was awarded a contract to operate TexasOnline as the result of a competitive procurement. Due to the complexity of this program, the procurement process was approximately 17 months from visioning to contract signing. Key milestones included a published vision in June 2008; a request for offers, which was posted in October 2008; receipt of offers in January 2009; and execution of a contract in July 2009. DIR is currently working with NIC to ensure the transition to the new contract is seamless to the users and customers of TexasOnline. The new contract offers an improved financial model, improved governance and oversight structures, and a new business model that improves service delivery.

IT Policy.

- **EIR Accessibility:** Electronic information resources accessibility in the state was strengthened when the 79th Texas Legislature required state agencies to develop, procure, maintain, and use electronic information technology that is accessible to millions of Texas citizens with disabilities, including state employees.
- **Statewide Planning:** In an effort to streamline and align the planning, reporting, and review of the state's information resources, the 80th Texas Legislature made several changes to the agency information reporting process. Chief among these is the splitting of the information resources strategic plan at the agency level into two more meaningful reports—the Information Resources Deployment Review and a new information resources component of the agency strategic plan.
- **Texas Project Delivery Framework:** Under the direction of the 79th Texas Legislature, DIR established the Texas Project Delivery Framework to improve the management and outcome of technology projects. In October 2006, DIR published the first full release of the Framework to help agencies reduce risks inherent in complex technology-based initiatives. Version 2.0 of the Framework, published in May 2008, consolidated several plans into a single planning instrument.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

All areas of this function have the potential of affecting a large group of Texas citizens, businesses, and government. TexasOnline extends well beyond national borders to a worldwide audience.

TexasOnline. Anyone with access to the Internet can use TexasOnline as a valuable resource. Available 24 hours a day, 7 days a week, 365 days a year, the more than 850 services are used by employers calculating and filing taxes, job seekers looking for work, citizens renewing their driver licenses, and families planning a trip to Texas. No matter what the initial reason for visiting TexasOnline, users find a convenient portal with access to a wide variety of information. In August 2008, visits to TexasOnline more than doubled during the weeks before and after Hurricane Ike struck the Texas Gulf Coast. Literally millions of citizens chose to get information about the storm and subsequent relief efforts from TexasOnline. Over 1.6 million unique visitors accessed the site in July 2009, resulting in over 2.9 million site visits and nearly 18 million page hits. About 70% of these visits resulted in a transaction that added revenue to the state treasury.

TexasOnline offers Internet infrastructure and services to all Texas governments at the state and local levels. Currently 65 state agencies, 40 local governments, and 3 universities take advantage of that infrastructure to offer more than 850 services to their constituents and clients. These include vehicle registration and title services, vital statistics and records services, occupational license services, court filings, and many more.

IT Policy. Although the activities within IT Policy directly affect only state agencies, universities, and the Legislature, their broader constituency includes citizens and workers within the state.

- **GIS:** As the state information technology office, DIR provides assistance on a wide variety of information inquiries regarding geospatial technology from local, regional, and federal agencies, the private sector, and citizens. However, the primary focus of this program is to support state government geospatial initiatives, including the 45 member organizations participating in the Texas Geographic Information Council.

- **EIR Accessibility:** More than four million Texans have disabilities that can affect their interaction with the Internet, the telephone, and other means of electronic communication. Several thousand people with disabilities have applied for jobs or currently work for state government agencies. Through the coordination provided by DIR, those seeking information, working for the state, or applying for services will be able to perform the same functions regardless of disability.
- **Statewide Planning:** The planning and reporting documents generated by DIR set the enterprise direction for management of information resources, suggest legislation, and report on progress, all of which affect the work of state agencies, universities, and the Legislature.
- **Texas Project Delivery Framework:** Every agency and institution of higher education is required to define and apply project management practices to all major IT projects through the Texas Project Delivery Framework.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

TexasOnline. DIR is responsible for three functional areas: Contract Oversight and Performance Monitoring, Planning and Policy, and Program Management. Within the scope of these areas, DIR assumes the following support roles:

- Set goals and vision for the project
- Provide oversight via the DIR board of directors, who must approve all state rules associated with TexasOnline, fees that may be levied in support of the project, and opportunities for new services that have fees associated with them
- The DIR board approves opportunity proposals for all new TexasOnline projects
- Provide project and contract management of the public/private partnership
- Approve annual budget submitted by the prime vendor, including revenues, expenses, capital, and hourly billing rates
- Track performance against metrics and report to stakeholders
- Research, develop, and approve technology policies, standards, and procedures concerning TexasOnline

The prime contractor's role includes the following:

- Financial investment in all development, implementation, and operations costs for TexasOnline, with recoverability of investment through transaction fees
- Portal and application development, testing, maintenance, and support
- Project management, overall, and for individual development projects
- Management of operations in accordance with service level agreements
- Application and infrastructure security
- Network and Internet support
- Call center operations that provide technical and instructional support
- Contract management with participating entities
- Provisioning of a secure electronic payments system
- The budget process and project accounting, which includes collecting revenues, tracking expenses, projecting costs, creating financials, and reporting
- Marketing and outreach to the citizens of Texas, other governmental entities, and national and international information technology organizations
- Development of opportunities in cooperation with DIR

Both DIR and NIC manage customer relationships that include approximately 200 state and local government clients and approximately 100 service level agreements.

Projects and priorities are determined based on legislative mandates and executive input; requests from agencies, workgroups, and steering committees; citizen input; and vendor proposals. All opportunities are subject to review and approval by the DIR board of directors.

IT Policy.

- GIS: The GIS coordination function is aligned to support the enterprise direction and policy for information technology and works externally through the Texas Geographic Information Council, which serves to coordinate the development of geospatial technology and data in Texas and advises DIR on related policy issues.
- EIR Accessibility: The EIR accessibility function develops and recommends an agency EIR accessibility policy that is consistent with enterprise-wide policies and meets the accessibility requirements in Texas Administrative Codes (TAC) §§206 and 213.
- Statewide Planning: In developing the state strategic plan for information resources management, DIR staff works closely with an advisory committee, appointed by the chief technology officer, to determine overall direction, major influencers, and appropriateness of goals. DIR also works closely with other stakeholders, including agency chief executive officers and information resources managers to gather input for the plan. Similar interagency collaboration is done for the biennial performance report.
- Texas Project Delivery Framework: DIR works closely with agencies, higher education institutions, the Legislative Budget Board, State Auditor's Office, Comptroller of Public Accounts, Contract Advisory Team, Quality Assurance Team, and other stakeholders to establish and promote statewide requirements for project management practices. DIR has prime responsibility for implementation and operational management of the Framework and has established the Change Advisory Board to identify and review proposed changes and advise DIR on implementation. The Change Advisory Board comprises nine representatives who meet twice a year to make recommendations.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Department of Information Resources Exhibit 21: Funding Sources by Business Line eGovernment – Fiscal Year 2008						
Program	DIR Fund Revenue Deposited	Appropriated General Revenue	Appropriated Receipts	Interagency Contracts	Federal Funds	Total
TexasOnline (Strategy B.2.2.)	Appropriated GR deposited to DIR Approp. #13012	\$ 780,823	—	—	—	\$ 780,823
GIS Staffing Augmentation	IAC with Texas Water Development Board	—	—	\$ 15,000	—	\$ 15,000
IT Policy	Indirect Costs	—	\$ 225,990	\$ 562,117	—	\$ 788,107

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

TexasOnline. Within state government there are no programs that provide identical or similar services or functions. Texas Government Code 2054.252 prohibits duplication of effort without DIR approval.

IT Policy. Identical programs are not found within state government for any activity under the IT Policy umbrella. All activities are legislatively required and DIR is the unique supplier of these activities for all of state government.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Not Applicable

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

TexasOnline. One of the important goals of the TexasOnline program is to break down the barriers that can exist between different levels of government to extend services to citizens and businesses across the state. TexasOnline works with local and regional government. The state portal maintains complex relationships with agencies at all levels of government, treating each local, regional, state, and federal agency as both a supplier and a customer.

Many agencies take advantage of the portal infrastructure offered by TexasOnline to cooperate and coordinate overlapping missions and functions. A prime example is the use of the Texas Emergency Portal, which integrates critical information from a variety of sources into a single convenient and secure location.

IT Policy. DIR's major policy documents such as the state strategic plan for information resources management and the biennial performance report are developed in coordination with other state agencies, as well as other levels of Texas government, such as universities, public schools, and local governments.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Department of Information Resources Exhibit 22: Contracted Expenditures eGovernment – Fiscal Year 2008			
Program Name	FY 2008 Expenditures	Number of Contracts	General Purpose
eGovernment	\$ 127,914	5	Contracted services were predominantly outside legal and staffing services related to the program re-bid. Contracted with Gardere, Wynne, Sewell LLP.

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None are suggested at this time.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

TexasOnline. The current contract to manage TexasOnline expires December 31, 2009. DIR engaged in a competitive procurement process to establish the next-generation, statewide web portal, referred to as TexasOnline 2.0.

In July 2009, DIR executed a contract with Texas NICUSA, Inc., to provide the next generation of TexasOnline. It will address a wide range of services and solutions that can be delivered through the portal to answer the needs of a broad spectrum of customers.

The new TexasOnline will:

- Create toolsets that make TexasOnline the first choice for government web applications;
- Incorporate appropriate web tools to drive eGovernment transformation, enhance the user experience and improve usability, accessibility, and searchability;
- Expand the platform infrastructure and capacity to allow for rapid and simple deployment of new applications
- Expand capacity for financial transactions and create a cost model for those transactions; and
- Enhance business models and plans to support the new vision.

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not Applicable

**O. For each regulatory program, if applicable, provide the following complaint information.
The chart headings may be changed if needed to better reflect your agency's practices.**

Not Applicable

IT Security

A. Provide the following information at the beginning of each program description.

Name of Program or Function	IT Security
Location/Division	IT Security
Contact Name	Bill Perez
Actual Expenditures, FY 2008	\$ 2,391,198
Number of FTEs as of August 31, 2008	9.00

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the IT Security function is to provide leadership to secure the state's technology assets and promote appropriate use of citizen information. The security of government technology, which includes both the physical and logical security of the state's data systems and networks, is a vital, shared responsibility that requires continuous, coordinated, and focused efforts.

To set direction and facilitate the coordination of efforts, DIR published the *State Enterprise Security Plan*, which addresses information security threats with a comprehensive set of goals, objectives, and strategies that strengthen the security of the state's information resources. To execute this plan at both the statewide and agency levels, DIR offers an array of security services, such as technical security training, tailored assessment and testing services, continuous network security monitoring and alerting, security guidelines and best practices, and oversight to state agencies.

In addition, DIR publishes monthly incident reports on its IT Security website that provide insight into the state's security environment and trends in security incidents. The site maintains a clearinghouse of security-related information on topics ranging from disaster recovery and continuity planning to federal privacy laws to keep government agencies and the public informed of critical security issues.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and performance measures that best convey the effectiveness and efficiency of this function or program.

There are a number of key statistics that provide strong evidence of the effectiveness and efficiency of this function.

- Implemented a combination of intrusion prevention systems and security information management systems that monitor and block an average of 300,000 to 500,000 malicious software events every hour on the state's Capitol Area Network.
- Conducted 237 technical security assessments during the last biennium, including 181 network penetration assessments.

- Delivered 163 technical network vulnerability security assessments in FY 2008, including complex controlled penetration tests, wireless network assessments, and web application vulnerability assessments.
- Initiated a web application security-scanning tool in FY 2008 and performed 49 web application scans for state entities that identified more than 65,000 vulnerabilities, 25% of which were rated as high or medium risk.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

All important historical changes to this function are included in the general agency history section.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

In compliance with Chapter 2059 of the Texas Government Code, DIR provides sustainable Network and Security Operations Center (NSOC) services for participating state agencies and may also provide these services to local governments, the Legislature, special districts, and institutions of higher education. DIR fulfills the network security requirements of all state entities to the extent practicable, providing a cost-effective, first priority source of external network security services.

F. Describe how your program or function is administered. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. List any field or regional services.

To administer the information security function, DIR implements tactics to support the strategies outlined in the *State Enterprise Security Plan*. This plan contains eight strategies and multiple tactics under each strategy.

1. Strategy: Align Texas IT security initiatives and resources to ensure consistent adherence to the *State Enterprise Security Plan* and satisfy statewide IT security goals and objectives.
 - 1.1. Ensure that all DIR IT security initiatives and operations are consistent with this strategy
 - Submit and maintain a Homeland Security Implementation Plan
 - Assist in strategic and operational recovery planning and policy development in partnership with state agencies
2. Strategy: Conduct statewide annual IT security risk, vulnerability, systems, and equipment assessments and track strengths, weaknesses, and remediation activities for all eligible entities.

- 2.1. Provide external cyber vulnerability and controlled penetration testing (CPT) and assessment services to state agencies and other entities (universities, local government, school districts, hospital districts, water districts or authorities) to the extent possible
 - Identify external network access vulnerabilities, including authentication and authorization issues
 - Use annual CPTs to assess an agency's network security posture (simulate outside/unauthorized network access without attacking or disrupting operations)
 - Provide analysis of identified vulnerabilities and provide recommendations for remediation of identified vulnerabilities
 - Provide a written report and oral briefing (as required) to each agency/organization that contains analysis of exploitable vulnerabilities found, remediation recommendations, and network security posture assessment
 - Track test results to help assess annual training and awareness requirements to reduce the number of vulnerabilities, improve the efficiency of future testing, and make the organization's networks safer from outside attacks
 - Use the results of CPT engagements to provide accurate trend analysis and assessment as part of the IT Security biennial report
- 2.2. Sponsor a statewide cyber risk assessment and vulnerability reduction program to protect sensitive information resources and facilitate planning for agency baseline risk analysis and reduction
 - Use risk assessment tools and assessments to help weigh the risks involved and make informed decisions on how to spend resources using established IT security metrics
- 2.3. Collect information on agency assets and evaluate commonalities in statewide technology security architecture, assets, training, and policies and procedures as required and as outlined in the state strategic plan
 - Maintain an inventory of cyber assets, including personnel, as part of a statewide policy mechanism and help to determine the optimum security applications to defend the network infrastructures
 - Use standardized methods and tools to monitor, manage, assess, and track IT Security status and resources in partnership with auditors and agencies to reduce the number and frequency of redundant surveys and data calls
3. Strategy: Establish a state Computer Security Incident Response Team (CSIRT) to rapidly identify, contain, and recover from any attack or attempt to disrupt the state's critical IT infrastructure.
 - 3.1. Create a statewide response and recovery CSIRT capability that has interagency participation, a training and continuing education program, an annual IT security exercise program, and web-based incident reporting tools
 - Coordinate the establishment of a CSIRT as a 24/7 single point of contact for cyberspace analysis, warning, information sharing, incident response, and recovery for a broad range of users including government, enterprises, small businesses, and home users
 - Develop computer incident categories and reporting content and time frame criteria to clearly communicate incidents and events
 - Coordinate with federal incident response organizations as required

4. Strategy: Identify, develop, and maintain best practice rules, performance standards, and guidelines to help reduce agency workload while providing timely, complete, and accurate data for internal and external monitoring and management.
 - 4.1. Work with agencies to develop, maintain, and distribute IT security program guidelines, best practices, and standard operating procedures that offer a consistent framework while accounting for diverse missions and organization size
 - Develop a certification and accreditation framework for the life cycle of each agency critical IT system for all new network acquisitions
 - Track statewide performance in meeting rules, standards, and guidelines
 - Promote improvements to statewide security practices and state agency policies, including availability and cost effectiveness of peer-to-peer file sharing policies and technologies
 - Develop a wireless security standard for laptop and mobile computing network security in partnership with affected state agencies
 - Develop data and system classification guidelines for protecting varying levels of sensitive information
 - Develop and sustain methodologies to track and measure the effectiveness of IT security investments.
 - Negotiate the lowest possible rates for certification, CPE, and user training in partnership with other states, federal, and local government officials
5. Strategy: Establish a Network and Security Operations Center to focus on statewide external network security services.
 - 5.1. Initially focus NSOC services for state agencies that are part of the statewide network infrastructure
 - Conduct real-time monitoring of external network security status
 - Research, correlate, and disseminate early warnings of external cyber system threats to help prevent attacks or cascading effects
 - Provide immediate incident response capability and share information between sectors
 - Provide trending and other analyses for security planning
 - Distribute current proven security practices and recommendations
 - Adopt and provide network security guidelines and standard operating procedures
6. Strategy: Leverage technology to improve IT security information sharing and enhance security communication, collaboration, and information sharing capabilities throughout the state.
 - 6.1. Build a statewide NSOC facility with sufficient resources to deliver network security services to state agencies
 - 6.2. Engage state entities in proof-of-concept pilots for promising IT security technologies and tools
 - Deploy program for secure information sharing using a statewide secure portal that provides IT security guidance and cyber threat analysis
 - Coordinate with state Information Security Officers (ISOs) to develop, update, and disseminate emergency alert notifications assessments, guidelines, training opportunities, and incident information using real-time reporting and collaboration tools
 - Establish and administer a statewide secure web portal for state ISOs

- Sponsor a web-based risk assessment and collaboration tool to help state entities reduce vulnerability through risk analysis, physical security, compliance with information security standards, and benchmarking
- 6.3. Develop an information sharing methodology with external partners including local government
- Actively participate and lead state and national resource sharing opportunities and partnerships
 - Sponsor topical workshops on emerging security issues
7. Strategy: Promote IT security awareness, training, education, and certification programs to ensure that IT security professionals, agency leadership, and network users at all levels are able to perform IT security responsibilities.
- 7.1. Establish and promote statewide IT security training and awareness at multiple levels consistent with Texas Emergency Operation Plans
- Address identified shortfalls for all levels of state agencies: users, leadership, IT security officers, and CSIRT members
 - Facilitate and promote training opportunities as developed in the statewide security training guidelines and standards for state/local government users, leaders, and ISOs
 - Develop training, certification, and skill level guidelines for state ISOs and other personnel with IT security responsibilities
 - Facilitate certifications for personnel in key cyber incident response positions
- 7.2. Develop a program to initiate, sustain, and expand CSIRT capabilities in partnership with state agencies
- Develop a program to select, train, and certify a CSIRT that improves the state's capacity to prevent, detect, analyze, respond to, and recover from an incident and address identified shortfalls
 - Sponsor and deploy a "train-the-trainer" program that sustains and expands the CSIRT
- 7.3. Participate in and sponsor joint public-private sector partnerships with groups that have IT security interests and the ability to plan, conduct, and evaluate IT Security forums, seminars, and conferences
- Develop information sharing relationships with relevant organizations
8. Strategy: Integrate IT security into state homeland security exercises and promote tailored exercises to help reduce network vulnerabilities and minimize the severity of cyber attacks.
- 8.1. Demonstrate due diligence by conducting statewide exercises to evaluate IT security capabilities and periodically test and exercise IT security plans
- Coordinate and conduct a state-level IT security exercise based on a community exercise model
 - Develop an exercise training template for other communities
 - Take immediate action to assist agencies in correcting any significant weaknesses or vulnerabilities discovered during tests and exercises
- 8.2. Develop integrated community IT security exercises in partnership with Texas Division of Emergency Management, TEEX/NERRTC (Texas Engineering Extension Service/National Emergency Response and Rescue Training Center), University of Texas at San Antonio Center for Infrastructure Assurance and Security (UTSA CIAS), and the Governor's Office of Homeland Security
- Address the training shortfalls specified in DIR security assessments

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Department of Information Resources Exhibit 23: Funding Sources by Business Line IT Security – Fiscal Year 2008						
	DIR Fund Revenue Deposited	Appropriated General Revenue	Appropriated Receipts	Interagency Contracts	Federal Funds	Total
Network and Telecom Security TEX-AN	Telecommunications Revolving Fund 15% Appropriated Receipts 85% Interagency Contracts	—	\$ 339,596	\$ 1,924,380	—	\$ 2,263,976
Statewide Security	Indirect Costs	—	\$ 35,622	\$ 91,600	—	\$ 127,222
Law Enforcement Terrorism Prevention	CFDA #97.074	—	—	—	\$ 173,559	\$ 173,559

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions. Describe the similarities and differences.

The Department of Homeland Security has specific federal responsibilities regarding the coordination of the efforts of state security partners, including the coordination of information technology security protective programs and contingency plans.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency’s customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The IT Security function at DIR has developed a state strategic plan for information security that complements the state’s homeland security plan that supports federal efforts. Approval and implementation of this plan achieves continued coordination with federal partners.

In addition, DIR has interagency contracts with institutions of higher education for penetration testing and is reimbursed for actual costs. (State agencies are not charged for penetration testing done by the IT Security function.)

J. If the program or function works with local, regional, or federal units of government include a brief description of these entities and their relationship to the agency.

In addition to the Department of Homeland Security's role described in IT Security, Section H, the Department of Justice, Federal Bureau of Investigations, the intelligence community, and other federal agencies provide the state with information sharing, investigative coordination, and analytical support.

K. If contracted expenditures are made through this program please provide:

- the amount of those expenditures in fiscal year 2008;
- the number of contracts accounting for those expenditures;
- a short summary of the general purpose of those contracts overall;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Department of Information Resources Exhibit 24: Contracted Expenditures IT Security – Fiscal Year 2008			
Program Name	FY 2008 Expenditures	Number of Contracts	General Purpose
IT Security	\$ 1,487,375	9	Contracted services impact this program both directly and indirectly. Contracted services were used for security monitoring, security training, and security operations support. <ul style="list-style-type: none"> • Security Monitoring – AT&T Datacomm • Security Training – Carnegie Mellon University • IT Staffing – Highly specialized contractors for specific temporary projects are utilized. Contracted service through Rhyon Technology Services and Texas Govlink Inc. • Security Operations Support – Lofty Perch Inc. • SBC (Southwestern Bell) – Security Operations Services

L. What statutory changes could be made to assist this program in performing its functions? Explain.

None are suggested at this time.

M. Provide any additional information needed to gain a preliminary understanding of the program or function.

Not Applicable

N. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Not Applicable

O. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices.

Not Applicable

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2005 – 2009, or earlier significant Attorney General opinions, that affect your agency's operations.

Department of Information Resources Exhibit 25: Statutes/Attorney General Opinions	
Statutes	
Citation/Title	Authority/Impact on Agency (e.g., "provides authority to license and regulate nursing home administrators")
Chapter 2054, Texas Government Code / Information Resources Management Act	Primary enabling statutes for DIR
Chapter 2059, Texas Government Code / Texas Computer Network Security System	Authorizes creation of network and security operations center and the provision of network security services by DIR for state agencies and others
Chapter 2170, Texas Government Code / Telecommunications Services	Authorizes DIR to provide communications services to state agencies
Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
Opinion No. GA-0679	Construction of part of DIR conflict of interest provision (Section 2054.022(a)(7))

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

Department of Information Resources Exhibit 26: 81st Legislative Session Chart		
Legislation Enacted – 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions
H.B. 1705	Rep. Geren	<ul style="list-style-type: none"> • Eliminates the Telecommunications Planning and Oversight Council and transfers its authority to DIR. • Allows DIR to require an agency to submit a planned procurement schedule for commodity items if DIR determines that the information provides a benefit to the state. • Allows assistance organizations, as defined by Section 2175.001, Government Code, to have access to TEX-AN services. • Requires DIR, in cooperation with the Texas Education Agency, to adopt performance and interoperability standards for software used by school districts for financial accounting and attendance reporting. • Revises certain language related to the Texas Project Delivery Framework. • Repeals statutes requiring DIR to prepare, with the Comptroller of Public Accounts and the Legislative Budget Board, a biennial report on data collection and reporting by state agencies, and that DIR establish and manage an electronic procurement marketplace, an online travel and ticketing service, an information resources technology evaluation center, and a training program to assist agencies in conducting software audits.
H.B. 1830	Rep. Corte	<ul style="list-style-type: none"> • Allows DIR access to the criminal history record information maintained by the Department of Public Safety and the Federal Bureau of Investigation for DIR employees, job applicants, contractors, subcontractors, interns, or volunteers. Before obtaining the information, DIR must first adopt policies and procedures that provide that a criminal conviction does not automatically disqualify an individual from employment and the hiring official will determine on a case-by-case basis whether the individual is qualified for employment based on certain factors related to the criminal conviction. • Allows DIR access to the criminal history record information that is the subject of a nondisclosure order for employees, contractors, or job applicants to provide network security services. • Allows the DIR board of directors to meet in executive session to discuss information technology issues related to specific agencies. • Exempts information about system interfaces from the Open Records Act. • Allows DIR to provide confidential information to a bidder if the information is necessary for the bidder to provide an accurate bid. • Requires that a vulnerability report on an agency's computer system or network be provided to the agency's executive director. • Requires DIR to adopt rules by September 1, 2010, that require state agency contracts for network hardware and software to include a statement by the vendor certifying that the hardware or software has undergone independent verification testing for known and relevant vulnerabilities.
Legislation Not Passed – 81st Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
—	—	No key legislation related to DIR failed to pass during the 81st Session.

IX. Policy Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. This section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions which can be enacted in state law. This section contains three components:

Brief Description of Issue.

Background. Include enough information to give context for the issue. Information helpful in building context includes:

- What specific problems or concerns are involved in this issue?
- Who does this issue affect?
- What is the agency's role related to the issue?
- Any previous legislative action related to the issue?

Possible Solutions and Impact. Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- How will the proposed solution fix the problem or issue?
- How will the proposed change impact any entities or interest groups?
- How will your agency's performance be impacted by the proposed change?
- What are the benefits of the recommended change?
- What are the possible drawbacks of the recommended change?
- What is the fiscal impact of the proposed change?

Conflict of Interest

A. Brief Description of Issue

Current law imposes conflict of interest restrictions on members of the DIR board of directors that may be among the strictest in state government. The law prohibits a board member or the executive director from being an officer, employee, or paid consultant for a business that has a substantial interest in the information resources technologies industry and that may contract with state government. In most cases, the conflict of interest laws governing other state agencies specifically prohibit contracts with that particular agency. The breadth of DIR's conflict of interest law may prevent otherwise qualified candidates with beneficial expertise from serving on the board of directors. This issue has not been addressed previously by the Texas Legislature.

B. Discussion

Certain members of the DIR board of directors who provide business services in information technology (IT) expressed confusion regarding the conflict of interest provision governing participation on DIR's board (Section 2054.022, Texas Government Code). At the request of the board, DIR's executive director requested an opinion from the Attorney General regarding the intent behind the conflict of interest statute. The executive director's request letter asserted that the statutory language is so vague that the board members cannot determine what actions are prohibited as a conflict of interest. The resulting opinion from the Attorney General, Opinion Number GA-0679, did not provide the clarity hoped for by DIR.

C. Possible Solutions and Impact

DIR's suggested solution to this conflict of interest issue is to narrow the application of the conflict of interest statute so that it prohibits board members from participating in companies that contract with DIR. This makes two significant changes to the law. It prohibits board members' involvement with companies that have contracts with DIR, instead of prohibiting the potential of such contracts. The revision also limits the prohibition to DIR and not to all of state government.

This solution would allow a person who is knowledgeable about IT and business to bring their perspective and understanding of the field to DIR's governing board. Given the complexity of DIR's functions, having board members with IT experience is extremely valuable. A person's interest in being a DIR board member indicates an interest in state government. It is a reasonable assumption that a business person interested in state government would also be interested in doing business with state government. DIR believes it is reasonable for DIR board members to be able to contract with agencies other than DIR and that this would not be a conflict of interest. The revision DIR advocates creates certainty about the boundaries of the restriction that does not exist now.

This change would likely be supported by IT-related businesses or trade associations, since those entities would prefer for DIR board members to already be familiar with their technology issues. For that reason, if these changes were adopted, both DIR board members and staff must scrupulously adhere to the revised law, and resign from the board if a conflict of interest develops.

TexasOnline Funding

A. Brief Description of Issue

The current funding methodology/source for TexasOnline does not allow the state to align the state's investment in contract oversight activities proportionately with the growth in portal services and transactions. This limitation impacts DIR's ability to maximize revenue generated for the state.

B. Discussion

The appropriations DIR receives to manage and oversee TexasOnline activities have not kept pace with the growth in services and transactions. Since inception in 2000, the number of services available through TexasOnline has increased from 13 to more than 850—an increase of more than 6,000%; the number of transactions processed has increased from 0.2 million to 16.8 million per year—an increase of more than 8,000%; and the dollar value of those transactions has increased 1262% from \$19 million to \$2.4 billion. In contrast, during the same time period, appropriations for TexasOnline to support this significant growth have increased only minimally, from \$.5 million to \$1.5 million per biennium.

The recently executed contract for the next generation of TexasOnline includes new toolsets that will make TexasOnline the first choice for government web applications; incorporate appropriate web tools to drive eGovernment transformation, enhance the user experience and improve usability, accessibility, and searchability; expand platform infrastructure and capacity to allow for rapid and simple deployment of new applications; and expand capacity for financial transactions.

With the expanded services, additional resources will be needed to realize the full potential of this function, both from citizens' access to government and from the revenue generated. Revenues for the new contract are expected to reach \$183 million as compared to the \$60 million in the initial contract. The structure of the contract provides additional revenue based on usage, and to develop and drive additional usage, resources are needed to reach optimum levels.

C. Possible Solutions and Impact

DIR has successfully implemented a self-funding model for other DIR business lines with the exception of TexasOnline, which is funded with general revenue each biennium. A possible solution is to change the method of finance to a variable percentage of all revenue collected, with the percentage decreasing as the revenue collected increases and with appropriate caps for the amount collected. A dedicated account should be established for DIR's use to administer the program. This model is working well for other functional areas and will relieve the need for general revenue funds.

Name Change

A. Brief Description of Issue

The current name—Department of Information Resources—no longer reflects the core responsibilities of this agency and creates confusion for customers who believe the agency is simply a repository of state information.

B. Discussion

When DIR was formed in 1989, the field of information technology was in a formative state. Green-screen monitors, room-sized computers with limited capacity, and DOS programming were the norm and the idea that blade servers and mobile computing platforms would ever permeate government business to the extent they do today was a pipe dream. The rapid change that technology has brought to the way that government business is conducted, citizens are connected, and information is disseminated has changed the vocabulary for technological advances and the DIR name has not kept pace. Initially formed as an oversight and monitoring agency, DIR has transitioned through legislative changes from a resource for state agencies to become a leading force in managing enterprise technology infrastructure, actively transforming technology in state government.

In addition, the current name creates confusion among citizens who often believe that the agency is a repository for all state information, not the technology agency for state government. The number of phone calls, public information requests, and general contacts made indicate this is an ongoing issue for residents.

C. Possible Solutions and Impact

The agency's name should reflect its core mission. While the Legislature will determine any new name for the agency through the Sunset legislation, two options that more accurately reflect the agency's core mission than the current name are the Texas Department of Information Technology or the Texas Technology Agency.

Creative design of a new logo and development of a marketing and rebranding plan should be conducted through a professional marketing and design firm. There would be a cost of \$50,000–75,000 to secure that expertise and to implement the rebranding through new business cards, informational brochures, website design, and stationery. These costs can be planned for and absorbed by existing funding sources.

Statewide Privacy Management Office

A. Brief Description of Issue

State and local governments are among the primary collectors and users of citizen information. Government agencies face an ongoing challenge to be open, accessible, and transparent to the public while protecting the privacy of citizens. Information privacy and security are separate, but closely linked, concepts. Privacy policy indicates which information is personal and how government will collect, store, use, disseminate, and dispose of it. Information security policy dictates how government will protect personal information from misuse.

DIR is the lead state agency for information security policy. There is no lead state agency for privacy policy. Therefore there is little or no consistency among state agencies regarding the collection, storage, usage, dissemination, or disposal of personal information.

B. Discussion

With the passage by the 81st Legislature of H.B. 2004, Texas joined 23 other states in passing laws that dictate what actions should be taken by state agencies, local governments, institutions of higher education, and the private sector in case sensitive personal information is lost through an IT security breach. The cost of a security breach was estimated to be \$202 per record exposed in 2008, including the expense for detection, notification, and after-the-fact response. Nationally, businesses, governments, and educational institutions reported nearly 50% more data breaches in 2008 than occurred in 2007, exposing the personal records of at least 35.7 million Americans.

While notification requirements are now in place for state agencies, there is no guidance and no forum to develop guidance regarding consistent standards and practices for protecting information. This situation may increase the risk of compromise of data as the result of a security breach.

C. Possible Solutions and Impact

Consideration should be given to the establishment of a standardized, enterprise approach for handling sensitive personal information. This approach would include granting DIR specific authority to be the lead state agency on privacy management. Responsibilities should include the creation of a statewide privacy management office within DIR, with the authority to develop, implement, and enforce statewide policies and rules related to privacy management.

The establishment of a statewide privacy management office is expected to increase the public's confidence in the state's management of sensitive personal information. The enterprise approach provides an opportunity for consistent awareness, training, and adoption of privacy protection measures across state government. There will be costs related to a small staff for the new office. There are several potential sources of funding for these costs, and these will be considered as part of the Sunset review process. Those costs will be offset by the elimination of costs related to the loss of sensitive personal information. There will also be indirect benefits through the development of coordinated interagency planning for privacy management and incident response.

Geographic Information Systems

A. Brief Description of Issue

Texas government has utilized geospatial-related technologies for over 30 years. On a daily basis, state agencies work with many types of geographic- and location-related data—boundaries, districts, regions, property parcels, addresses, facilities, infrastructure, and demographics. GIS technology provides these agencies with the ability to manage vast amounts of geospatial data and to analyze and interpret it to make informed decisions. Two state agencies currently have various responsibilities for providing these services—the Texas Water Development Board (TWDB) and DIR. In addition, the 75th Legislature established the Texas Geographic Information Council (Council) as the primary coordinating body for GIS in Texas state government. The executive directors of TWDB and DIR serve as the executive sponsors of the Council. More clearly defined roles and responsibilities for the agencies and Council could improve GIS service delivery to state agencies.

B. Discussion

The Texas Natural Resources Information System, a division of TWDB, serves as the principle state archive and clearinghouse for geospatial and natural resources data. DIR has responsibility to ensure that all forms of information technology are deployed within state government in an effective and cost-efficient manner, including the deployment of GIS through statewide coordinated activities. With TWDB responsible for data and DIR responsible for deployment, duplication of organizational effort and cooperative opportunities for development are realized. Working collaboratively, the organizations have evolved their complementary roles in the GIS arena, but as more and more applications take advantage of integrating geospatial information in the delivery of information to consumers, greater opportunities exist for enterprise-level strategies that are difficult to address across two agencies and the Council.

C. Possible Solutions and Impact

An evaluation of the current use of GIS in the state, the Council charter and membership, and opportunities to align GIS technology infrastructure with forward-looking business requirements for geospatial data could result in more clearly defined roles and responsibilities of all parties with business interests. The end goal would be to create a group of streamlined, efficient decision-making protocols.

Expansion of the ICT Program

A. Brief Description of Issue

While the Information and Communications Technology (ICT) Cooperative Contracts program has been very successful, there are opportunities for improving the use and effectiveness of the program.

B. Discussion

DIR has generated successful results in the ICT Cooperative Contracts program over the last seven years. The sales from these contracts have increased significantly, from \$366 million in 2002 to over \$1 billion in 2009. This huge growth has allowed DIR to operate effectively as a cost-recovery activity, and has provided significant cost savings to the DIR customers who purchase from the contracts. While DIR has generated sales outside of the State of Texas due to the value proposition associated with the ICT offerings, it appears that there are opportunities to further increase sales from entities outside the state, which would serve to lower prices and generate additional savings for Texas entities.

C. Possible Solutions and Impact

Evaluation of options to expand and emphasize use of DIR contracts by other states, including privatization, should be considered to identify potential opportunities to lower contract prices, increase savings, and increase revenue generated for the state.

X. Other Contacts

A. Fill in the following chart with updated information on people with an interest in your agency, and be sure to include the most recent e-mail address.

Department of Information Resources Exhibit 27: Contacts			
INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
TechAmerica / Jeff Clark	401 West 15th St. Austin, TX 78701	(512) 474-4403	Jeff.clark@ techamerica.org
INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS (that serve as an information clearinghouse or regularly interact with your agency)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
State Agency Coordinating Council Purchasing Subcommittee Jane Rivera, Chair	101 East 15th St. Austin, TX 78701	(512) 463-2483	Jane.rivera@ twc.state.tx.us
National Association of State Chief Information Officers Doug Robinson	201 East Main St., Suite 1405 Lexington, KY 40507	(859) 514-9153	drobinson@amrms.com
National Association of State Procurement Officials Jack Gallt	201 East Main St., Suite 1405 Lexington, KY 40507	(859) 514-9159	jpgallt@amrms.com
Conference of Urban Counties Charles Gray	500 West 13th St. Austin, Texas 78701	(512) 476-6174	cgray@cuc.org
LIAISONS AT OTHER STATE AGENCIES (with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General's office)			
Agency Name/Relationship/ Contact Person	Address	Telephone	E-mail Address
Office of the Governor / Analyst / Ed Robertson	Old Insurance Bldg., 4th Floor	(512) 463-3827	eroberton@ governor.state.tx.us
Legislative Budget Board / Analyst / Elizabeth Prado	1501 N. Congress, 5th Floor	(512) 463-9719	elizabeth.prado@ lbb.state.tx.us
State Auditor's Office / Assistant State Auditor / Sandra Vice	1501 N. Congress, Suite 4	(224) 936-9659	svice@sao.state.tx.us

XI. Additional Information

A. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.

Department of Information Resources Exhibit 28: Complaints Against the Agency Fiscal Years 2007 and 2008		
	FY 2007	FY 2008
Number of complaints received	0	0
Number of complaints resolved	0	0
Number of complaints dropped/found to be without merit	0	0
Number of complaints pending from prior years	0	0
Average time period for resolution of a complaint	0	0

B. Fill in the following chart detailing your agency's Historically Underutilized Business (HUB) purchases.

Department of Information Resources Exhibit 29: Purchases from HUBs				
FISCAL YEAR 2006				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	N/A*	N/A	N/A	11.9%
Building Construction	N/A*	N/A	N/A	26.1%
Special Trade	N/A*	N/A	N/A	57.2%
Professional Services	\$96,434	0	0	20.0%
Other Services	\$10,678,634	\$750,216	7.02%	33.0%
Commodities	\$4,427,136	\$287,491	6.49%	12.6%
TOTAL	\$15,205,205	\$1,037,708	6.82%	
FISCAL YEAR 2007				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	N/A*	N/A	N/A	11.9%
Building Construction	N/A*	N/A	N/A	26.1%
Special Trade	N/A*	N/A	N/A	57.2%
Professional Services	\$40,326	0	0	20.0%
Other Services	\$19,042,111	\$2,498,942	13.1%	33.0%
Commodities	\$3,041,058	\$650,573	21.3%	12.6%
TOTAL	\$22,123,496	\$3,149,515	14.2%	
FISCAL YEAR 2008				
Category	Total \$ Spent	Total HUB \$ Spent	Percent	Statewide Goal
Heavy Construction	N/A*	N/A	N/A	11.9%
Building Construction	N/A*	N/A	N/A	26.1%
Special Trade	\$945	0	0	57.2%
Professional Services	\$71,127	\$10,000	14.0%	20.0%
Other Services	\$21,081,299	\$5,800,700	27.5%	33.0%
Commodities	\$3,582,857	\$490,764	13.6%	12.6%
TOTAL	\$24,736,229	\$6,301,465	25.4%	

* The Heavy Construction, Building Construction, and Special Trade categories were not applicable to agency operation in either fiscal year 2006, 2007, or 2008. Although the agency does not have any strategies or programs related to construction, in 2008 the expenditures spent in Special Trade were the result of an unforeseen incident.

C. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Sec. 2161.003; TAC Title 34, Part 1, rule 20.15b)

DIR currently has a HUB policy. The DIR HUB program works closely with the statewide HUB program to ensure that the agency policy complies with Texas Government Code. Performance shortfalls are addressed through evaluation of opportunities for improvement and discussion with the appropriate levels of DIR leadership and management.

D. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Sec. 2161.252; TAC Title 34, Part 1, rule 20.14)

The DIR HUB coordinator or contract manager attends all pre-bid conferences to provide HUB vendors with instructions on completing the HUB Subcontracting Plan. The HUB coordinator also provides solicitation notifications to minority and trade organizations to increase prime and subcontracting opportunities for HUBs. DIR has also established a HUB Advisory Board in an effort to develop strategies that would improve the DIR HUB program.

E. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

HUB Question	Response / Agency Contact
1. Do you have a HUB coordinator? (Texas Government Code, Sec. 2161.062; TAC Title 34, Part 1, rule 20.26)	Bernadette Davis, CTPM
2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Sec. 2161.066; TAC Title 34, Part 1, rule 20.27)	DIR hosts one HUB forum and co-hosts two to three forums annually. In addition, DIR's HUB Coordinator and DIR's Contracting and Procurement Services staff participate in ten or more agency/entity-hosted events annually.
3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Sec. 2161.065; TAC Title 34, Part 1, rule 20.28)	DIR has an established Mentor Protégé program. DIR currently has six approved agreements in place. DIR is also developing processes that would effectively monitor the success of the agreements.

F. Fill in the chart below detailing your agency's Equal Employment Opportunity (EEO) statistics.¹

Department of Information Resources Exhibit 30: Equal Employment Opportunity Statistics							
FISCAL YEAR 2006							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	21	5%	6.6%	14%	14.2%	43%	37.3%
Professional	106	8%	8.3%	11%	13.4%	54%	53.2%
Technical	45	10%	12.4%	24%	20.2%	38%	53.8%
Administrative Support	25	24%	11.2%	28%	24.1%	88%	64.7%
Service Maintenance	8	0%	13.8%	38%	40.7%	50%	39.0%
Skilled Craft	—	—	6.0%	—	37.5%	—	4.8%
FISCAL YEAR 2007							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	28	4%	9.0%	14%	23.7%	43%	38.8%
Professional	108	8%	11.7%	8%	19.9%	54%	54.5%
Technical	37	14%	17.0%	27%	27.0%	32%	55.6%
Administrative Support	17	24%	13.2%	35%	31.9%	88%	66.2%
Service/Maintenance	9	0%	12.8%	33%	44.8%	56%	39.7%
Skilled Craft	—	—	5.1%	—	46.9%	—	5.1%
FISCAL YEAR 2008							
Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	Civilian Labor Force %	Agency	Civilian Labor Force %	Agency	Civilian Labor Force %
Officials/Administration	19	11%	9.0%	16%	23.7%	37%	38.8%
Professional	136	7%	11.7%	12%	19.9%	41%	54.5%
Technical	38	13%	17.0%	35%	27.0%	32%	55.6%
Administrative Support	17	24%	13.2%	24%	31.9%	82%	66.2%
Service/Maintenance	9	0%	12.8%	44%	44.8%	67%	39.7%
Skilled Craft	—	—	5.1%	—	46.9%	—	5.1%

¹ The Service/Maintenance category includes three distinct occupational categories: Service/Maintenance, Para-Professionals, and Protective Services. Protective Service Workers and Para-Professionals are no longer reported as separate groups. Please submit the combined Service/Maintenance category totals, if available.

G. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

DIR has an equal employment opportunity policy. Managers are evaluated on administering department policies and procedures and taking a logical rational approach to problems. DIR board members are apprised of equal employment opportunity statistics on a quarterly basis.

XII. Agency Comments

Provide any additional information needed to gain a preliminary understanding of your agency.

The performance metrics shown on the following pages measure financial results against pre-established targets in each of the business lines, as described in Part II – Key Functions and Performance, Section C.

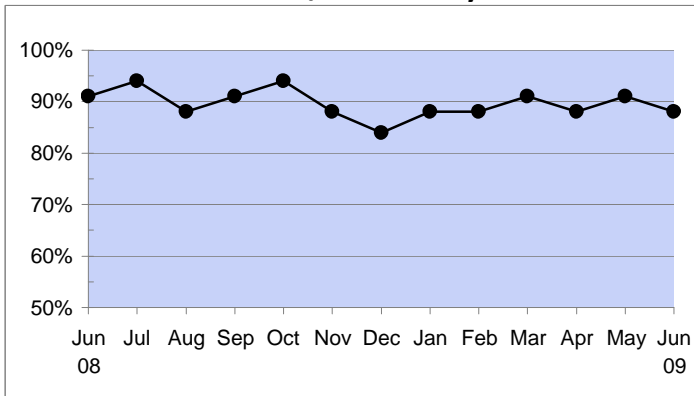
- Data Center Services
- Communications Technology Services
- Statewide Technology Sourcing
- TexasOnline
- IT Security

Key 2009 Performance Objectives

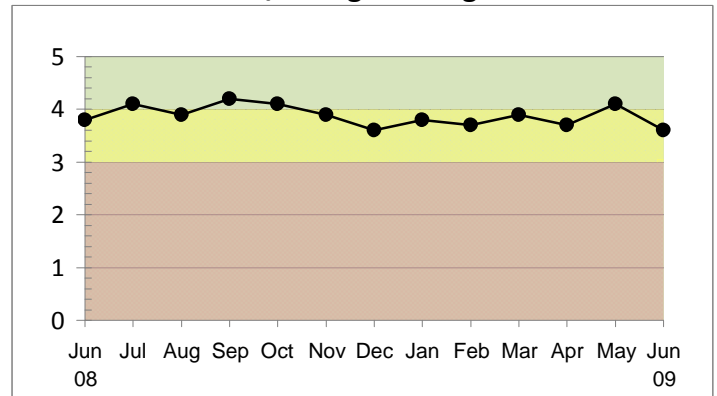
Advance consolidation activities that transform data center services to meet service delivery objectives for state agencies:

- ▶ Meet or exceed established service level agreements
- ▶ Consolidate agencies into two state data centers, with common, consistent tools, metrics, and processes by end of fiscal 2010
- ▶ Maximize value through economies of scale and consolidation efficiencies

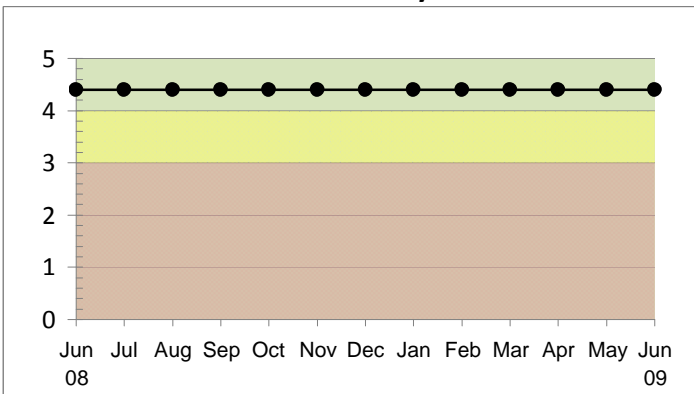
Critical SLA w/Satisfactory Results



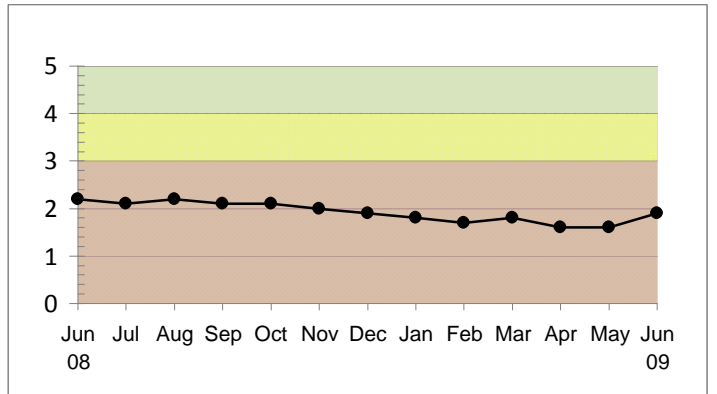
Incident/Change Management



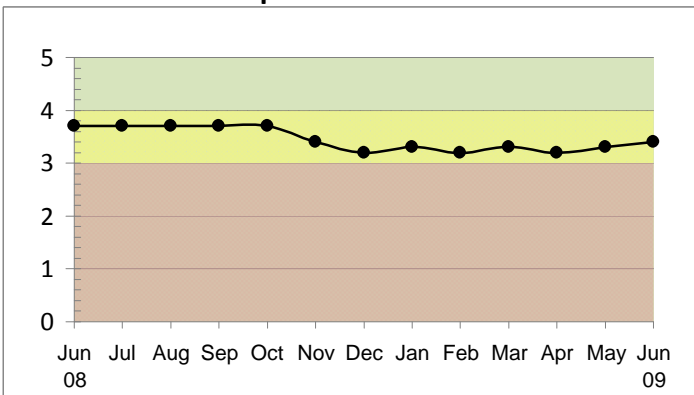
Availability



Customer Satisfaction



Overall Operational Performance



Legend

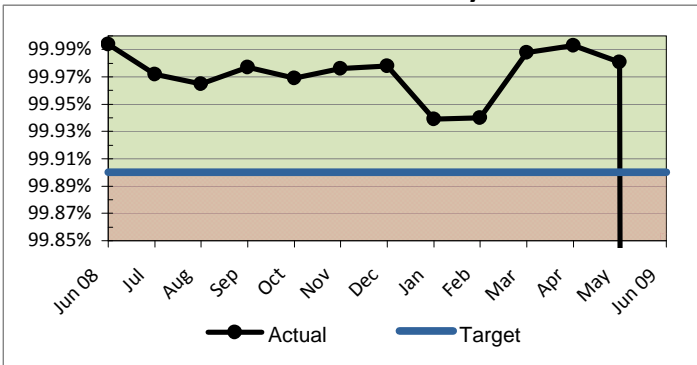
- 5 = Excellent (Exceeds SLAs)
- 4 = Good (Meets Expected SLAs)
- 3 = Fair (Meets Minimum SLAs)
- 2 = Poor (Does Not Meet Minimum SLAs)
- 1 = Very Poor (Far Below Minimum SLAs)

Key 2009 Performance Objectives:

Provide secure statewide communications services that deliver business value that on a statewide basis:

- ▶ Provide high service availability
- ▶ Provide competitive pricing and enhanced business value to all eligible customers
- ▶ Support the transition to the next generation of TEX-AN services

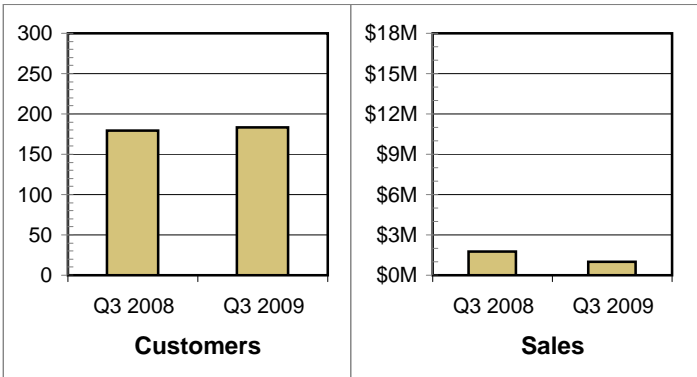
Service Availability



Channel Penetration

Education - 7.25% of Q3 2009 Total Sales \$

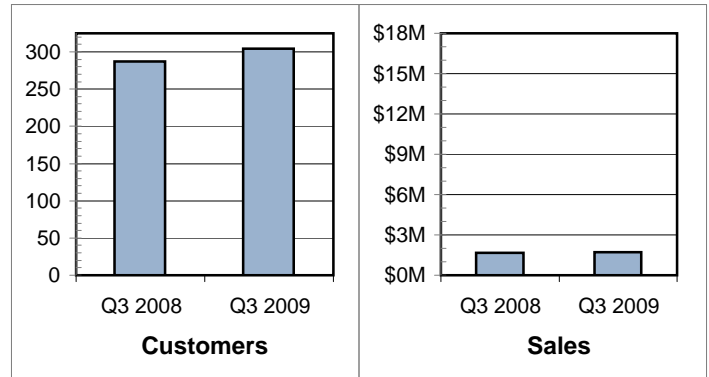
2.23% Growth



Local Government - 12.57% of Q3 2009 Total Sales \$

5.92% Growth

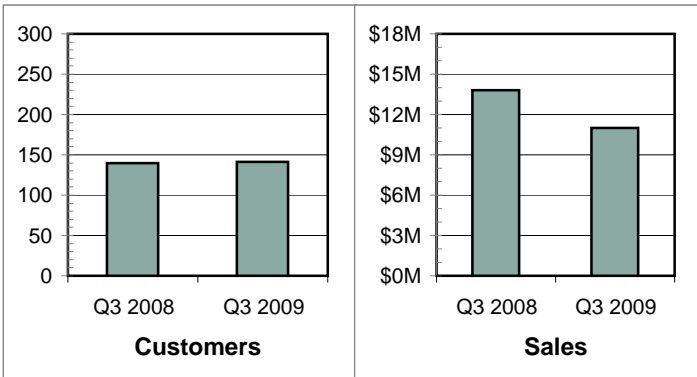
2.67% Growth



State - 80.08% of Q3 2009 Total Sales \$

0.71% Growth

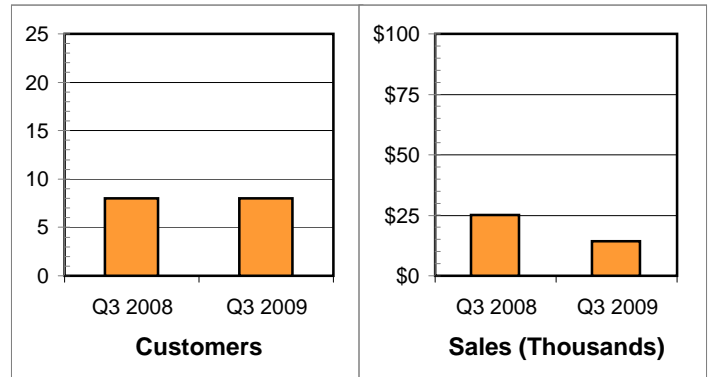
-20.28% Growth



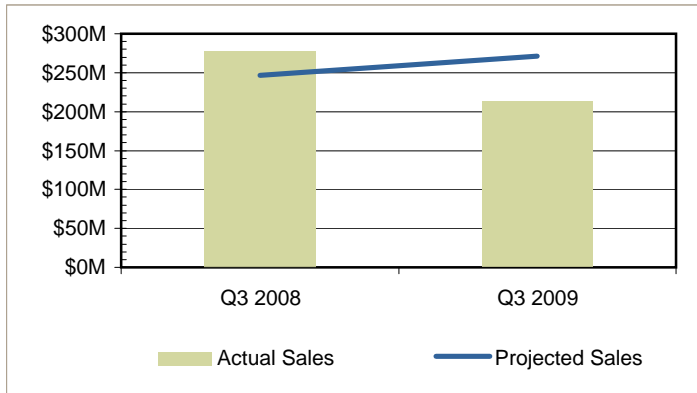
Other Entities - 0.1% of Q3 2009 Total Sales \$

0% Growth

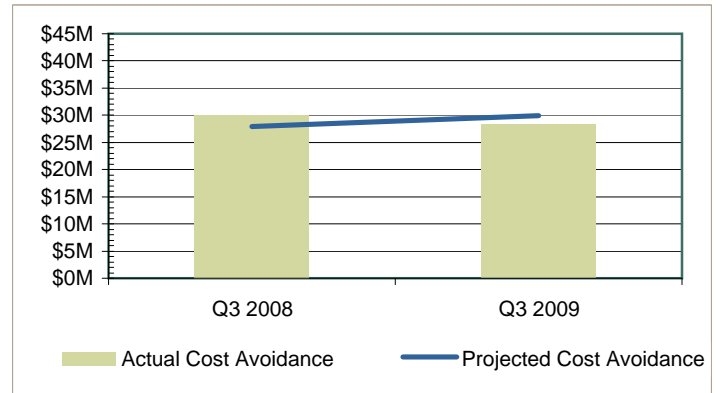
-43.17% Growth



Sales
13% Growth



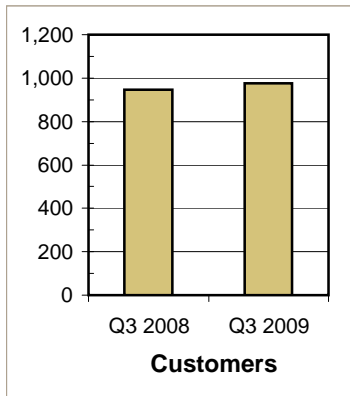
Cost Savings to State
33% Growth



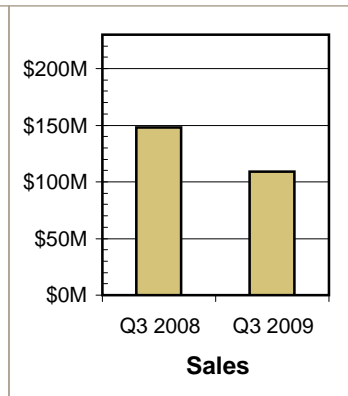
Channel Penetration

Education - 51.3% of Q3 2009 Total Sales \$

3.28% Growth

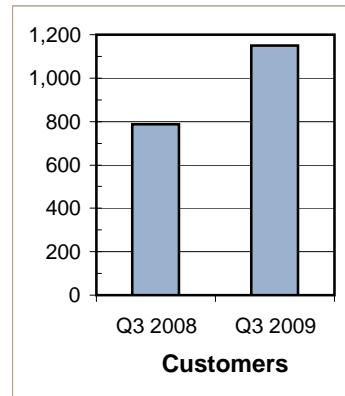


-26.29% Growth

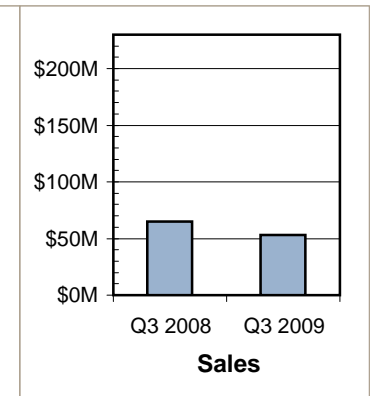


Local Government - 24.96% of Q3 2009 Total Sales \$

46.07% Growth

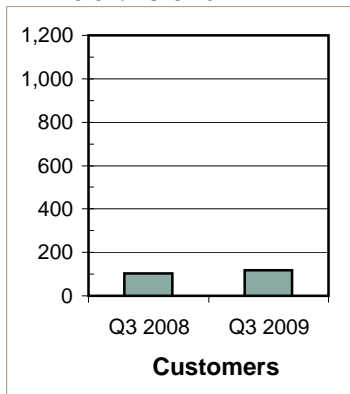


-17.9% Growth

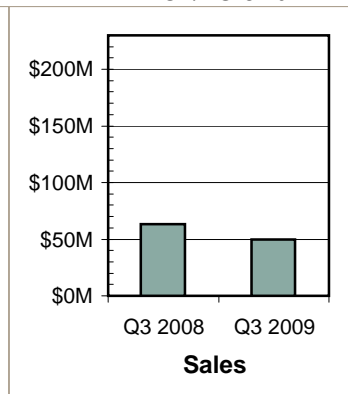


State - 23.26% of Q3 2009 Total Sales \$

16.67% Growth

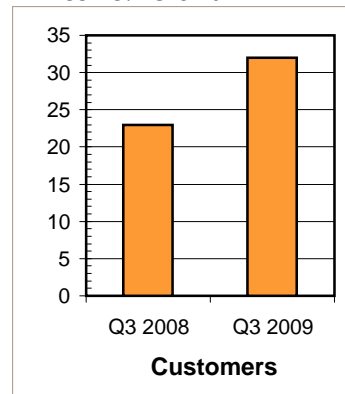


-21.82% Growth

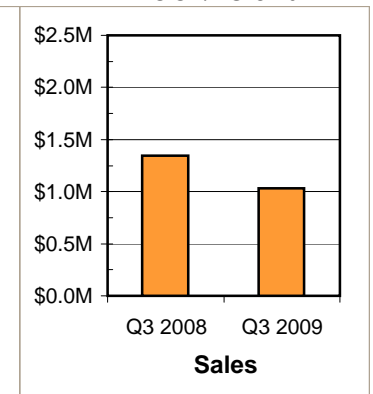


***Other Entities - 0.48% of Q3 2009 Total Sales \$**

39.13% Growth



-23.32% Growth



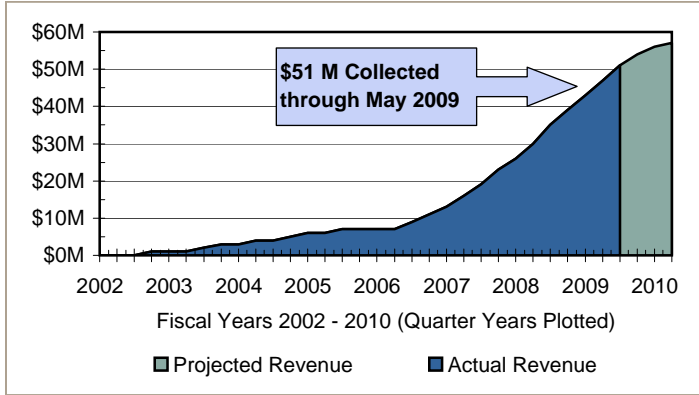
* Out-of-State and Assistance Organizations

Key 2009 Performance Objectives:

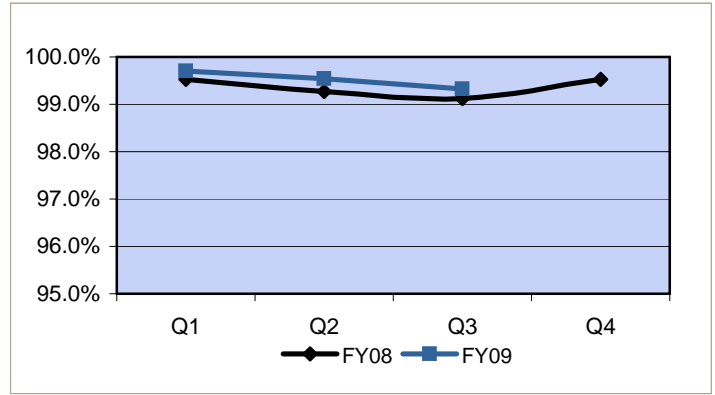
Deliver effective electronic government services and information through an innovative, self-supporting funding model:

- ▶ Manage e-government opportunities through an effective revenue-sharing model
- ▶ Maintain a high level of customer satisfaction
- ▶ Increase citizen and state and local government participation
- ▶ Support the transition to the next generation of TexasOnline

Cumulative State Revenue Share

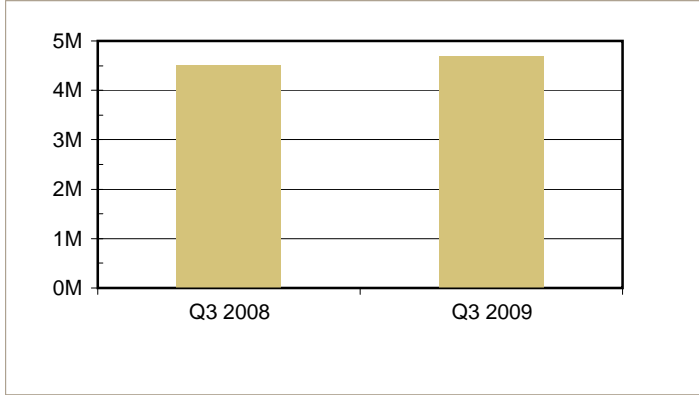


Customer Satisfaction



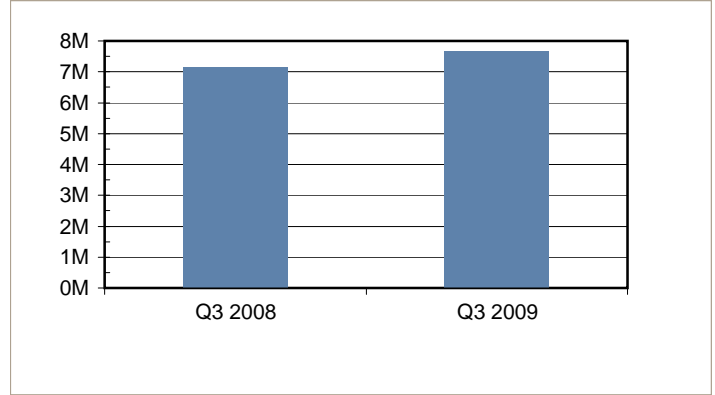
Transactions

4% Growth



Portal Visits

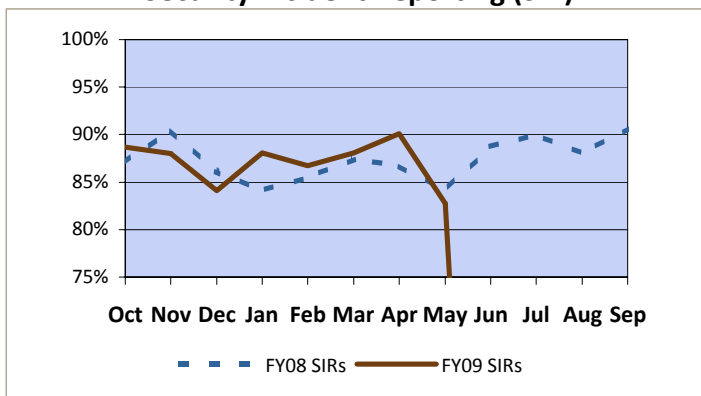
7% Growth



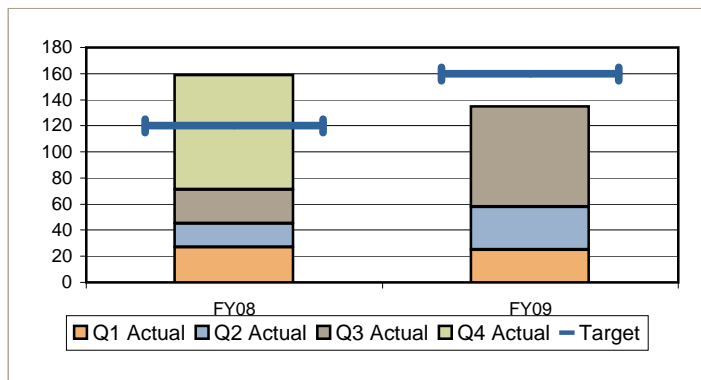
Key 2009 Performance Objectives:

- ▶ Prevent cyber attacks & incidents against critical infrastructures through NSOC monitoring and analysis capability
- ▶ Reduce vulnerability to cyber attacks and other disruptions through the Network Vulnerability and Web Application Vulnerability Assessment programs
- ▶ Respond and recover to minimize the impact of successful cyber attacks and disruptions through the Computer Security Incident Response Team training program and other tactical security training
- ▶ Evaluate the implementation of a comprehensive wireless network vulnerability assessment program

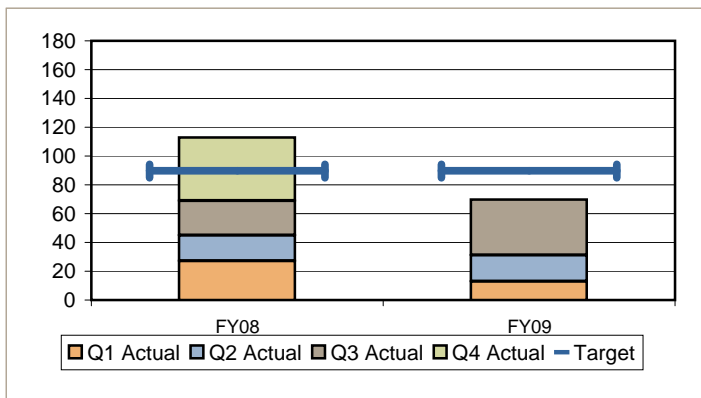
Security Incident Reporting (SIR)



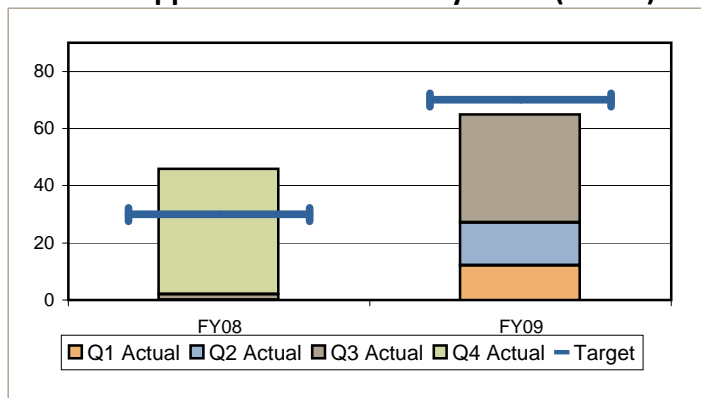
Total Vulnerability Assessments



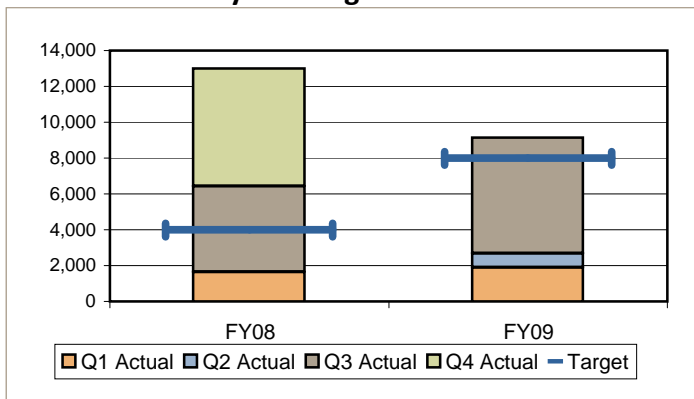
Controlled Penetration Tests Delivered



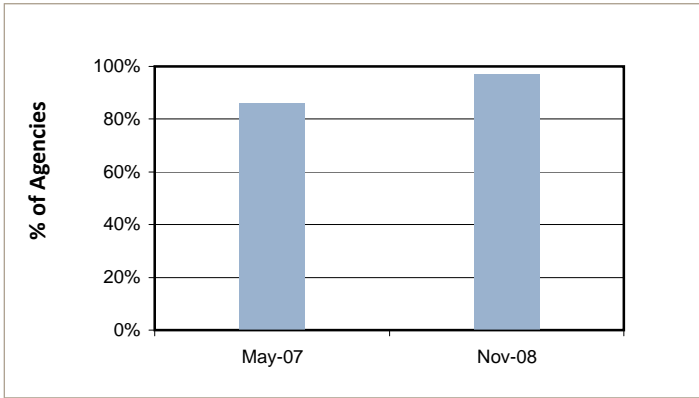
Web Application Vulnerability Scans (WAVS)



Security Training Hours Delivered

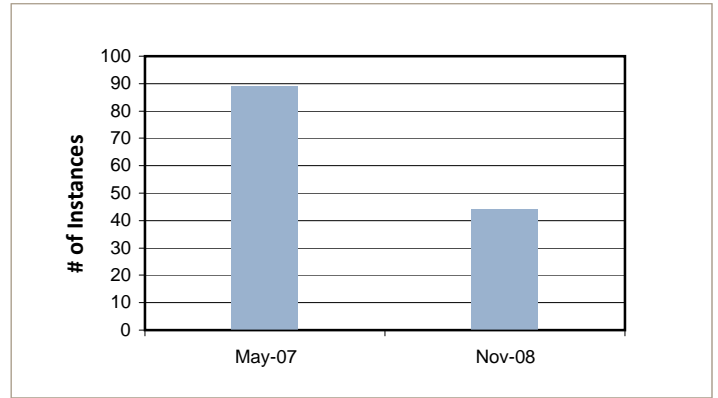


Security Standards Compliance



Desired Performance = Positive Trend

Instances of Non-Compliance



Desired Performance = Negative Trend

