TEXAS DEPARTMENT OF INFORMATION RESOURCES
P.O. Box 13564 ◆ Austin, TX 78711-3564 ◆ www.dir.texas.gov
Tel: (512) 475-4700 ◆ Fax: (512) 475-4759

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Executive Director

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November 1, 2011

Sunset Advisory Commission
1501 North Congress Avenue
Robert E. Johnson Building, 6th Floor
Austin, Texas 78701

Dear Honorable Members of the Sunset Advisory Commission:

I am pleased to submit the Texas Department of Information Resource's (DIR) Sunset Self-Evaluation Report in advance of our 2012 Sunset review.

This report includes information that was previously represented in the 2009 report as well as initiatives that the agency has undertaken since our last Sunset review. During the October 20, 2011 meeting of the DIR Board, we requested guidance and additional direction on the report. The attached document also incorporates Board comments as received during that meeting.

During this interim, DIR has evaluated provisions of the 82nd Legislature's Sunset recommendations for action items. At this time, we are implementing recommendations that do not require statutory changes, and we are organizing agency expertise to ensure completeness.

For additional information please contact Lori Person, Chief Administrative Officer and governmental relations lead. Lori can be reached at 512-936-5848 or by email at lori.person@dir.texas.gov.

I appreciate the opportunity to provide this report and look forward to working closely with your staff during the review process.

Sincerely,

Karen W. Robinson
Executive Director, Department of Information Resources
Chief Information Officer, State of Texas

Department of Information Resources
Self-Evaluation Report

Submitted to the
Sunset Advisory Commission

November 1, 2011

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Supplemental Files

(Electronic-only submissions of selected Section X Contacts)

- Designated Electronic and Information Resources Accessibility Coordinator (EIRAC) at each state agency/official liaison
- Designated Information Resources Manager (IRM) at each state agency/official liaison
- ICT Contracts Customers

I. Agency Contact Information

A. Please fill in the following chart.

Department of Information Resources
Exhibit 1: Agency Contacts

POSITION	NAME	ADDRESS	PHONE/FAX	E-MAIL
Agency Head	Karen Robinson	300 West 15th St. Suite 1300 Austin, Texas 78701	Office: 463-9909 Fax: 475-4759	karen.robinson @dir.texas.gov
Agency Sunset Liaison	Lori Person	300 West 15th St., Suite 1300 Austin, Texas 78701	Office: 936-5848 Fax: 475-4759	lori.person @dir.texas.gov

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.

The **mission** of the Department of Information Resources (DIR) is to provide technology leadership, solutions, and value to all levels of Texas government and education to enable and facilitate the fulfillment of their core missions.

DIR has five **objectives**:

- deliver business value and maximize buying power through well-priced solutions offered from a choice of suppliers
- provide leadership to secure the state's technology assets and promote appropriate use of citizen information
- enhance statewide technology management and collaboration
- deploy value-added technology solutions to meet agency core missions and serve Texas citizens
- solve common business problems through managed services

DIR has six **key functions** that support the objectives:

- Information Technology (IT) Security
- eGovernment (Texas.gov)
- Communications Technology Services (Tex-AN, the Texas agency network)
- Technology Planning and Policy
- Information and Communications Technology (ICT) Contracts
- Data Center Services

The following programs are briefly described here, and in more detail in Section VII.

IT Security

DIR provides computer network security services to state agencies according to Texas Government Code (TGC), Chapter 2059. DIR manages the state's 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 with other state agencies that requires continuous, coordinated, and focused efforts.

The IT Security program

- operates the Security Operations Center
- conducts technical security and risk assessments for state agencies, institutions of higher education, and local governments

- maintains secure communication portals and channels to provide information sharing among state agency information security officers
- provides advanced IT Security and Incident Response training and identifies network and website vulnerabilities in the state's critical infrastructure
- provides remediation consulting services to mitigate or remediate those vulnerabilities

eGovernment

Texas.gov, the state's web portal, is the premier award-winning source for Texas government information and services provided over the Internet. At the direction of the Legislature, DIR created the portal in 2000 as a pilot to determine if state Internet portals could successfully deliver services to citizens in a public-private partnership model. The business model provides that the vendor invests funds to develop and operate the portal and applications, and receives a share of the portal-generated revenue as compensation and to reinvest in the program to continue development. The state also receives a share of revenue, which is deposited into the state general revenue fund. This business model was one of the first of its kind in the public sector and continues to draw interest from other states and governmental entities. Eleven years later, Texas.gov continues to be a highly regarded and successful program.

The electronic government, or eGovernment, division of DIR ensures Texas.gov has reliable and secure service levels including guidance, tools, and policies necessary for state and local government to offer Internet-based services to businesses and citizens. DIR established and maintains the state electronic Internet portal in accordance with TGC Chapter 2054, Subchapters F and I.

Texas.gov offers more than 1,000 services in a secure, technical, and service infrastructure. By sharing the processes and systems of Texas.gov, publicly funded entities are able to reduce redundancy of effort and leverage economies of scale. One example of this is the enterprise credit card processing engine and associated infrastructure that supports all online payment transactions. This infrastructure eliminates the need for each individual agency to contract with independent service providers and create duplicative processing systems. This is the most cost-efficient strategy in that it allows the state to aggregate payment transactions for the highest possible volume discount.

In July 2009, DIR awarded a new contract for the next generation of Texas.gov. One of the key elements of this award is the change to a financial model that increases the program's contribution to the state's general revenue fund. In addition, initiatives are in place to rapidly introduce new services, such as

- deployment of a content management system
- Internet and intranet web templates
- Web 2.0 tools and features

The Texas.gov revenue-sharing partnership is currently projected to add more than $60 million to the state's general revenue fund over the 2012/13 biennium.

Communications Technology Services

DIR obtains and provides telecommunications services to state agencies and other Texas governmental entities as directed by and in accordance with TGC Chapter 2170. DIR manages the statewide telecommunications network, which

- provides a portfolio of local and long-distance voice, video, and data services through vendor- and state-managed telecommunication networks, referred to as Tex-AN
- supplies various local phone services for state office buildings through the Capitol Complex Telephone System (CCTS)
- provides secure Internet access for all state agencies
- supports customer care for delivered services
- offers contract governance with agency participation as was implemented with the recent Tex-AN Next Generation (NG) procurement

Tex-AN NG

- supports the needs of more than 750 state and local government agencies
- is adaptable to changing customer requirements
- can rapidly incorporate new and emerging technologies
- provides DIR's customers with a wider array of communications technology choices and solutions that
    - are cost-effective and affordable
    - meet their changing telecommunications and system requirements
    - are simple to understand, budget, and acquire

Technology Planning and Policy

Texas state agencies and institutions of higher education invest more than $2.8 billion annually on technology resources, and the deliverance of projects that are in scope, timely, and on budget are critical to the state. In order to assist agencies in the management and accountability of information resources, the Texas Legislature has delegated certain responsibilities to DIR. DIR works closely with state agencies to develop and publish tools and guidance to assist in IT project management according to statutory provisions.

TGC Chapter 2054 authorizes DIR to coordinate and direct the use of information resources technologies by state agencies. DIR provides technology planning, policy, and standards to agencies throughout the state and works closely with them to ensure the efficiency and effectiveness of policies and planning tools. DIR delivers these services through

- *Technology Planning and Reporting* to improve the management and use of information resources
- *Technology Policy Management* to facilitate and guide the development and administration of statewide and agency technology policies, standards, guidelines, and procedures
- *Internal Rule and Policy Management* supports DIR's obligations to continuously monitor and improve its rule-making and policy development functions in accordance with statute.

- *Electronic and Information Resources Accessibility* to support state agencies in complying with state and federal requirements and ensuring that Texas government information and services are accessible to everyone
- *Statewide Project Delivery* to help state agencies in managing and implementing technology projects
- *Education and Outreach* to provide information and guidance through conferences, briefings, and events on technology areas of interest to information resources managers (IRMs) and IT staff

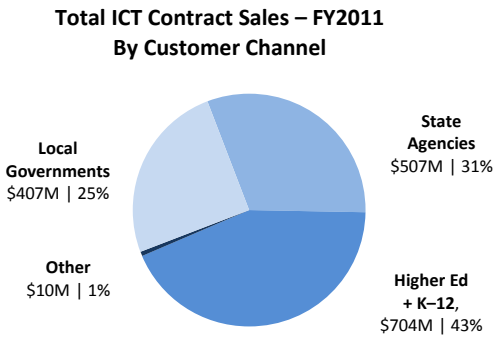
Information and Communications Technology (ICT) Contracts

TGC § 2157.068, authorizes DIR to establish contracts for information technology commodity items. This statute designated the department as the central purchasing entity to translate the bulk buying power of the state into significant savings on IT investments for governmental entities, including hardware, software, and technology services. DIR developed and now manages the statewide contracts for technology commodities and services, now referred to as the ICT Contracts program. Currently, over 660 ICT contracts are in place for products and services, including

- computers
- software
- security hardware, software and services
- networking equipment
- telecommunications equipment
- IT staffing services
- technology-based training

Requests for products and services have increased dramatically since the program's inception. This program generates more than $236 million in cost savings annually for DIR customers by maximizing the state's volume buying power and streamlining the procurement process for DIR's customers. Customers of this program include

- state agencies
- institutions of higher education
- units of local government, including cities, counties, public school districts, municipalities, and special purpose districts
- others, including assistance organizations and public entities outside Texas



In addition to direct product/service cost savings, customers are able to avoid administrative costs, such as the expenses of identifying, evaluating, and negotiating for products and services and the cost of related time delays. The value of significant direct and indirect cost savings also has resulted in the consistent growth in use of these contracts by eligible customers. State

agencies and public education, including higher education, customers now account for 74% of all purchases made through DIR ICT contracts.

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

Data Center Services

As authorized in statute (TGC, Chapter 2054, Subchapter L) DIR manages the Data Center Services (DCS) program. These services are currently provided through a contract with a base value of $863 million using 2006 levels of technology consumption amortized over the seven-year contract term. The total contract value is trending higher because population growth and other drivers have caused participating agencies to increase consumption of services under the program. Under this program, the data centers of 28 agencies are being consolidated into two locations, Austin and San Angelo. The consolidation is designed to 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 for the amount of services used, rather than invest in hardware, software, and staff to operate and maintain IT infrastructure at an individual agency level. The data center solution also provides more transparency into the costs of these services because all participating agencies have a DCS budget rather than incorporating these costs in agency administrative and capital expense items.

Administration

The agency's administrative functions provide support to all DIR programs. Functions include internal audit, general counsel and legal services, enterprise contracts, finance and accounting, human resources, governmental relations, public information, communications, and other general administrative functions. Due to the size of the agency, many administrative functions are shared or employees perform multiple functions.

- Internal Audit

  DIR's Internal Audit division's mission is to assist DIR management by examining and evaluating (1) the adequacy and effectiveness of the agency's control processes and (2) the quality of operations and services performed in carrying out assigned responsibilities. Internal Audit provides an independent review for the agency, including objective analysis, information, and recommendations for remediation. The division provides any needed follow-up reviews to ensure that corrective action has been taken and has gained intended results.

  DIR outsourced the Internal Audit function until October of 2009 when the division director was hired. The Internal Audit director reports to the DIR board through the Audit and

Finance subcommittee. The establishment of the Internal Audit division includes a board-approved Audit and Finance subcommittee charter and a Board-approved Internal Audit Charter. The subcommittee meets quarterly to discuss internal audit activity. In February 2011, the Internal Audit director hired an additional auditor, and plans to hire another auditor by December 31, 2011.

The Internal Audit division performs an enterprise risk assessment annually, which is used to develop the board-approved annual internal audit plan. During the year, the Internal Audit division performs scheduled audits, board-requested projects, investigations, and monitors agency activities. The division also acts as a liaison between any external auditors and DIR.

- **Office of General Counsel**
  The Office of General Counsel provides legal counsel and advice to the board and executive director, as well as general legal support for DIR staff functions. For all DIR program areas, the Office of General Counsel drafts, negotiates, reviews, and interprets contracts and other agreements; supports the procurement process; coordinates litigation with the Office of Attorney General; coordinates the rulemaking process; handles matters related to the Public Information Act and Open Meetings Act; and handles legal matters related to human resources and ethics compliance.

- **Enterprise Contracts**
  The recently established Enterprise Contracts division provides dedicated staff to manage the procurement and subsequent contract administration of DIR's large outsourcing contracts; such as Data Center Services, eGovernment, and Communications Technology Services. In addition to all of the required purchasing and contract management certifications required by law, the contract managers who establish enterprise contracts have an average of 22 years of experience in developing highly complex technology procurements. This team of contract managers is responsible for the agency contract management guide and risk-based contract management plans for each of DIR's enterprise contracts. Internal procurement and Historically Underutilized Businesses (HUBs) activities are also coordinated through this division.

  Procurement activities include
  - developing and managing vendor solicitations in conjunction with program area
  - establishing a procurement quality assurance team to oversee procurements and ensure compliance with state procurement statutes and rules
  - developing Evaluation Guides that serve as a blueprint for each RFO
  - processing requisitions and awarding purchase orders
  - conducting vendor pre-bid conferences
  - performing administrative and HUB compliance reviews of offers
  - facilitating evaluations
  - conducting negotiations
  - developing all procurement communications and documentation

Contract administration activities include

- monitoring contractor performance and compliance
- assessing contract risk and establishing risk mitigation strategies
- managing contract change management
- meeting with vendor contract manager
- exercising remedies as necessary
- resolving disputes
- documenting significant events
- maintaining contract files
- closing out contracts

- **Finance and Accounting**
  This division is responsible for supporting DIR's goals and objectives by providing management and the DIR board with reliable financial information and analysis, and ensuring compliance with finance-related laws and regulations. Developing cost-recovery administrative fees, in conjunction with DIR program areas, is a key responsibility of this division. This division is also responsible for compiling and reporting DIR's performance measures and all finance related reports, such as the Legislative Appropriations Request, Annual Operating Budget, and Annual Financial Report. As DIR is primarily a cost-recovery agency, this division is also responsible for ensuring the accuracy of forecasts, both revenues and expenses, used to establish budgets.

- **Human Resources**
  Human Resources supports the agency by managing personnel and assisting in recruiting, hiring, developing, and retaining a diverse and skilled workforce. Human Resources oversees job classification and employee compensation as guided by the State Auditor's Office and ensures compliance with federal and state laws related to employee pay and labor standards. Human Resources also guides benefits administration, employee wellness, and employee relations issues through the coordination of various programs and staff communications.

- **Governmental Relations**
  Governmental Relations (GR) duties include responding to legislative inquiries or requests for assistance or information and coordinating the agency's responsibility to provide updates and status reports to leadership on issues of interest. GR monitors legislation throughout the legislative session and ensures implementation of all legislative requirements after bills are enacted. GR reports regularly to the board and executive director on legislative issues and compliance progress.

- **Public Information and Communications**
  Public Information and Communications duties include responding to public information requests and media inquiries and ensuring the appropriate handling of agency records through records retention management. It also includes a number of activities to ensure the

appropriate delivery of information to external stakeholders, the public, and within the agency.

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

IT Security

The IT Security function provides aggressive IT security and guidance to state and local entities to protect information from unauthorized access by leveraging best-of-breed security technologies in a distributed environment. As part of this service DIR maintains secure communication channels, such as agency-specific information portals, to improve the dissemination of relevant, timely IT security information. This information comes from many diverse sources including, but not limited to, global government and military sources, such as the US-CERT, AFCERT and AU-CERT, trend analysis of distributed security technologies and sensor data, and trusted third parties. The level of service, knowledge, and data 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 for the state to be prepared to meet the evolving threats to information security.

IT Security Partners

- US-CERT – United States Computer Emergency Readiness Team
- AFCERT – Air Force Computer Emergency Readiness Team
- AU-CERT – Australian Computer Emergency Readiness Team

eGovernment

Through the eGovernment function, citizens and businesses are able to conduct business with government, access state and local government services, and stay informed about government activities through the ease of the Internet. With more than 1,000 services available in several languages, Texas.gov 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, Texas.gov provides a significant contribution to the state's general revenue fund. Without this function, general revenue would be negatively impacted by approximately $30 million dollars per year in FY2012/13. In addition, the cost for individual customer agencies to duplicate the processing infrastructure of a web portal would be high.

Communications Technology Services

The communications technology services division has a clear and ongoing objective to provide cutting-edge services to state and local entities uniformly and at a cost and service level 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, maximize the use of available bandwidth, and meet the customers'

growing communication demands. Without this state-level focus, even the largest customers would be unable to provide the combination of high-level services with low costs.

Technology Planning and Policy

DIR's technology planning and policy functions serve to guide agencies on the use and management of information resources. The Texas Government Code directs DIR to serve all state agencies as they manage their discrete technology investments. With a centralized system for guiding technology planning, project management, and policy development, the state is able to gain efficiencies and ensure common standards are in place. Statewide collaboration serves to leverage information sharing, outreach, and education events in support of all agencies. Without this function, resource needs for state agencies would increase, and standards for information technology would be less uniform across the state.

ICT Contracts

Through the ICT Contracts division, DIR provides technology products and services to customers while leveraging volume discounts. 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 and local government.

Data Center Services

The DCS program enables participating agencies to benefit from shared technology infrastructure services. These services are required by all agencies; by consolidating to the two statewide data centers, the state lowers overall operating costs for these basic operations while ensuring greater visibility into expenditures and service levels. The most recent cost assessment indicated that overall costs are 5.83% lower for base services and 24.12% lower for increases in consumption since the contract began in 2007.

Agencies with mainframe operations have seen higher performance and faster processing speeds with consolidation and upgrades to new platforms. Agencies that use bulk print and mail functions have improved print tracking through bar coding and access to bulk mail discounts previously only available to the largest agencies. Agencies with server operations have not yet fully consolidated and, thus, have not realized all of the operational benefits of the program. However, if the DCS program no longer provided infrastructure services, these agencies would have to recreate their own data centers, leasing or purchasing new facilities or new hardware exclusively for agency use, and hiring additional full-time employees (FTEs).

While this program serves a clear and ongoing objective, and some successes have been achieved, problems remain with the data center transformation and meeting customer needs. As a result, DIR intends to award new contracts by the end of the calendar year to provide DCS services using multiple vendors. In this contractual model, vendors will provide their core expertise enabling the state to realize the value of data center consolidation.

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

DIR evaluates its effectiveness and efficiency in meeting objectives through three key methods: performance, value, and customer feedback.

In FY2011, DIR assessed its staffing across the entire agency. DIR determined that it could reduce staffing without reducing customer services with a reduction in force of 27 full time positions, resulting in cost savings to all areas. Although DIR was appropriated approximately 227 FTEs in FY2012 and 2013, DIR continues to keep staffing levels as low as possible while still providing the necessary services and saving costs. During development of the FY2011 operating budget and the FY2012/13 Legislative Appropriation Request, DIR budgeted to reduce excess fund balances and reduced costs in all areas.

IT Security

DIR has implemented a combination of intrusion prevention systems and security information management systems that monitor the state's Capitol Area Network and block an average of 400,000 malicious software events every hour. In addition, 181 technical network vulnerability security assessments were conducted and delivered in FY2010, which included complex controlled penetration tests (CPTs) and web application vulnerability assessments.

DIR is currently monitoring state agencies and providing actionable alerts that can either be handled at the customer level or blocked via security platforms at the Internet gateway. Based on current filter-set and reputation-based blocking, DIR has prevented as many as 110 million incidents in a given month and prevents an average of 75 million incidents monthly. By preventing these incidents, the state is avoiding significant remediation costs (industry standards estimate remediation time at 10 hours per computer).

DIR is providing integrated training, education, and certification across all jurisdictions and disciplines including Computer Security Incident Response Team (CSIRT) incident handling courses, which are open to all state agencies, higher education institutions, and other political subdivisions. In July 2011, 28 additional state and local IT staff were fully trained in CSIRT methodology at Carnegie-Mellon.

The CPT program is on track to meet or exceed previous year goals with quarterly vulnerability scanning services implemented to identify critical vulnerabilities throughout the year. Ninety-eight percent of CPT customers have agreed to quarterly vulnerability scanning services, demonstrating the value of these exercises to IT security customers.

The utilization of the TX-ISAC Secure Communication Portal has been expanded to include not only information security officers (ISOs), but also continuity planners and local governments. The Information Security Working Group (ISWG)—open to all state ISOs and agency security contacts—meets regularly to discuss best practices, legislation, rules, policies, and procedures. In addition, DIR is working with UTSA-CIAS (UT-San Antonio Center for Infrastructure Assurance

and Security) to develop a common statewide security awareness program for state agency and local government audiences. Staff- and executive-level attendees participate in tabletop cybersecurity exercises to promote cybersecurity and integrate cybersecurity elements into homeland security exercises.

DIR successfully implemented contracted security services for the Security Operations Center for FY2012 at a savings of almost $2 million. FY2011 performance measure targets relating to security assessments were exceeded in both number of assessments conducted and average cost of assessments.

eGovernment

Texas.gov is the only program for which DIR receives state general revenue funding. The program operates with minimal staff (5 FTEs in FY2011) while exceeding all performance measures, including visitor satisfaction, number of applications available, and number of transactions conducted through the portal. Texas.gov continually measures the effectiveness and efficiency of the program's objectives.

- When Texas.gov launched its first applications in August 2000, it received fewer than 25,000 visits monthly. Today, Texas.gov receives almost 3 million visits monthly.
- To date more than 140 applications have been launched that provide more than 1,000 services.
- Approximately 2 million transactions are processed monthly, bringing the total since program launch to more than 153 million.
- Increased use and enhanced services have resulted in phenomenal growth in portal-generated revenues. More than $20.8 billion in transaction revenue has been securely processed through the portal, and $97.9 million flowed directly to the state's general revenue.
- Adoption rates are critical measures of how well the public has embraced Texas.gov as the preferred means of finding information and accessing government services. Rapid increases in Texas.gov 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.

Communications Technology Services

The CTS division has several indicators to ensure its objectives are being met in an effective and efficient manner. Continuous monitoring of the network provides real-time visibility into the network performance and service availability provided to the customers.

Communications Technology Services, sometimes referred to as telecommunications, met or exceeded all Legislative Budget Board service objectives and performance measures for FY2010:

- met or exceeded targeted pricing for voice and data

- met or exceeded service response measures for CCTS and Tex-AN
- 99% of customers were satisfied with CCTS
- 94% of customers were satisfied with Tex-AN
- consistently exceeded 99.9% Service Availability for CCTS and Tex-AN throughout the past biennium

The Tex-AN Next Generation (NG) procurement negotiated significant price reductions for voice services, and is expecting to reduce service rates by an average of 30%. For agencies migrating to a new MPLS (multiprotocol label switching) platform (from legacy systems), savings are expected depending on specific requirements of the agency. For example, it is estimated that the Health and Human Services Commission (HHSC) will save up to $4 million on voice charges in FY2012. Tex-AN NG will also offer enhanced service options to DIR customers.

Additional evidence showing effectiveness has been performed through third-party benchmarking efforts that showed extremely competitive rates provided through the Tex-AN NG procurement.

To implement Tex-AN NG, DIR has conducted information sessions throughout FY2011 to educate agencies and other eligible customers about the opportunities for enhanced choice offerings and price reductions. Nearly 130 customers attended these briefings. DIR continues outreach to customers as Tex-AN NG contracts are finalized.

Perhaps the strongest indication of effectiveness and efficiency to date, Communications Technology Services continues to attract new customers, 80% of which are voluntary (such as local governments, K–12 education, and state universities). Under statute (TGC § 2170.004), DIR is authorized to offer Tex-AN services to a broad range of government entities that voluntarily take advantage of Tex-AN's reduced pricing. These voluntary customers increase the customer base and enhance DIR's ability to seek lower pricing on services—saving money not only for state agencies, but for all Texas government entities that use Tex-AN services. The Tex-AN program is also authorized to serve assistance organizations.

Customer surveys provide the CTS division with feedback to ensure that customer needs are being met. Customer surveys consistently show that 95% or more are satisfied with the Tex-AN/CCTS services.

Technology Planning and Policy

The Technology Planning and Policy division measures efficiency and effectiveness in a number of different ways, including through Legislative Budget Board (LBB) performance measurement reporting and other criteria.

- The number of DIR legislative recommendations that were enacted by the legislature was 100% in FY2008 and 50% in FY2010.

- DIR publishes planning and reporting documents on its website. To date, nearly 2,000 visitors have accessed the DIR *Biennial Performance Report* online.

- DIR provides assistance to agency IRMs upon request. In FY2010, DIR responded to 142 agency inquiries relating to the Information Resources Deployment Review. The majority of these inquiries were answered within one business day.
- In FY2011, 95.9% of IRMs met their continuing education requirements at educational events, many of which were conducted or sponsored by DIR. These educational events were favorably rated by 96% of attendees.

ICT Contracts

DIR assesses detailed ICT contract information on a monthly basis to determine program success and identify necessary corrective actions and program enhancements. For example, the ICT Contracts program produces a monthly "Operations Graybook" that provides comparisons of projected and actual purchases from ICT contracts, administrative fees, customer demographics, and other trend data, which is used to assess customer demand and improve customer services.

Beginning in FY2010, DIR began reducing its administrative fees as customer purchases continued to climb and revenue exceeded program costs. In FY2010, DIR reduced its default administrative fee to 1.25% when establishing new or amended contracts. This default administrative fee was further reduced in FY2011 to 0.50%. During the development of the FY2012/13 Legislative Appropriation Request, DIR budgeted a planned reduction of fund balances beginning in FY2011. DIR was also able to distribute a rebate to customers totaling $4.75 million during FY2011. DIR continues to monitor revenue and expenses to maintain a strict cost-recovery model. Key performance measures for the program include total avoided costs of $264.5 million in FY2011.

Data Center 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 services performance. The vendor 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 customer satisfaction ratings intended to prioritize and guide improvement efforts.

Key performance measures for the program include percent of monthly service level targets achieved (within 98.93% of target) and percent of customers satisfied with DCS contract management. Customer satisfaction has been below target. Section VII includes performance details and the steps DIR has taken (e.g., changing the contract governance model) to address ongoing performance issues. The Business Executive Leadership Committee (BELC) has been instrumental in addressing operational performance and guiding procurement activities.

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 TGC, Chapter 2054, 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. Because technology and related issues tend to evolve quickly, the agency is required to be flexible and responsive to its environment. DIR will continue to recommend to the Legislature any changes needed to perform its responsibilities.

In 2011, the agency recommended changes that resulted in House Bill (HB) 1504, 82nd Texas Legislature, Regular Session (82R), that changed statutory references from "TexasOnline" to "state electronic Internet portal."

In 2009, DIR recommended changes resulting in the following three bills, each of which was enacted:

- HB 1705 streamlined DIR functions by eliminating the Telecommunications Planning and Oversight Council and transferring its authority to DIR, changed the requirements for commodity planned procurement schedules from semi-annual to an as-needed basis, and allowed assistance organizations access to Tex-AN services.
- HB 1830 improved DIR's security program by increasing access to key information. The law allowed DIR to conduct criminal history background checks on all DIR employees and contractors and brief the DIR board in executive session about specific security incidents at agencies. It also required that security vulnerability reports on an agency's network be provided to that agency's executive director.
- HB 2004 required 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 2005, the concept of an enterprise approach to technology formed the basis of HB 1516. This issue was introduced in the agency's 2004 Biennial Performance Report, *Making Technology Deliver*. With this legislation DIR has been able to work with state agencies, local governments, and the public education community to further enhance the use of technology in government at the enterprise level. The bill also made state agencies' use of ICT contracts mandatory, gave DIR responsibility for the data center consolidation, and adopted the Texas Project Delivery Framework to assist agencies in managing state IT projects over $1 million in cost.

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?

DIR's functions do not duplicate those of another state or federal agency.

The Texas Government Code allocates the statewide contracting and procurement function for technology and telecommunications products and services to DIR and allocates the Texas Procurement and Support Services (TPASS) program for non-technology commodity purchasing to the Office of the Comptroller of Public Accounts.

TGC § 2157.0689(e) states that DIR shall compile and maintain a list of commodity items available for purchase through the department and shall make the list available on the Internet. Based on this list, the Comptroller of Public Accounts updates the National Institute of Governmental Purchasing (NIGP) codes identified online as automated information systems commodities. In this manner, all state agency customers are able to distinguish between what DIR procures and that which TPASS is responsible for procuring.

ICT contracting is most appropriately placed at DIR because of the technology expertise that exists within the agency. Contracting for IT products and services is inherently more complex than contracting for general commodities. In addition to all of the required purchasing and contract management certifications required by law, the contract managers who establish contracts as part of the ICT Contracts program have a minimum of 12 years of experience in developing technology procurements. In addition, the contract managers are supported by agency staff members who are subject matter experts in all areas of information technology. This enables the program to remain on the forefront of the rapidly changing technology landscape.

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, telecommunications, 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 majority of states, sometimes as a member of the cabinet, other times as an agency head. Closely following this majority are a number of states in which the CIO is appointed by cabinet heads or boards.

According to the most recently available National Association of State Procurement Officials (NASPO) survey pertaining to state purchasing practices, cooperative purchasing has increased greatly in the last few years as states are looking to procure goods and service in more efficient and cost-effective ways. To varying degrees, all but one respondent have the authority to participate in cooperative purchasing initiatives. Forty states reported that they may participate in cooperative agreements with local governments in the state.

Thirty-nine states use multiple award contracts or agreements that are indefinite quantity contracts where the state contracts with more than one vendor for delivery of a service or commodity. Forty-two state central procurement offices use multiple award contracts, schedules, or pricing agreements.

- Thirty-five state central procurement offices are responsible for the procurement of IT goods and software, while thirty-one are responsible for the procurement of IT services
- Thirty-one states currently lease IT products
- Thirty-four states have established standards to ensure statewide compatibility of IT equipment and software
- Twenty-four states have separate model terms and conditions used for procurement of IT goods or services
- Thirty-one states use master agreements for time (and material) acquisition of IT services

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

DIR faces the same steep challenges of other technology-related entities, with some of these issues having even greater impact due to the nature of government organizations.

- The globalization and consumerization of technology has substantially changed expectations of customers, employees, and other stakeholders. Many expect cutting-edge solutions, often for free, and available for any platform or mobile device. DIR must balance those expectations—providing services and solutions that meet needs while also satisfying the requirements for security, reliability, accessibility, and other considerations.

- The technology landscape is changing at an exponentially expanded rate. The explosion of mobile applications, growth of virtualization, and other changes in the industry require everyone to re-think business models and to carefully leverage established resources along with emerging opportunities.

- Macroeconomic conditions continue to have a profound effect on planning and operations. When customers have fewer funds available, purchases through DIR contracts are reduced, making it more difficult to predict revenues. A lower level of administrative and cost-recovery fee revenue would directly impact the funding available to operate the agency.

- DIR's multiple roles can sometimes affect customer service perceptions. Particularly for state agencies, DIR serves as a solutions provider, a regulatory body, and a billing and collections agent, as well as a source of strategic direction and best practices. Customers may be very satisfied with many DIR programs, yet unhappy because of a mandated requirement. DIR carefully engages with its customers to ensure they recognize the various roles and value DIR offers.

DIR is confident in its ability to meet these challenges and to continue to provide strategic leadership and successful solutions to Texas government.

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 critical for DIR to be fully responsive to its customers' needs. As the state technology agency, DIR must provide its customers with access to the most up-to-date technology and services. This includes the services and products available through the ICT Contracts and Communications Technology Services programs, the protection offered through the IT Security program, the hardware and software provided for Data Center Services, and the shared platform and payment gateway of Texas.gov, which allows state agencies to conduct state business directly with citizens and businesses.

As a part of the continuous improvement process, the agency has carefully assessed the 2011 Sunset recommendations, HB 2499, recent audits, and other reviews, and is implementing appropriate provisions. Thorough planning and implementation of appropriate improvements will include clear baselines and performance measures.

Providing current technology to the state requires knowledgeable staff committed to public service and also technically skilled in meeting the needs of DIR's customers. 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 its salaries competitive to retain qualified staff.

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. DIR must continue to ensure that vendors are held responsible for the level of service required by their contracts with DIR, and are collaborating with DIR to make improvements to their services.

With the Data Center Services program, DIR has a significant opportunity for improvement. The advantages of consolidation—including improved services, standardization, security, and disaster recovery—have not yet been achieved. As a result, DIR is reprocuring services under a multi-vendor business model. Successfully executing this transition will benefit agencies across the state and enable DIR to fulfill the legislative mandate to improve the value these services return.

In the interest of continuous improvement, the Communication Technology Services division has implemented new Internet-based systems that increased transparency into customer care, customer spending, and performance management.

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 — FY2010

KEY PERFORMANCE MEASURES	FY2010 TARGET	FY2010 ACTUAL PERFORMANCE	FY2010% OF ANNUAL TARGET
Total Contract Savings and Cost Avoidance Provided through DIR Contracts	$120,000,000	$234,000,000	195.00%
Average Cost Per Rule, Guideline, and Standard Produced	$332.92	$1,586.28	*476.47%
Average Price Per Intrastate Minute on Tex-AN	$0.05	$0.04	88.00%
Average Price Per Toll-Free Minute on Tex-AN	$0.04	$0.04	100.00%
Percent of Monthly Targets Achieved for Data Center Services	92.00%	88.92%	96.65%
Percent of Customers Satisfied with Data Center Services contract management	95.00%	58.00%	61.05%
Percentage of Customers Satisfied with CCTS	99.00%	99.00%	100.00%
Percentage of Customers Satisfied with Tex-AN	96.00%	94.20%	98.13%

* In FY2011, the agency initiated a review of its rule and policy making methodology to create a more robust and formal system that includes broader stakeholder engagement. Numerous DIR staff including technical and administrative experts were included in the review; and in the cost associated with rulemaking for that time period. Using the new process, DIR performed a rule review on nearly all rules applicable to the agency. Because most of the work has been completed, costs are expected to decrease and stabilize.

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).

2011 DIR established the Internal Audit department with a director and one auditor. Additional staff are under consideration.

The enactment of HB 1504 (82R), effective as of June 17, 2011, changed statutory references from "TexasOnline" to "state electronic Internet portal."

DIR completed initial contract review and award for Tex-AN Next Generation services—offering agencies and other eligible state customers a broader array of telecommunications services and vendor choices.

2010 In January, the award for the state web portal contract became effective and the new vendor assumed responsibility for the portal as a result of the competitive procurement process.

In June, DIR implemented an owner-operator governance model for the Data Center Services program. This model involved customer agencies in the decision-making process and established partner agency groups for communication and representation.

In June, TexasOnline was officially rebranded as "Texas.gov."

Texas.gov received the following recognitions:

- Best of Texas award (Government Technology Conference Southwest) for Best Application Serving the Public
- ClearMark award for Dynamic Media Public Sector
- Gold Screen Website Excellence Award
- Web 2.0 and Social Media Award
- Outstanding Government Marketing (GovMark Council)
- Interactive Media Outstanding Achievement

In June, Texas.gov, with more than 1,000 online services available, achieved a second financial "breakeven" for designated projects, which increases the state's share of the revenue for those projects.

In August 2010, DIR notified the vendor that all services then under the DCS master services agreement would be reprocured.

In November 2010, DIR released two Data Center Services RFOs. The Service Delivery RFO is for five IT service delivery components: Mainframe, Server, Data Center Facilities, Network, and Print and Mail. The Service Integration RFO is for a Multisourcing Services Integrator (MSI) to coordinate and integrate operations, thus ensuring seamless end-to-end service delivery across the service delivery components.

2009 The 81st Legislature strengthened DIR's cybersecurity program by authorizing DIR to develop rules regarding vulnerability testing of network hardware and software. It also eliminated the Telecommunications Planning and Oversight Council.

DIR entered into a new contract to manage TexasOnline (now Texas.gov), effective January 2010. The contract expanded services to customers, incorporated the use of new Web 2.0 tools, and significantly increased revenue to the state.

The Texas Higher Education Coordinating Board, Education Agency, Department of Insurance, and Department of State Health Services completed print and mail consolidation in the Austin Data Center, bringing print and mail volume consolidation to 99%.

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

Through the third quarter of FY2009, customer purchases through ICT contracts generated $893 million, or a 16% increase over the same period for the prior year, while posting a 34% increase in cost avoidance in the same comparative time.

2008 The ICT Contracts program posted record customer purchases of $1.1 billion and record savings of $123 million for customers.

DIR established a Performance Analytics Office to provide business intelligence (customer spending and trend analysis) to the ICT Contracts program, strengthening the negotiation power for the state.

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

DIR completed the transformation of its own applications and application servers into the Austin Data Center.

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

DIR opened the Network and Security Operations Center (NSOC) to provide information security services to state agencies, including security event alerting and reporting, event correlation, and non-intrusive vulnerability scans.

2007 The 80th Legislature repealed the requirement for a Program Management Office.

The 80th Legislature transferred authority for an Enterprise Resource Planning system from DIR to the Comptroller of Public Accounts.

In March, the 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 and one in San Angelo.

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

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 to DIR. The deployment reviews provide a report on the operational aspects of each agency's information resources deployment in support of the agency's mission, goals, and objectives.

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 communications platform for Tex-AN in partnership with its service providers. The shared infrastructure supports network services across state government, such as implementation of the 2-1-1 network. These services include call center support, Voice over Internet Protocol, Interactive Voice Response, Automatic Call Distribution, Outbound Call Dialer, and other data and video offerings.

For the data center services effort, representatives from DIR and the other 26 agencies participating in the statewide Data Center Services program developed the RFOs, 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 800 online services available, achieved financial "breakeven," for designated projects. That is, the vendor recouped its initial capital investment in the portal. At that point, all assets were transferred to State of Texas ownership, 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.

2005 The 79th Legislature enacted HB 1516 and HB 3112, implementing most of the technology recommendations in DIR's 2004 Biennial Performance Report, and ensuring a statewide enterprise approach to information resource management and IT security:

- HB 1516 required state agencies to use DIR's contracts to purchase IT 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 IT projects.
- HB 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 to seek and provide innovative uses of technology that 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 that the state's business needs drive the state's technology.

Customer purchases through ICT contracts exceeded $668 million, an increase of 27% over FY2004. This was significant because the pricing for the ICT products and services continued to decrease while terms and conditions became more favorable to DIR customers.

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 the 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 HB 1516 and HB 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 formed the state's first Chief Information Security Office.

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
- 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 DIR board of directors from six to seven.

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.

2000 The ICT Contracts program was restructured so that customers ordered products and services directly from the vendor instead of ordering products through DIR.

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. It also established the Electronic Government Task Force to implement the state's Internet business portal.

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 DIR board. 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.

1995 The 74th Legislature redefined the membership of the Quality Assurance Team, and clarified the legislative intent that agencies maximize utilization of the state data center.

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 and defined the quality assurance 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 on the state's use of technology was changed to a biennial report, and the content of the report moved from inventory-type information toward reporting on progress of the State Strategic Plan.

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.

1989 The Legislature enacted the Information Resources Management Act, creating the Department of Information Resources to replace the Automated Information and Telecommunications Council. The Act established, for the first time, a comprehensive information resources management cycle that included 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 statewide 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
- establish an information resources technology evaluation center for use by DIR and other state agencies

1987 The Legislature gave the Automated Information and Telecommunications Council more of a regulatory role through the passage of HB 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.

1985 The Automated Information System Advisory Council (AITC) was renamed the Automated Information and Telecommunications Council and its mandate was broadened. In addition to its previous responsibilities, the council was tasked to prepare a long-range telecommunications plan. The 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.

1981 The Automated Information System Advisory Council was established to promote the economical and efficient use of automated information systems in state government. The council was authorized to create guidelines for long-range planning, common databases, networking, applications, shared software, security, and disaster recovery. The creation of the council removed oversight responsibility from the State Auditor's Office Systems Division, and the council became responsible for reviewing requests filed by state agencies with the State Purchasing and General Services Commission for the purchase, lease, or conversion of automated systems. The council's role was primarily advisory.

1979 The State Auditor's Office Systems Division was given an additional mandate to advise the State Purchasing and General Services Commission on procurements of data processing resources. The Systems Division was actively involved in oversight from 1967 to 1981.

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.

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	QUALIFICATION	CITY	EXPERIENCE
Charles Bacarisse, Chair *VP for Advancement, Houston Baptist University*	02/01/2007 to 02/01/2013	Presiding Officer, Voting Member	Houston	• Four-term Harris County Dist. Clerk • Assoc. Dir. of Pres. Reagan's Office of Media Relations • Asst. Dir. of Pres. H.W. Bush's Office of Public Liaison • Three-time award winner for innovation and leadership in county government • Oversaw one of nation's largest records digitization projects
Ramón F. Baez *VP of Information Technology Services and Chief Information Officer, Kimberly-Clark*	05/06/2009 to 02/01/2015	Voting Member	Irving	• Former CIO for Thermo Fisher Scientific, Inc. • Former CIO and VP of Information Technology, Honeywell International Automation and Control Solutions Group • Former CIO, Electronic Systems Sensors Sector, Northrop Grumman Corporation • Member of the Information Technology and Operations Management (ITOM) Advisory Board for the SMU-Cox School of Business
Rosemary R. Martinez *VP for Business Affairs, The University of Texas at Brownsville and Texas Southmost College*	02/01/2007 to 02/01/2013	Higher Education Representative, Voting Member	Brownsville	• Former Budget Director/Comptroller for UT-Brownsville and TSC • Former Business Manager, Tele-Communications, Inc. • Former Budget Officer, County Judge Antonio Garza Jr. • Former Asst. County Auditor • Certified Public Accountant
Wanda Chandler Rohm *Chandler Consultants, Retired Small Business Founder/Owner*	03/16/2011 to 02/01/2017	Voting Member	San Antonio	• Founded tenth-largest printing business in San Antonio • Advocate for small and women-owned businesses • Past appointee to Texas Task Force on Economic Development • Past member of Texas Council on Workforce and Economic Competitiveness, appointed by Gov. George W. Bush • Past member of the Small Business Advisory Council, appointed by Gov. George W. Bush • Former Chair, NFIB Action Council • Former Chair, North San Antonio

MEMBER NAME	TERM	QUALIFICATION	CITY	EXPERIENCE
				Chamber of Commerce • Past president of National Assoc. of Women Business Owners • Named "2004 Small Business Champion" by NFIB, Central Region • 2002 Women in Business Advocate of the Year • Inducted into San Antonio Women's Hall of Fame, 2001 • Former appointee to Judicial Compensation Commission • Member of UT-San Antonio Small Business Development Center Advisory Board
Richard S. Moore *Former VP for Business and Administration, The University of Texas Medical Branch at Galveston*	08/28/2009 to 02/01/2015	Voting Member	Goliad	• 16+-years as UTMB VP and University Business Officer • Former UTMB Information Resources Manager, Public Information Officer • Responsible Officer, Center for Disease Control, Select Agent Program • Prior management experience in information technology, HR, facilities development and management, purchasing and materials management and more
Phillip Keith Morrow *President, K. Morrow Associates*	02/01/2011 to 02/01/2017	Voting Member	Southlake	• Provides strategic technology advisory services • Former CIO for Blockbuster, Inc. • Senior VP and CIO at 7-Eleven, Inc. • Senior VP of e-Commerce at Associates First Capital Corporation • 15-year career with ADP, Dealer Services Division • Multiple technology leadership award recipient: Executive Technology Top 10 Retail CIOs, 2002; CIO magazine's Top 100; SIM International 2003 IT Executive of the Year; Infoworld Top 100 IT Visionaries of 2003; one of Computerworld's Premier 100 IT Leaders in 2004 • Inducted into the CIO Magazine CIO Hall of Fame, 2008
Robert E. Pickering, Jr. *Consultant, Houston*	05/06/2009 to 02/01/2015	Voting Member	Houston	• Consults with technology and digital marketing companies • Former CEO for LBi • Former technology company CEO • Former CIO for large Texas bank and Continental Airlines • Former Arthur Anderson (now Accenture) partner • Current member on boards for One to One Interactive and Starworks • Past member on boards for LBi,

MEMBER NAME	TERM	QUALIFICATION	CITY	EXPERIENCE
				Perficient (a U.S. technology company), and B&J Food Service Equipment, Co.
Bobby Halfmann *Deputy Executive Commissioner for Information Technology, Health and Human Services Commission*	02/01/2011 to 02/01/2013	*Ex officio* Member	Austin	• 39 years experience in state government • Former Chief of Staff, HHSC • Former Budget and Fiscal Policy Director for HHSS • Former CFO for DHS • Certified Public Accountant
Louis Carr, Jr. *Chief Information Officer, Texas Department of Transportation*	07/01/2011 to 02/01/2013	*Ex officio* Member	Austin	• Former CIO for the City of Arlington, overseeing 53-person staff with annual operating budget of $10M • Former Deputy CIO of Information Technologies for the City of Las Vegas • Contributing author on the book "The Chief Information Officer's Body of Knowledge" • Former member of the National Forum for Black Public Administrator's Technology subcommittee • Selected as one of the Eleventh Annual 50 Most Important African-Americans in Technology, 2011
Karen A. Phillips *Chief of Staff, Texas Department of Insurance*	08/15/2011 to 02/01/2013	*Ex officio* Member	Austin	• Former CFO at TDI • Former Dir. of Budget and Planning at Texas Water Commission • State government career includes positions at the Senate Education Committee and the Sunset Advisory Commission

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

The DIR governing board made up of seven voting members, appointed by the governor with the advice and consent of the Senate, and three non-voting, *ex officio* members. One of the voting members must be employed by an institution of higher education. The board selects and employs the agency's executive director, who is also the state's chief information officer. The board is responsible for policymaking and oversight and, as required by TGC § 2054.029, has adopted a delegation policy that delegates management responsibilities to the executive director.

The board approves the following:

- rules promulgated by the agency
- DIR state strategic plan and biennial performance report
- internal audit plan
- annual operating budget
- administrative fees and administrative fee models

- Legislative Appropriations Request
- budget amendments over a certain threshold
- advisory committees
- most gifts to the agency
- performance and compensation of the executive director

The board reviews performance of the executive management team, and may hear certain bid protests. Senate Bill 1 of the First Called Session of the 82nd Texas Legislature amended TGC Chapter 2054 to require the board to promulgate rules for the approval of agency contracts.

C. How is the chair selected?

The presiding officer of the board is appointed by the Governor.

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

The DIR board includes two rotating groups of three non-voting *ex officio* members. Each group of three *ex officio* members serves for a two-year term. The first group is composed of the Commissioner of Insurance, the executive director of the Health and Human Services Commission, and the executive director of the Texas Department of Transportation, or their designees. The second group is composed of the Commissioner of Education, the executive director of the Texas Department of Criminal Justice, and the executive director of the Parks and Wildlife Department, or their designees. The participation of the *ex officio* members facilitates agency stakeholder input into DIR priorities.

Another unique feature of DIR board is that one board member must be from an institution of higher education.

The DIR conflict of interest provision applicable to its board and executive director is broader than that of many other agencies. Some provisions are ambiguous and some restrict board relationships with other agencies and entities that may contract with state government. The provisions of TGC § 2054.022, relating to conflict of interest, may make it difficult to find qualified individuals to serve on the board. (See Section IX. Policy Issues.)

In recent years, the DIR board established a series of subcommittees that are based on the various program areas. The subcommittees comprise board members who meet monthly and as needed in order to remain actively engaged with the assigned program areas.

E. In general, how often does your policymaking body meet? How many times did it meet in FY2010? In FY2011

The board is statutorily required to meet at least quarterly. The board met four times each fiscal year in 2010 and 2011.

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

The board members receive training on the agency's fundamental statutes, programs, the role and function of DIR, DIR rules, 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 Procedures Act, as statutorily mandated (TGC § 2054.021). 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.

In response to Sunset Commission recommendations, DIR will include contract management training for all board members.

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.

The board has adopted a delegation policy. The board retains policymaking oversight as well as responsibilities that 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 day-to-day management of the agency to the DIR executive director.

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 members update the board on IT Security, eGovernment, Communications Technology Services, Technology Planning and Policy, ICT Contracts, Data Center Services, Finance, and Internal Audit. There is additional written material provided to the board in its board briefing materials. The board quarterly receives written documentation on DIR performance on key measures identified by the board as critical to the successful performance of the agency. During legislative sessions, the board is updated at meetings on legislative matters affecting DIR.

The board established the following subcommittees:

- Texas.gov
- Communications Technology
- Data Center
- Audit and Finance
- Rules

The subcommittees meet on a regular basis, and as needed, to receive information from DIR staff.

The executive director also provides frequent, sometimes weekly, updates to all board members regarding ongoing activities.

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 primarily relates to state agencies with some impact on information technology vendors and other DIR customers through the many 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 for incorporation into the state strategic plan.

The board has directed staff to involve affected agencies and other stakeholders in the development of rules that impact those agencies, creating an effective, collaborative rule development process. For example, DIR staff worked with information security officers of other state agencies and institutions of higher education on significant amendments to the IT 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, as required by TGC § 2054.121. Documentation of the impact of the rules on higher education must be submitted to the council. All rules are presented to the board for adoption only after 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.

The DIR board uses the following subcommittees or advisory committees to carry out its duties.

Department of Information Resources
Exhibit 4A: DIR Board Subcommittees and Advisory Committees

COMMITTEE NAME	SIZE/COMPOSITION/APPOINTMENT	PURPOSE/DUTIES	LEGAL BASIS
DIR Board Audit and Finance Subcommittee	Two board members, appointed by the board chair	Internal auditor reports to this subcommittee. DIR finance staff work most directly with this subcommittee on budget/finance issues.	Discretionary

COMMITTEE NAME	SIZE/COMPOSITION/APPOINTMENT	PURPOSE/DUTIES	LEGAL BASIS
DIR Board Data Center Services Subcommittee	Four board members, appointed by the board chair	Receive frequent updates on data center consolidation	Discretionary
DIR Board Texas.gov Subcommittee	Three board members, appointed by the board chair	Receive monthly updates on the state electronic web portal	Discretionary
DIR Board Communications Technology Services Subcommittee	Two board members, appointed by the board chair	Receive frequent updates on telecommunications services	Discretionary
DIR Board Rules Subcommittee	Two board members, appointed by the board chair	Provide occasional guidance or receive updates on rules	Discretionary

As authorized by TGC § 2054.033, DIR also utilizes advisory committees to carry out its duties.

Department of Information Resources
Exhibit 4B: Agency Subcommittees and Advisory Committees

COMMITTEE NAME	SIZE/COMPOSITION/APPOINTMENT	PURPOSE/DUTIES	LEGAL BASIS
Customer Advisory Committee	Nine to twelve members appointed by the executive director. The membership will include customers who receive services from each of the department's key programs and will include at least: (A) three executive level representatives from Texas state agencies, other than a university system or institution of higher education; (B) one representative from a state university system or institution of higher education; (C) one representative from a local government organization in the state; (D) one representative from a State Agency Coordinating Committee member agency; (E) one representative from a Mid-size Agency Coordinating Council member agency; (F) one representative from an agency with fewer than 100 employees	Review and advise on the business needs and strategies with regard to services and programs that DIR offers. Report to and advise the department on the department's delivery of critical statewide services.	TGC § 2054.033

COMMITTEE NAME	SIZE/COMPOSITION/APPOINTMENT	PURPOSE/DUTIES	LEGAL BASIS
State Strategic Plan for Information Resources Management Advisory Committee (SSPAC)	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	• TGC § 2054.033 • TGC § 2054.091 • 1 TAC 201.5
Statewide Information Security Advisory Committee (SISAC)	Twelve to 24 members appointed by the executive director. Must include representatives from the following: three from state agencies, one from a university system or institution of higher education, one state resident not employed by the state or IT/telecommunications field, one from IT related local government, one from IT industry that does not sell to the state and one that does sell to the state, one from IT experienced with a federal agency, one from SB988 cybersecurity council, and one from DIR.	Review and advise on the strategic implementation of information security practices in government	TGC § 2054.033

V. Funding

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

DIR 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 also responsible for efficient and effective IT contracting for hardware, software and services, which serves the referenced governmental entities as well as assistance organizations and other states and their agencies.

DIR is authorized to recover operational costs through administrative fees for

- Network Security
- Communications Technology Services (Tex-AN and CCTS)
- ICT Contracts
- Data Center Services

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

Net Revenue (Loss) generated from four of six DIR program areas impacts fund balances of the respective funds below.

- Clearing Fund – receives funding from IAC and appropriated receipts from ICT Contracts
- Telecommunications Revolving Fund – receives funding from 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 program area are unique and have individual requirements governing cost-recovery criteria, allowable expenditures, cost recovery for administrative overhead, and flexibility for the use of the fund balances.

The eGovernment division is funded with appropriated general revenue.

In addition, certain costs that are not directly associated with providing the services of a particular program are allocated across all of the program areas. These indirect costs include those associated with DIR administrative activities such as internal audit, finance, human resources, and internal IT. Indirect costs also include 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 policy and planning, and statewide information security.

The DIR Board's Audit and Finance subcommittee plays an important role in guiding agency finance decisions. A recent board recommendation requires a subcommittee fee-setting workshop prior to the final approval of the FY2013 Operating Budget. Staff will present fee

setting methodologies and proposed cost-recovery (administrative) fees for the board's consideration in May 2012, prior to approval of the FY2013 Operating Budget in August 2012.

Modifications made to DIR's appropriations for the 2012/13 biennium impose caps on DIR's expenditure authority, require DIR to obtain LBB approval to expend funds in excess of specifically appropriated amounts, and require DIR to report program specific financial information to the LBB and Governor's office. In addition, HB 4, of the 82nd Legislature transferred into general revenue a total of $4.3 million out of the Clearing Fund Account and the Telecommunications Revolving Account.

Senate Bill 1, 82nd Legislature, 1st Called Session, provides the Legislature with the authority to appropriate DIR funds out of the Clearing Fund Account, Telecommunications Revolving Account, and Statewide Technology Account to be used to fund the costs of DIR's non-revenue generating programs. The bill also allows for appropriations from the Clearing Fund Account and the Telecommunications Revolving Account for activities included in TGC Chapter 2054 (Information Resources Management Act).

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

Source: 82nd Legislature, HB1, Article I – DIR Riders, 2012/13

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	2012	2013
A. Goal: Promote Efficient IR Policies/Systems A.1.2. Strategy: Rule and Guideline Development Efficiencies: Average Cost Per Rule, Guideline, and Standard Reviewed and Produced	332.91	332.91
B. Goal: Manage Cost-Eff Svc Del of IT Outcome (Results/Impact): Percent of Monthly Minimum Service Level Targets Achieved for Data Center Services	92%	92%
Percentage of Customers Satisfied with Data Center Services Contract Management	95%	95%

PERFORMANCE MEASURE TARGETS	2012	2013
B.1.1. Strategy: Contract Admin of IT Commodities & Services Output (Volume): Total Contract Savings & Cost Avoidance Provided through DIR Contracts	$225,000,000	$225,000,000
C. Goal: Telecommunications Outcome (Results/Impact): Percent of Customers Satisfied with CCTS Percent of Customers Satisfied with TEX-AN	 99% 96%	 99% 96%
C.2.1. Strategy: Network Services Efficiencies: Average Price Per Intrastate Minute on TEX-AN Average Price Per Toll-free Minute on TEX-AN	 $0.04 $0.04	 $0.04 $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 2012–2013 biennium."

Department of Information Resources
Exhibit 6A: Capital Budget – Acquisition of IR Technologies

ACQUISITION OF INFORMATION RESOURCE TECHNOLOGIES	2012	2013
(1) Daily Operations	$50,000	$50,000
(2) Data Center Consolidation	1,425,000	1,449,994
Total, Acquisition of Information Resources Technologies	1,475,000	1,449,994
Total, Capital Budget	$ 1,475,000	$ 1,449,994

Department of Information Resources
Exhibit 6B: Capital Budget – Method of Financing (Capital Budget)

METHOD OF FINANCING (CAPITAL BUDGET)	2012	2013
DIR Clearing Fund Account – AR	$258,125	$262,500
Telecommunications Revolving Account – AR	76,332	77,626
DIR Clearing Fund Account – IAC	110,625	112,500
Telecommunications Revolving Account – IAC	683,293	694,874
Statewide Technology Account – IAC	346,625	352,494
Subtotal, Other Funds	$1,475,000	$1,499,994
Total, Method of Financing	$ 1,475,000	$1,499,994

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, and 2157, 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 in Strategies B.1.1, Contract Administration of IT Commodities and Services; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support services are unexpended and unobligated balances as of August 31, 2011 (not to exceed $3,726,524), and revenues accruing during the 2012/13 biennium not to exceed $4,978,724 in fiscal year 2012

and $8,151,384 in fiscal year 2013 in revenue collected on or after September 1, 2011, appropriated from the sale of information technology commodity items out of Interagency Contracts and Appropriated Receipts to the Department of Information Resources Clearing Fund Account.

Any unexpended and unobligated balances as of August 31, 2012, out of appropriations made herein are hereby appropriated for the same purposes to the Department of Information Resources for the fiscal year beginning September 1, 2012.

Without the written approval of the Legislative Budget Board, the Department of Information Resources may not expend funds appropriated to the Department that exceed the total in Appropriated Receipts and Interagency Contracts identified above for each fiscal year of the 2012/13 biennium.

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 ICT 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, 2013."

6. Texas.gov Project

"Included in the amounts appropriated above in Strategies B.2.2, TexasOnline; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support Services are amounts not to exceed $677,739 for fiscal year 2012 and $677,739 for fiscal year 2013 out of General Revenue generated by the Texas.gov Project for the 2012/13 biennium for the continued operation, expansion, and administration of the Texas.gov Project.

Any unexpended balances as of August 31, 2012, out of the appropriations made herein are hereby appropriated to the Department of Information Resources for the fiscal year beginning September 1, 2012.

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

7. Telecommunications Capital Budget Purchases

"Notwithstanding Article IX, § 14.03, Limitations on Expenditures - Capital Budget, of this Act, the Department of Information Resources is hereby authorized to expend funds out of the Telecommunications Revolving Account to acquire equipment, software, and maintenance that may be necessary to facilitate cost savings or technical advancements associated with the Capitol Complex Telephone System (CCTS) or Tex-AN Statewide Telecommunications System. The Department of Information Resources shall notify the Legislative Budget Board and the Governor prior to such acquisition."

8. Telecommunications Revolving Account

"Included in amounts appropriated above in Strategies 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 unexpended and unobligated balances as of August 31, 2011, (not to exceed $667,595) and revenues accruing during the 2012/13 biennium not to exceed $91,859,841 in fiscal year 2012 and $91,092,659 in fiscal year 2013 in revenue collected on or after September 1, 2011 appropriated from telecommunications services as provided by Government Code, Chapter 2170 out of Appropriated Receipts and Interagency Contracts to the Telecommunications Revolving Account. The Telecommunications Revolving Account may maintain a two month operating reserve and may be utilized as provided by Government Code, Chapter 2170.

Any unexpended and unobligated balances remaining as of August 31, 2012 in the appropriation made herein are hereby appropriated for the fiscal year beginning September 1, 2012 for the same purposes.

Without the written approval of the Legislative Budget Board, the Department of Information Resources may not expend funds appropriated to the Department that exceed the total in Appropriated Receipts and Interagency Contracts identified above for each fiscal year of the 2012/13 biennium."

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 in Strategies B.2.1, Data Center Services; D.1.1, Central Administration; D.1.2, Information Resources; and D.1.3, Other Support Services, are unexpended and unobligated balances as of August 31, 2011 (estimated to be $0), and revenues accruing during the 2012/13 biennium not to exceed $188,335,464 in fiscal year 2012 and $172,424,604 in fiscal year 2013 in revenue collected on or after September 1, 2011 appropriated from the operation and management of Statewide Technology Centers as provided by Government Code, Chapter 2054, Subchapter L out of Interagency Contracts and Appropriated Receipts to the Statewide Technology Account.

Without the written approval of the Legislative Budget Board, the Department of Information Resources may not expend funds appropriated to the Department that exceed the total in Appropriated Receipts and Interagency Contracts indentified above for each fiscal year of the 2012/13 biennium.

In addition, amounts remaining in the account as of August 31, 2012 are hereby appropriated for the same purpose for the fiscal year beginning September 1, 2012.

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. Contingency Appropriation for Clearing Fund Account: Information Technology Commodity Administration Fee

"Contingent upon passage of legislation to allow the administrative fee established by Texas Government Code Chapter 2157 to be used for promoting statewide information resources policies and planning as provided for in Government Code Chapters 2054 and 2055, in addition to the amounts appropriated above, there is appropriated to DIR revenues derived from the fees assessed and deposited to the DIR Clearing Fund Account for 2012/13 biennium, an amount not to exceed $389,073 in fiscal year 2012 and $366,532 in fiscal year 2013 out of Interagency Contracts and Appropriated Receipts. These funds shall be used to operate programs in strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline

Development; A.1.3, Statewide Security; and B.2.3, Shared Services and/or Technology Centers.

These appropriations are contingent upon the Department of Information Resources assessing fees sufficient to generate, during the 2012/13 biennium, revenue to cover, at a minimum, the programs in Strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; and B.2.3, Shared Services and/or Technology Centers, as well as "Other Direct and Indirect Costs" for the programs, appropriated elsewhere in this Act, estimated to be $68,567 each fiscal year of the 2012/13 biennium. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct the Comptroller of Public Accounts to reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

In addition, contingent upon the passage of legislation allowing the administrative fee to be used for promoting statewide information resources policies and planning, DIR's Number of Full-Time Equivalents (FTEs) is hereby increased by 2.9 each fiscal year of the 2012/13 biennium, and the following performance measure targets are adjusted by the following incremental amounts:

- Average Cost Per Rule, Guideline, and Standard Reviewed and Produced
  - FY2012: $110.97
  - FY2013: $110.97"

11. Contingency Appropriation for Telecommunications Revolving Account: Telecommunications Services Charge

"Contingent upon passage of legislation to allow the charges for telecommunications services established by Texas Government Code Chapter 2170 to be used for promoting statewide information resources policies and planning as provided for in Government Code Chapters 2054 and 2055, and providing network security services as provided in Government Code Chapter 2059, in addition to the amounts appropriated above, there is hereby appropriated to DIR revenues derived from the charges assessed and deposited to the Telecommunications Revolving Account for 2012/13 biennium, an amount not to exceed $1,776,982 in fiscal year 2012 and $1,728,828 in fiscal year 2013 out of Interagency Contracts and Appropriated Receipts. These funds shall be used to operate programs in strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; B.2.3, Shared Services and/or Technology Centers; and C.2.2, Network & Telecom Security.

These appropriations are contingent upon the Department of Information Resources assessing fees sufficient to generate, during the 2012/13 biennium, revenue to cover, at a minimum, the programs in Strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; B.2.3, Shared Services and/or Technology Centers; and C.2.2, Network & Telecom Security, as well as "Other Direct and Indirect Costs" for the

programs, appropriated elsewhere in this Act estimated to be $273,222 each fiscal year of the 2012/13 biennium. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct the Comptroller of Public Accounts to reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

In addition, contingent upon the passage of legislation allowing the charges for telecommunications services to be used for promoting statewide information resources policies and planning, and providing network security services, DIR's Number of Full-Time Equivalents (FTEs) is hereby increased by 11.8 each fiscal year of the 2012/13 biennium, and the following performance measure targets are adjusted by the following incremental amounts:

- Average Cost Per Rule, Guideline, and Standard Reviewed and Produced
  - FY2012: $110.97
  - FY2013: $110.97"

12. Contingency Appropriation for Statewide Technology Account: Statewide Technology Administrative Fee

"Contingent upon passage of legislation to allow the administrative fee established by Texas Government Code Chapter 2054 to be used for promoting statewide information resources policies and planning as provided for in Government Code Chapters 2054 and 2055, in addition to the amounts appropriated above, there is appropriated to DIR revenues derived from the fees assessed and deposited to the Statewide Technology Account for 2012/13 biennium, an amount not to exceed $365,729 in fiscal year 2012 and $344,541 in fiscal year 2013 out of Interagency Contracts and Appropriated Receipts. These funds shall be used to operate programs in strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; and B.2.3, Shared Services and/or Technology Centers.

These appropriations are contingent upon the Department of Information Resources assessing fees sufficient to generate, during the 2012/13 biennium, revenue to cover, at a minimum, the programs in Strategies A.1.1, Statewide Planning; A.1.2, Rule and Guideline Development; A.1.3, Statewide Security; and B.2.3, Shared Services and/or Technology Centers, as well as "Other Direct and Indirect Costs" for the programs, appropriated elsewhere in this Act estimated to be $64,454 each fiscal year of the 2012/13 biennium. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct the Comptroller of Public Accounts to reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

In addition, contingent upon the passage of legislation allowing the administrative fee for promoting statewide information resources policies and planning, DIR's Number of Full-Time Equivalents (FTEs) is hereby increased by 2.6 each fiscal year of the 2012/13 biennium,

and the following performance measure targets are adjusted by the following incremental amounts:

- Average Cost Per Rule, Guideline, and Standard Reviewed and Produced
  - FY2012: $110.97
  - FY2013: $110.97"

13. 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."

14. Sunset Contingency

"Funds appropriated above for FY2013 for the Department of Information Resources are made contingent on the continuation of the Department of Information Resources by the Eighty-second Legislature. In the event that the agency is not continued, the funds appropriated for FY2012 or as much thereof as may be necessary are to be used to provide for the phase out of agency operations."

15. Reporting Requirements for Cost Recovery Activities

"In the event that HB 2499 or SB 664 or similar legislation relating to the reporting of administrative fees set by the Department of Information Resources is not enacted by the Eighty-second Legislature, Regular Session, 2011, out of funds appropriated above, the Department of Information Resources shall submit a report detailing all revenues and expenditures out of the DIR Clearing Fund, Telecommunications Revolving, and the Statewide Technology accounts, respectively; estimated unexpended and unobligated balances remaining at the end of each fiscal year out of these accounts; and any expenditures that would exceed the amounts appropriated in DIR's bill pattern out of these accounts. The report shall include the fees charged to state agencies and other users of DIR's cooperative contracts, telecommunications, and data center services, and the methodology DIR used to evaluate and set the respective fees.

The report shall be submitted to the Governor and the Legislative Budget Board no later than November 1 each fiscal year."

Source: 82nd Legislature, HB 1, Article IX – General Provisions, 2012–2013

"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.

(j) Any unexpended balances of federal funds existing at the beginning of this biennium or at the end of a fiscal year of this biennium are appropriated for use during this biennium for the original purposes of the appropriation."

"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, 2011, 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, 2011."

"Sec. 9.01. Purchases of Information Resources Technologies

(a) In this section: (1) "Information resources," "Information resources technologies," and "Major information technology project" have the meanings 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 request appropriations for information technology unless the information technology is in a plan approved by the Legislative Budget Board.

(c) Prior to amending a contract for development of a major information technology project, when the amendment constitutes a 10 percent or greater change, the agency shall notify the Governor, Lieutenant Governor, Speaker of the House, Senate Finance Committee, House Appropriations Committee, and the QAT. For contracts having a total value in excess of $1.0 million an amendment to the contract that changes the total value of the contract or any element of the contract by more than 10 percent of the total value of the contract is not valid without QAT approval."

"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' *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 2012/13 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, 2011, are reappropriated for the same purposes for the fiscal biennium beginning September 1, 2011."

"Sec. 17.01. Reductions Related to Data Center Services

Amounts appropriated elsewhere in this Act in affected state agency bill patterns for the 2012/13 biennium for the purpose of making payments for data center services provided by the Department of Information Resources are hereby reduced $42,940,300. See 82nd Legislature, Conference Committee Report (3rd Printing), HB No. 1, General Appropriations Bill, Article 9, Section 17.01, pages IX-67–69."

"Sec. 18.14. Department of Information Resources: Enterprise Resource Planning

(a) In addition to amounts appropriated elsewhere in this Act, the Department of Information Resources (DIR) is appropriated $6,737,961 in FY2012 and $6,597,952 in FY2013 from the General Revenue Fund to support an interagency contract with the Comptroller of Public Accounts (CPA) to manage the implementation and maintenance of an Enterprise Resource Planning (ERP) project with DIR.

(b) In accordance with the CPA's duties pursuant to Government Code § 2101.036 to adopt standards for implementation and modification of state agency ERP systems, the CPA shall provide oversight for the project in order to implement a financial system that will be available for all state agencies. Funds appropriated under subsection (a) may be used as needed for other agencies implementing the financial system.

(c) Any unexpended balances remaining as of August 31, 2012, are hereby appropriated for the fiscal year beginning September 1, 2012, for the same purpose."

"Sec. 18.15. Payments to the Department of Information Resources

Before December 1 of each fiscal year, the Department of Information Resources shall prepare a report which reflects the amount of unexpended and unobligated balances carried forward in the DIR Clearing Fund, Telecommunications Revolving, and Statewide Technology accounts, respectively from the previous fiscal year and submit the report to the Governor, Legislative Budget Board, and the Comptroller.

For purposes of this provision, "agency" includes a state agency, institution of higher education, or local governmental entity that uses DIR information technology commodity contracts, telecommunications or data center services, or is appropriated funds in this Act.

(a) For purposes of this subsection and Rider 3, DIR Clearing Fund in DIR's bill pattern in Article I of this Act, "total revenue" means the total amount of administrative fees collected from users of DIR's information technology commodity contracts authorized by Government Code, Chapter 2157. In the event that unexpended and unobligated balances in the DIR Clearing Fund at the end of any fiscal year exceed 10 percent of total revenue as defined in this section, the portion of the excess over 10 percent from all funding sources shall be returned to agencies, no later than May 1 of each fiscal year. The excess returned to the agencies by DIR is appropriated to the agencies for expenditures consistent with the original funding source.

(b) For purposes of this subsection and Rider 8, Telecommunications Revolving Account in DIR's bill pattern in Article I of this Act, "two month operating reserve" means the direct and indirect administrative costs for two months related to providing Telecommunications Services under Government Code Chapter 2170. In the event that unexpended balances in the Telecommunications Revolving Account at the end of any fiscal year exceed a two month operating reserve as defined in this section, the portion of the excess over the two month operating reserve funded from all funding sources shall be returned to agencies, no later than May 1 of each fiscal year. The excess returned to the agencies by DIR is appropriated to the agencies for expenditures consistent with the original funding source.

(c) For purposes of this subsection and Rider 9, Statewide Technology Account, "two month operating reserve" means the annual projected average direct and indirect administrative costs for two months related to providing Data Center Services under Government Code Chapter 2054, Subchapter L. In the event that unexpended balances in the Statewide Technology Account at the end of any fiscal year exceed a two month operating reserve as defined in this section, the portion of the excess over the two month operating reserve funded from all funding sources shall be returned to agencies, no later than May 1 of each fiscal year. The excess returned to the agencies by DIR is appropriated to the agencies for expenditures consistent with the original funding source.

(d) The Comptroller may prescribe accounting procedures and regulations to implement this section.

(e) The reimbursement requirements established by this section may be waived or delayed, either in whole or in part, by the Legislative Budget Board.

(f) DIR shall coordinate with the Legislative Budget Board on development of a methodology to implement this provision.

(g) DIR shall require participating agencies to provide to DIR, and those agencies shall submit to DIR, information regarding the specific funding sources from which agencies pay administrative costs charged for the use of DIR's information technology commodity cooperative contracts, telecommunications, and/or data center services respectively and as applicable."

C. Show your agency's expenditures by strategy.

Department of Information Resources
Exhibit 7: Expenditures by Strategy – FY2010 (Actual)

GOAL / OBJECTIVE / STRATEGY		AMOUNT
A.1.1.	Statewide Planning	$ 369,493
A.1.2.	Rules and Guideline Development	300,435
A.1.3.	Statewide Security	364,468
	Goal A, Subtotal	1,034,396

GOAL / OBJECTIVE / STRATEGY		AMOUNT
B.1.1.	Contract Administration of IT Commodities and Services	6,277,702
B.2.1.	Data Center Services	188,486,072
B.2.2.	Texas Online	475,938
B.2.3.	Shared Services and/or Technology Centers	203,327
	Goal B, Subtotal	195,443,039
C.1.1.	Capitol Complex Telephone System - CCTS	6,027,746
C.2.1.	TEX-AN and Provide Enhanced TEX-AN Network Services	75,938,841
C.2.2.	Network and Security Services	2,250,437
	Goal C, Subtotal	84,217,024
D.1.1.	Central Administration	2,846,623
D.1.2.	Information Resources	4,714,342
D.1.3.	Other Support Services	808,335
	Goal D, Subtotal	8,369,300
	Grand Total	$ 289,063,759

D. Show your agency's objects of expense for each category of expense listed for your agency in the General Appropriations Act FY2010.

Department of Information Resources
Exhibit 8: Objects of Expense by DIR Program Area – FY2010

OBJECT OF EXPENSE	CTS – CCTS	COOPERATIVE CONTRACTS	DATA CENTER SERVICES	CTS – TEX-AN / IT SECURITY	EGOVT	GRAND TOTAL
1001 Salaries and Wages	$2,033,222	$4,324,226	$3,906,411	$5,235,883	$629,701	$16,129,443
1002 Other Personnel Costs	78,776	140,535	107,378	186,784	11,718	525,191
2001 Professional Fees and Services	648,120	3,738,895	185,842,411	7,199,282	13,624	197,442,332
2002 Fuels and Lubricants	4,213	0	0	0	0	4,213
2003 Consumable Supplies	7,600	8,957	3,957	24,014	929	45,457
2004 Utilities	711,826	42,570	34,729	1,513,342	263	2,302,730
2005 Travel	3,644	22,615	9,385	14,274	4210	54,128
2006 Rent – Building	209	11,575	222	16550	48	28,604
2007 Rent – Machine and Other	0	1,678	0	304	0	1,982
2009 Other Operating Expense	2,286,760	602,519	311,911	63,949,107	92,550	67,242,847

OBJECT OF EXPENSE	CTS – CCTS	COOPERATIVE CONTRACTS	DATA CENTER SERVICES	CTS – TEX-AN / IT SECURITY	EGOVT	GRAND TOTAL
5000 Capital Expenditures	1,867,542	0	0	3,419,290	0	5,286,832
Grand Total	$7,641,917	$8,893,570	$190,216,404	$81,558,830	$753,043	$289,063,759

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 – FY2010 (Actual)

SOURCE	AMOUNT
General Revenue Fund	$753,044
DIR Clearing Fund Account – AR	$9,123,560
DIR Clearing Fund Account – IAC	$3,910,097
Telecommunications Revolving – AR	$12,323,197
Telecommunications Revolving – IAC	$75,213,901
Statewide Technology Account – AR	$1,273,434
Statewide Technology Account – IAC	$185,675,784
Agency Total	$288,273,017

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

DIR did not receive any federal funding.

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

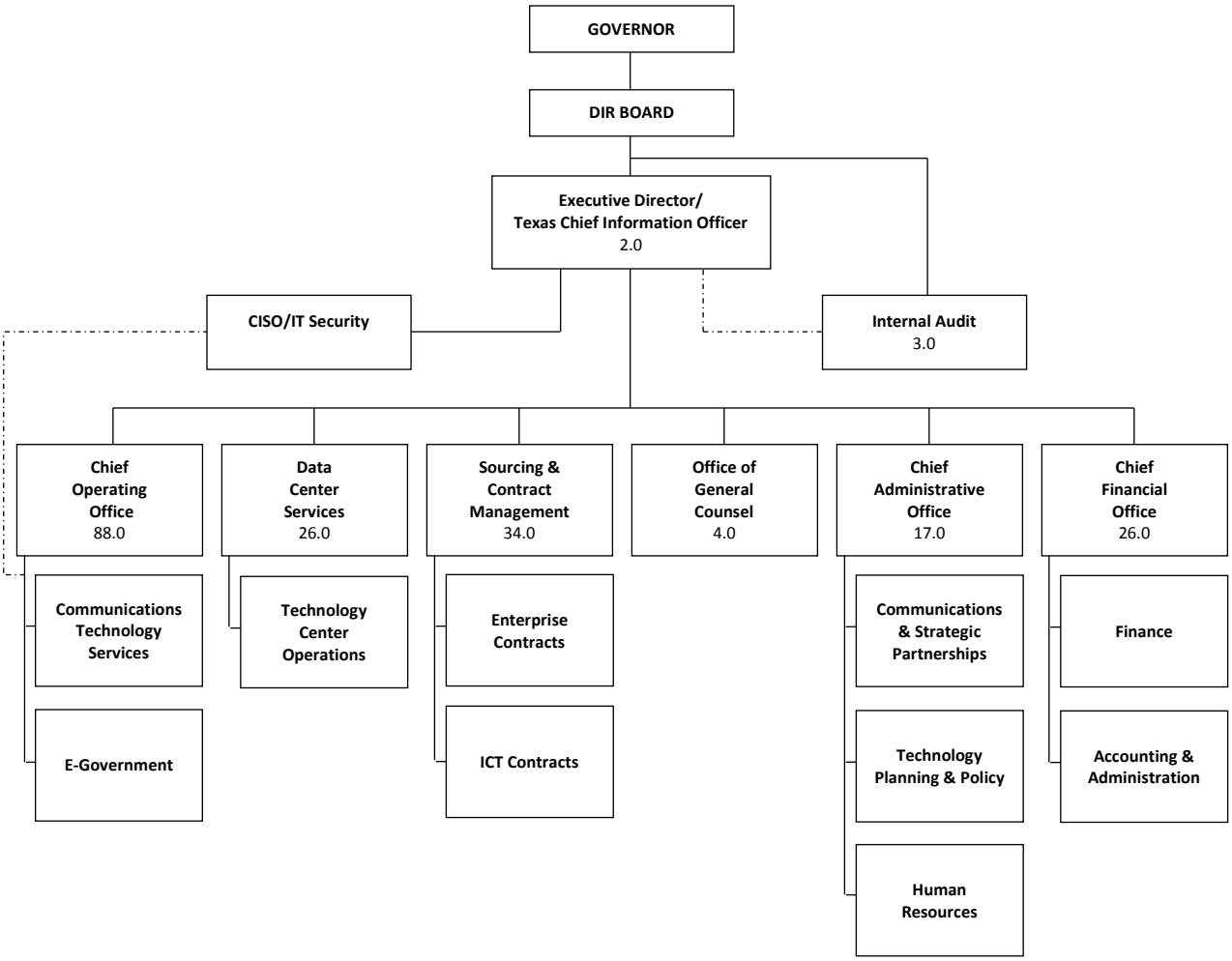
Department of Information Resources
Exhibit 10: Fee Revenue – FY2010 (Actual)

PROGRAM AREA FEE DESCRIPTION	CURRENT COST RECOVERY FEE/ STATUTORY MAXIMUM	#PERSONS/#ENTITIES PAYING FEE	FEE REVENUE	WHERE FEE REVENUE IS DEPOSITED
ICT Contracts	Average fee was .9% per contract. Maximum fee is 2%.	2,635	$13,033,657	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	$3,760,707	Telecommuni-cations Revolving Fund (Approp # 13013)

PROGRAM AREA FEE DESCRIPTION	CURRENT COST RECOVERY FEE/ STATUTORY MAXIMUM	#PERSONS/#ENTITIES PAYING FEE	FEE REVENUE	WHERE FEE REVENUE IS DEPOSITED
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	$15,848,997	Telecommuni-cations Revolving Fund (Approp # 13014)
Data Center Services	An administrative fee of 2.95% is charged to each of the 28 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.	28 state agencies receiving services	$4,349,190	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.



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

Department of Information Resources
Exhibit 11: FTEs by Location — FY2010

HEADQUARTERS, REGION, OR FIELD OFFICE	LOCATION	NUMBER OF BUDGETED FTES, FY2010	NUMBER OF ACTUAL FTES AS OF AUGUST 31, 2010
Headquarters	Austin	234.9	225.5

C. What are your agency's FTE caps for fiscal years 2010–2013?

- FY2010 234.9
- FY2011 234.9
- FY2012 227.1
- FY2013 227.9

D. How many temporary or contract employees did your agency have as of August 31, 2010?

5.74 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 12: List of Program FTEs and Expenditures – FY2010

PROGRAMS	BUDGETED FTEs	FTEs AS OF 8/31/2010	ACTUAL EXPENDITURES
ICT Contracts Program	41.70	38.7	$6,277,702
IT Security	11.50	9.1	2,614,906
Data Center Services	28.20	34.2	188,486,072
Communications Technology Services	82.00	76.6	81,966,588
Texas.gov	6.0	4.9	475,938
Technology Planning and Policy	8.3	7.0	669,928
Indirect Administration	57.20	55.0	8,572,625
Total	234.90	225.5	$289,063,759

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.

Section Contents

IT Security 61
eGovernment 71
Communications Technology Services 83
Technology Planning and Policy 95
ICT Contracts 107
Data Center Services 119

Information Technology (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	Carl Marsh
ACTUAL EXPENDITURES, FY2010	$ 2,614,906
NUMBER OF FTEs AS OF AUGUST 31, 2010	9.1

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

The information resources of Texas are under constant attack from malicious sources. The safety and security of state information resources are a fundamental management responsibility of all agencies.

It is DIR's responsibility and commitment to foster partnerships with each state agency to

- ensure that systems and applications operate effectively with appropriate confidentiality, integrity, and availability of citizen information
- protect information commensurate with the level of risk and magnitude of harm resulting from loss, misuse, unauthorized access, or modification
- assist agencies in identifying IT vulnerabilities and risk mitigation opportunities

To set direction and facilitate the coordination of efforts, DIR published the *State Enterprise Security Plan 2007–2012,* which addressed information security 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 statewide and agency levels, DIR offers an array of security services, such as

- basic and advanced technical security training that leads to certification for IT security professionals in state agencies, higher education, and other governmental entities
- tailored security assessment and testing services that identify vulnerabilities and risks in IT infrastructure and recommends mitigation and remediation
- 24/7/365 automated network security monitoring and alerting
- 24/7/365 network intrusion prevention and security incident analysis services
- development and publishing of security, policies, guidelines, and best practices to give guidance to state agencies, higher education, and other government entities.

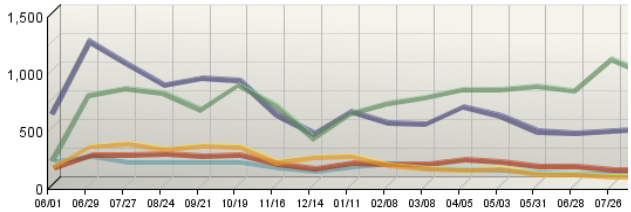
Additionally, DIR provides IT security oversight and leadership through the

- IT Security Workgroup (ISWG) a community of interest that fosters inter-agency collaboration and enables communication through a network of agency Information Security Officers (ISOs)
- Statewide Information Security Advisory Committee (SISAC)
- Texas Information Sharing and Analysis Center (TX-ISAC), which provides DIR the ability to utilize secure communication channels to share confidential information related to IT security

Due to DIR's unique information-sharing relationship with the federal government, other state governments, and the vendor community, DIR is able to distribute security incident and vulnerability information several days before the information is made public. This gives state agencies a distinct advantage in reinforcing their security posture and thwarting malicious activities.

DIR also publishes IT security incident reports that contain aggregated IT security data on its website.[1] These security incident reports provide DIR and state IT leadership with insight into the state's security environment and trends in security incidents. The insight gained from this information allows DIR and state agencies to focus resources and services to address potential threats identified by trend information.

Visits to the Top 5 Pages of the IT Security Website – June/July 2011



On its website DIR maintains a clearinghouse of security-related information on topics ranging from guidelines for best practices to federal regulations and laws. This clearinghouse of IT security knowledge keeps state agencies, institutions of higher education and citizens informed on critical security issues and trends.

DIR also publishes monthly IT Security newsletters, security tips, and vendor security bulletins.

In spite of all the programs and services provided, DIR realizes that the evolving threat landscape demands that we analyze, enhance, and augment the IT security services that are provided to the State of Texas. In conjunction with Tex-AN NG, DIR is employing new methodologies to address not only traditional security issues, but also to thwart future threats. Some of these new methodologies include

- **IT Enterprise Security and Risk Management**
  The Information Technology Enterprise Security and Risk Management program is designed

1 http://www2.dir.state.tx.us/security/incidentmanagement/Pages/MonthlyIncidentReports.aspx.

to support Texas state agencies and institutions of higher education in strengthening cybersecurity and improving the security posture for the State of Texas overall.

As part of the IT Enterprise Security and Risk Management program

- DIR provides IT security research licenses to each agency ISO. ISOs can use these research licenses to access premier security and risk management research resources for ongoing decision support. The licenses also provide access to webinars and workshops that cover a variety of current security topics.
- DIR will perform a series of agency security and risk management assessments to give agencies insight into specific plans and actions that will improve agency-level protection of sensitive and critical information and information technology resources.
- Details of DIR-conducted assessments will be kept agency confidential; however, DIR will utilize a high-level summary of all assessments to identify security risks and patterns that could be addressed statewide.
- Beginning in January 2012, DIR will issue a quarterly statewide enterprise security and risk management report to the Office of the Governor and the Legislature summarizing and advising state leadership on statewide improvement opportunities identified by the program, the SISAC and from aggregated agency-level assessments.

▪ **Next Generation Security Architecture**

DIR has designed and engineered a Next Generation Security Architecture (NGSA) for DIR's enterprise customer networks. NGSA migrates from the existing security monitoring platform to a distributed, cloud-based monitoring and threat-analysis platform. This state-of-the-art platform offers increased performance, scalability, and features not found in traditional, premise-based security platforms. DIR will work with state agencies to implement this platform in phases.

The additional scope of NGSA includes

- Phase 1 – Enhanced Protection of Internet Gateways – Launch date: FY2012
  - Integrated Security Analysis and Decoding Appliances
  - Enterprise Content Analysis Security Appliances
  - Enterprise Malware Detection System
- Phase 2 –Statewide Communications Network Core protection – Estimated implementation date: FY2013/14
  - Additional security solutions at strategic locations to protect the statewide communications network (i.e., the consolidated telecommunications system referred to in TGC Chapter 2170)

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.

- TAC Chapter 202 requires each state agency and institution of higher education to provide timely reporting of certain types of security incidents to DIR that, depending on the threat or level of risk to the state, could require emergency reporting. DIR publishes monthly security incident Reports on its website[2] detailing the reporting organizations, types of incidents, impact of incidents, incident profiles, and other factors. The aggregation of this data is valuable to state and agency leadership in evaluating threats and responses to threats.

- DIR implemented a combination of intrusion prevention systems and security information management systems that monitor and block an average of 400,000 malicious software events every hour on the state's Capitol Area Network.

- DIR conducted and reported 181 technical network vulnerability security assessments in FY2010, which included complex controlled penetration tests (CPTs), and web application vulnerability assessments. In this way, DIR is able to identify potential weaknesses in customer agency information security.

- DIR established a statewide analysis, monitoring, and reporting capability to address all cybersecurity incident-related matters on a 24/7 basis. DIR is currently monitoring state agencies and providing actionable alerts that can either be handled at the customer level or blocked via security platforms at the Internet gateway. Based on current filter-set and reputation-based blocking
  - DIR has prevented as many as 110 million incidents in a given month.
  - DIR prevents an average of 75 million incidents monthly.
  - By preventing these incidents, the state is avoiding significant remediation costs (industry standards estimate remediation time at 10 hours per computer).

- Integrated training, education, and certification across all jurisdictions and disciplines
  - Computer Security Incident Response Team (CSIRT) Incident Handling courses opened to all state agencies, higher education and other political subdivisions
  - Hosted the fourth series of Carnegie-Mellon CSIRT training completed July 2011
    - 28 additional state and local IT staff fully trained in CSIRT methodology

2 See Monthly Incident Reports at http://www2.dir.state.tx.us/security/incidentmanagement/Pages/MonthlyIncidentReports.aspx.

- Identified risks and vulnerabilities for critical infrastructure and key resources
  - CPT program is on track to meet or exceed previous year's goals
  - Quarterly vulnerability scanning service implemented to CPT customers in order to enumerate critical vulnerabilities throughout the year
    - 98% of CPT customers have agreed to quarterly vulnerability scanning services

- Increased awareness and information sharing about cybersecurity attacks, threats, and vulnerabilities.
  - TX-ISAC Secure Communication Portal utilization has been expanded to include not only ISOs but also Continuity Planners and local governments
    - Information Security Working Group – ISWG meets regularly and is open to all state ISOs and agency security contacts. ISWG discusses best practices, legislation, rules, policies, procedures, etc.
  - UTSA-CIAS (UT-San Antonio Center for Infrastructure Assurance and Security) – DIR is working with UTSA-CIAS to develop a common statewide security awareness program for delivery to state agency and local government audiences that addresses not only staff members, but also executive-level participation with table top cybersecurity exercises

- Promoted cybersecurity exercises and integrated cybersecurity elements into homeland security exercises
  - DIR, in partnership with UTSA-CIAS, facilitated a table top cybersecurity exercise that included both state agencies and local government.
  - Cybersecurity annex has been developed and delivered to Texas Division of Emergency Management for incorporation into the State Homeland Security Plan.
  - DIR has committed to participating in Cyberstorm IV (Fall 2012) and potentially participating in Federal Emergency Management Agency's National Level Exercise in 2012.

- Integrated cybersecurity into continuity of operations and continuity of government plans
  - Continuity of Operations Plan (COOP) planners now participate in the TX-ISAC Secure Communication Portal. DIR security experts participate in the monthly COOP Roundtable.

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.

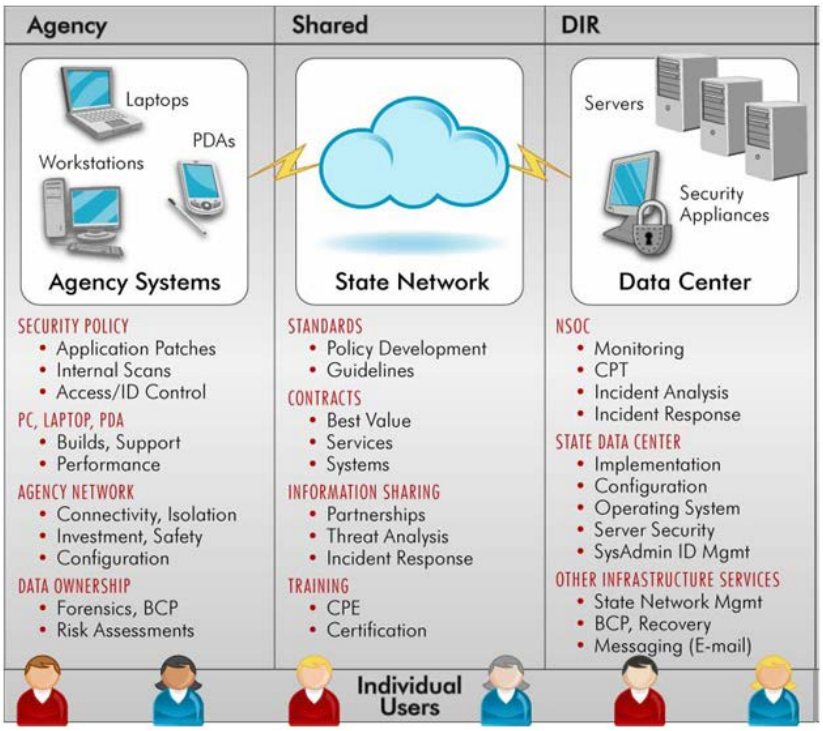
All historical changes to this function are included in the general agency history section.

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 TGC Chapter 2059, DIR provides sustainable IT security services for participating state agencies and may also provide these services to the Legislature, local governments, 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.

IT security is a shared responsibility of all state entities. TGC Chapter 2059 specifies that DIR is responsible for the external security of the state network and agencies are responsible for the internal security of their networks. The adjacent graphic shows agency, shared and DIR responsibilities.



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 13: Funding Sources by Program – IT Security — FY2010

PROGRAM AREA	DIR FUND REVENUE DEPOSITED	APPROPRIATED GENERAL REVENUE	APPROPRIATED RECEIPTS	INTERAGENCY CONTRACTS	FEDERAL FUNDS	TOTAL
Network and Telecom Security Tex-AN	Telecom Revolving Fund 15% Appropriated Receipts 85% Interagency Contracts	—	$337,566	$1,912,871	—	$2,250,437
Statewide Security	Indirect Funding	—	$81,094	$283,374	—	$364,468

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions.

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.

Every agency is required to designate an Information Security Officer to protect internal IT security. Agency ISOs coordinate with DIR on IT security mitigation, information sharing, policy and training.

There is no other entity other than DIR with the ability to monitor enterprise network security.

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 has developed a state strategic plan for information security that complements the state's homeland security plan that aligns with federal strategy. Approval and implementation of this plan achieves continued coordination with federal partners.

DIR has interagency contracts and interlocal contracts, with institutions of higher education and local governments for penetration testing on a cost recovery basis. (state agencies are not charged for penetration testing performed by 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.

In addition to the U.S. Department of Homeland Security's role described in IT Security, Section H, DIR collaborates with the U.S. Department of Justice, Federal Bureau of Investigation, the U.S. Department of the Treasury, the U.S. intelligence community, and other federal agencies on investigations and forensic analysis.

DIR services are available to local governments.

K. If contracted expenditures are made through this program, please provide:
- the amount of those expenditures in fiscal year 2010;
- 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 14: Contracted Expenditures – IT Security – FY2010

PROGRAM	FY2010 EXPENDITURES	NUMBER OF CONTRACTS	GENERAL PURPOSE
IT Security	$ 1,853,623	7	Contracted services were used for security monitoring, security training, and security operations support.

Contractor performance is ensured through DIR's contract management process. Deliverables and milestones must be accepted by DIR prior to remitting any payments to contractors.

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

While cybersecurity issues have long been a vital part of DIR's functions, increasingly complex, dangerous, and prevalent attacks worldwide require the agency to become even more proactive.

Depending on the outcomes of the following initiatives, additional statutory changes may be needed.

- SB 988 (Van de Putte and Larson) calls for DIR to establish the *Cybersecurity, Education, and Economic Development Council* to improve the infrastructure of the state's cybersecurity operations with existing resources and through partnerships between government, business, and institutions of higher education; and examine specific actions to accelerate the growth of cybersecurity as an industry in the state. With recommendations from the stakeholder community, DIR appointed Council membership on October 1, 2011, and the Council held its initial meeting on October 21, 2011. The council will report its recommendations to state leadership by December 1, 2012.

- HB 300 establishes privacy regulations for patient health information, including a requirement that the Texas Health Services Authority (THSA) develop and submit privacy and security standards for HHSC to review and approve by January 1, 2013.

  The bill also creates a Taskforce on Health Information Technology to be appointed by the Attorney General by December 1, 2012. The taskforce will develop recommendations to
  - improve informed consent protocols for the electronic exchange of protected health information
  - improve patient access to electronic health files for personal health
  - address any other critical issues related to the exchange of protected health information

  The taskforce is required to submit a report by January 1, 2014.

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 (Texas.gov)

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

NAME OF PROGRAM OR FUNCTION	eGovernment (Texas.gov)
LOCATION/DIVISION	eGovernment
CONTACT NAME	Todd Kimbriel
ACTUAL EXPENDITURES, FY2010	$ 475,938
NUMBER OF FTES AS OF AUGUST 31, 2010	4.9

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

Texas.gov is designed to solve common business problems through managed services. Services provided by DIR for this program include management, planning, policy, implementation of initiatives, technical guidance, tools of Texas.gov, and internal technical support for portal customers (TGC, Chapter 2054, Subchapters F and I).

Texas.gov is the official eGovernment portal for the State of Texas. The site, launched in 2000, has more than 1,000 online services serving a wide variety of users including citizens, state agencies, businesses, and local governments. From the Texas Emergency Portal to an automated vehicle inspection system, Texas.gov 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 and secure online collection of fees and payments for services.

Some of the most utilized services on Texas.gov include

- driver license renewals and driver records (for the Department of Public Safety)
- vehicle registrations and renewal (for the Texas Department of Transportation and the Department of Motor Vehicles)
- TxSmartBuy (for the Comptroller of Public Accounts)
- voter registration (for the Secretary of State)
- renewal of professional licenses, permits, and registrations (for the Texas Parks and Wildlife Department, the Texas Department of Licensing and Regulation, and other licensing entities)
- property and sales tax payment (for the Comptroller of Public Accounts)
- utility bill and citation payment (for local governments)
- vital records (for the Department of State Health Services)

Customer Feedback

"*This was absolutely the easiest renewal for a nonresident license that I've ever had to complete.*"

— Insurance Agent commenting on Texas Department of Insurance License Renewal

Texas.gov enables various government users to realize operational efficiencies and improve service delivery to their customers. Cross-government coordination through Texas.gov helps citizens find the services they need faster and easier, without requiring them to know which agency provides each element of the needed service. Participating agencies and governments gain efficiency without replicating the technology infrastructure that is shared through Texas.gov. Furthermore, as Texas.gov continues to become the primary means of distributing 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 Texas.gov's use of portal technology and architecture. Visitors to Texas.gov 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 to the agencies include financial savings, time savings, improved security in conducting business, and the ability for them to focus their human resources on their core missions—not information technology.

Texas.gov relies upon guidance from its board and input from other stakeholders. The program acted on board feedback that it received in FY2011 on a number of issues, including a multi-year planning method; waiving the state share on the OAG open record request bulk file program to allow it to be accomplished within budget for the OAG; and the new pilot cloud project, which was subsequently approved by the board in June 2011.

Recent Milestones

- Texas.gov, with more than 1000 online services available, achieved financial "breakeven" for designated projects – June 2011

Recent Awards

- Best of the Web, 5th place
- Center for Digital Government – Best Fit Integrator
- Center for Digital Government – Best of Texas
  - Best Application Serving the Public
  - Demonstrated Excellence in Project Management Leadership
  - Outstanding IT Service and Support
- ClearMark – Website/Dynamic Media, Public Sector
- Gold Screen – Website Excellence
- GovMark Council – Outstanding Government Marketing
- Interactive Media – Outstanding Achievement, Government
- Public Technology Institute – Web 2.0 and Social Media

Through the Texas.gov Customer Advisory Council (CAC), DIR facilitated a discussion to improve access to geospatial data by state emergency management officials. Geospatial data plays a critical role in emergency response, but these datasets are maintained by numerous agencies in various formats. In FY2011, DIR formed the CAC Workgroup on GIS, and at the request of the Texas Department of Public Safety, focused on gathering multi-agency GIS information into a single location available to emergency managers through Texas.gov. This collaboration will enhance the capabilities of emergency managers to rapidly and effectively respond to emergency events.

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 share of revenue was strengthened in 2005 when the program reached the

first financial breakeven point, thus increasing the percentage that goes into the state's coffers. One of DIR's goals is to maximize the contribution of Texas.gov revenue to the state's general revenue fund.

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.

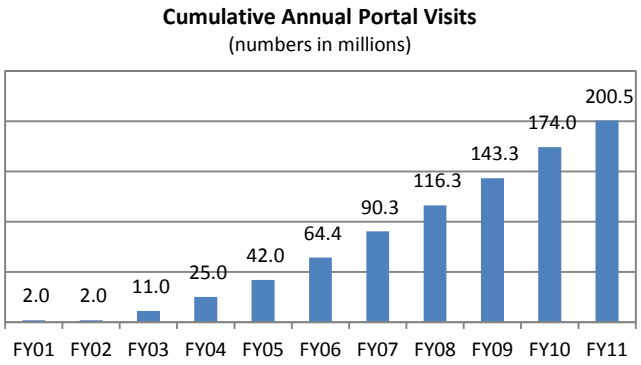
DIR provides strategic and operational oversight, contract management, product management and customer support for the Texas.gov program, which yields over $25 million a year in general revenue for the state. These activities are accomplished with less than $500,000 in general revenue appropriations and no more than five FTEs.

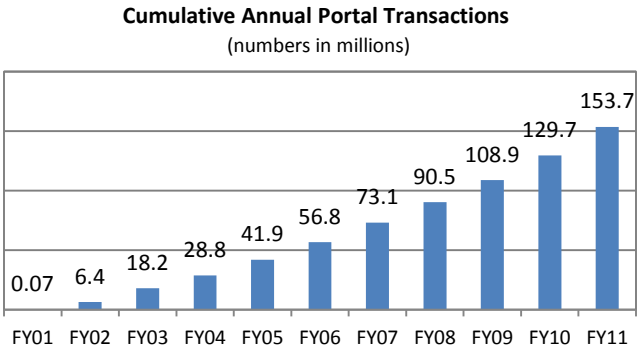
The Texas.gov division continually measures the effectiveness and efficiency of the program.

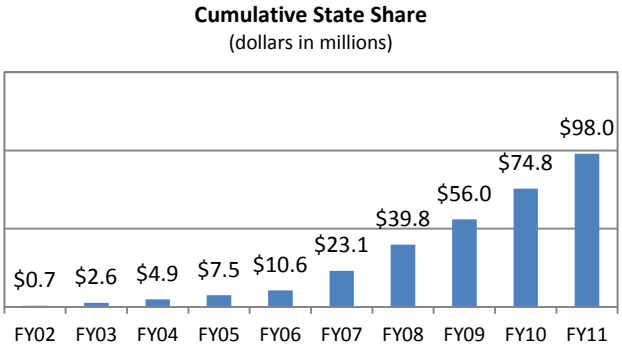
- **Portal Visits**
  When Texas.gov launched its first applications in August 2000, it received fewer than 25,000 visits monthly. Today, Texas.gov receives almost 3 million visits monthly. Approximately two-thirds of these visits result in a transaction through one or more of the services offered.

- **Applications and Services**
  Texas.gov has over 1,000 applications and services. New applications allow agencies to offer more efficient services to citizens and businesses. By using online delivery methods instead of paper and face-to-face transactions, the state can achieve volume discounts and offer faster response times to end users.

- **Transactions**
  Approximately 2 million transactions are processed







monthly, bringing the total number of transactions since launch to more than 153 million.

- **Revenues**
  Increased use and enhanced services have resulted in phenomenal growth in portal-generated revenues. More than $21 billion in transaction revenue has been securely processed through the portal, and $95 million contributed directly to the state's general revenue. DIR works very closely with the Comptroller's Treasury division, which oversees and manages the flow of funds. The only revenue DIR receives is general revenue for managing the program.

- **Adoption Rate**
  Adoption rates are critical measures of how well the public has embraced Texas.gov as the preferred means of finding information and accessing government services. Rapid increases in Texas.gov adoption rates have been an ongoing measure of the success of this state portal. For many of the older services, these adoption rates are now approaching saturation levels of 100% use. For example,
  - online license renewals for Occupational and Physical Therapists were 90% in FY2007 and have since grown to 94%
  - 174 of 254 Texas counties provide vehicle registration renewal through Texas.gov
  - 50 Texas counties and seven appellate courts use the eFiling service, bringing coverage to approximately 80% of the state's population

- **Governance**
  The most recent contract for Texas.gov, executed in FY2010, established a robust and effective governance model that is more partnership-focused—integrating customers, users, partners, third parties, and vendors. This new structure provides an additional level of transparency to Texas.gov operations. It provides
  - flexible, timely, and effective approval processes
  - increased visibility into plans, decisions, operations, and finances through transparent metrics
  - true partnering relationships among DIR, the vendor, and other stakeholders

  Seven contract-required governance boards and councils provide (1) leadership and guidance and (2) technical oversight and control. The following three boards make up the leadership and guidance aspect of governance and include customer representation:
  - *Executive Steering Committee* (DIR and NICUSA) – provides executive management and strategic oversight
  - *Customer Advisory Council* (DIR, NICUSA, and representative customers) – recommends the development of priorities and communicates needs and issues. It includes 17 agencies, local government and higher education customer representation
  - *Occupational Licensing Steering Committee* (DIR and designated customers) – recommends development priorities and communications needs and issues regarding occupational licensing services

- **Success Stories**
  - The Texas Veterans Portal on Texas.gov was redesigned and launched in November 2010. The portal is a collaborative effort between multiple state agencies and commissions, including DIR, Texas Veterans Commission, Texas Workforce Commission, Texas Veterans Land Board (Texas General Land Office), 2-1-1 (Texas Health and Human Services Commission) and TexVET (Texas A&M Health Science Center), Office of the Governor, and Texas Army National Guard (Camp Mabry). The Veterans Portal provides a single gateway into services and benefits provided to Texas veterans and active military. Veterans, their families, survivors, and caregivers come to the Texas Veterans Portal to download eligibility and application forms, locate community resources, and get answers to questions frequently asked about veteran services and opportunities. These resources are available around the clock every day in English and Spanish and are accessible to people with disabilities.

  - The DPS Concealed Handgun Application was redesigned and launched in May 2010. The new system provides citizens with online access to apply for an original or to renew a Concealed Handgun License or Instructor Certificate. Significant improvements to this application provide an overall streamlined process to citizens, removing manual processes that were time consuming and error prone. Instead of manually gathering documents that require notarization, citizens can submit affidavits electronically, check the progress and status of an application, and make address changes. The new application also links citizens to a fingerprinting service for immediate appointment scheduling.

  - Texas.gov has worked with the Department of State Health Services to provide online ordering and digitized storage of birth, death, and marriage certificates. The project currently has 136 years of records in production and available for state use. To date, a total of 33 million records have been imaged. As a result of this project, overall processing time for a vital statistics record has been reduced from two weeks to twenty minutes.

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 was established in 2000 by the 76th Texas Legislature to provide local and state governments with an Internet-based infrastructure that enabled 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 the state's portal.

A competitive procurement completed in May 2000 resulted in a public-private partnership between DIR and a contractor, for a self-funding model to develop and maintain the state's portal. The first online service was launched in August 2000.

By 2005, the portal 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 renegotiated the master contract 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 first financial breakeven milestone. Two key results of these events were the transfer of certain assets to the state and the deposit of nearly $50 million into the state's general revenue fund.

In July 2009, as the result of a competitive procurement, a contract was awarded to a new vendor to operate the portal.

DIR worked with the current vendor to ensure the transition to the new contract was seamless to the users and customers of Texas.gov. The new contract offers an improved financial model, expanded governance and oversight structures, and a new business model that improves service delivery.

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. Texas.gov also extends well beyond national borders to a worldwide audience.

Anyone with access to the Internet can use Texas.gov as a valuable resource. Available 24 hours a day, 7 days a week, 365 days a year, the more than 1,000 services are used by

- employers calculating and filing taxes
- job seekers looking for work
- citizens renewing their driver licenses
- families planning a trip to Texas

No matter what the initial reason for visiting Texas.gov, users find a convenient portal with access to a wide variety of information. In August 2008, visits to Texas.gov more than doubled during the weeks before and after Hurricane Ike struck the

Key Milestones – Portal Reprocurement

- **2008**
  - Published vision statement in June
  - Posted request for offers in October
- **2009**
  - Received offers in January
  - Executed new contract in July
- **2010**
  - Portal operational in January
  - Launched new brand, Texas.gov, in May
- **2011**
  - Reached second financial breakeven point in June

Texas Gulf Coast. Millions of citizens chose to get information about the storm and subsequent relief efforts from Texas.gov. 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. In September 2011, as a result of the wildfires in the central Texas region, the portal provided the ability for citizens to make donations to the Texas Disaster Relief Fund, managed by the Office of the Governor.

Texas.gov offers Internet infrastructure and services to all Texas governments at the state and local levels. Currently 70 state agencies, 179 local governments, and one university take advantage of that infrastructure to offer more than 1,000 services to their constituents and clients. These services include vehicle registration and title services, vital statistics and records services, occupational license services, court filings, and many more.

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.

Because of the inherent nature of a public-private partnership, the prime contractor for Texas.gov has many administrative as well as operational responsibilities. This is different from DIR's role in other enterprise program areas in that DIR's role with Texas.gov is primarily governance, both programmatic and contractual.

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 roles:

- setting goals and vision for the program
- monitoring and auditing revenue
- approving the annual marketing plan
- monitoring the annual Payment Card Industry-Data Security Standards (PCI-DSS) compliance process
- providing oversight via the DIR board, which must approve all state rules and fees or fee models associated with Texas.gov
- managing the public-private partnership program and contract
- providing escalation support for customers
- approving the annual budget submitted by the prime vendor, including revenues and expenses
- tracking performance against metrics, enforcing the terms of the contract, and reporting to stakeholders
- researching, developing, and approving technology policies, standards, and procedures concerning Texas.gov

The prime contractor's role includes

- financial investment in all development, implementation, and operations costs for Texas.gov, with recoverability of investment through transaction fees

- developing, testing, maintaining, and supporting the portal and its applications
- managing the project overall, as well as individual development projects
- managing operations in accordance with customer agreements
- securing applications and infrastructure
- supporting network and Internet
- operating the call center that provides technical and instructional support
- managing contracts with participating entities
- provisioning a secure electronic payments system
- managing 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
- developing opportunities in cooperation with DIR

Both DIR and the prime contractor manage customer relationships with more than 230 state and local government clients and approximately 115 customer agreements.

All portal enhancement project activity is measured against the following criteria at a minimum. The criteria below are used to measure each proposed project to ensure the program is using program resources efficiently and effectively.

Mandatory investment benefit, criteria includes

- investment is mandated by, or is a necessary response to, a statute, Executive Order, state policy, or regulation
- investment is necessitated by external technology change, security threat, or potential for operational failure

Customer Demand/Benefit, criteria includes

- public relations or constituent benefit that has a positive impact on the customer
- cost savings
- increased accuracy/greater data reliability
- transforms legacy systems or automates a manual process
- generates customer revenue
- customer is new to the Texas.gov program

Constituent benefit criteria includes

- cost savings
- time savings
- convenience
- enhanced access to state services or functions
- expedited processing

Statewide benefit criteria includes

- increased Texas.gov traffic
- good media coverage/advertising potential

- strong customer relationships
- strong revenue source
- infrastructure advantage for other applications and services
- alignment with state strategic plan
- expanded to an enterprise-wide solution for the benefit of other customers

All of the above measures are scored and evaluated before the program undertakes a project. This methodology ensures the right work is done at the right time.

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 15: Funding Sources by Program – eGovernment (Texas.gov) – FY2010

PROGRAM	DIR FUND REVENUE DEPOSITED	APPROPRIATED GENERAL REVENUE	APPROPRIATED RECEIPTS	INTERAGENCY CONTRACTS	FEDERAL FUNDS	TOTAL
Texas.gov (Strategy B.2.2.)	Appropriated GR deposited to DIR Approp. #13012	$ 475,938	—	—	—	$ 475,938

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

While state agencies do maintain informational web sites, there are no programs that provide identical or similar services or functions. TGC § 2054.113 prohibits duplication of infrastructure components of Texas.gov by state agencies, not including institutions of higher education, without DIR approval. The primary infrastructure component is the payment engine that processes financial transactions through Texas.gov. Because Texas.gov is PCI-DSS compliant, it is cost effective and efficient for state agency customers to use Texas.gov for services requiring financial transactions.

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.

One of the important goals of the Texas.gov 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. Texas.gov 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 Texas.gov 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.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2010;
- 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.

Not applicable.

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.

In July 2009, DIR awarded a contract to provide the next generation of Texas.gov. It addressed a wide range of services and solutions to be delivered through the portal to answer the needs of a broad spectrum of customers.

The new Texas.gov
- creates toolsets that make Texas.gov the first choice for government web applications
- incorporates appropriate web tools to drive eGovernment transformation, enhances the user experience and improves usability, accessibility, and searchability
- expands the platform infrastructure and capacity to allow for rapid and simple deployment of new applications
- expands capacity for financial transactions and creates a cost model for those transactions
- enhances business models and plans to support the new vision

The current contract to manage Texas.gov expires August 31, 2016, but has several one-year optional extensions that DIR may exercise.

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	Carl Marsh
ACTUAL EXPENDITURES, FY2010	$81,966,588
NUMBER OF FTES AS OF AUGUST 31, 2010	76.6

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

Communications Technology Services (CTS) is a core program authorized by TGC Chapter 2170, supporting statewide voice, video, and data services through the state's communications system, the Texas Agency Network (Tex-AN). CTS also 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 business requirements of eligible government and other entities statewide. Because of its broad base of customers, DIR is able to offer state agencies and other entities significant savings through negotiated rates for voice, video, and data services. To meet the diverse and evolving communications needs of its customers, DIR has established the next generation of Tex-AN services allowing DIR customers to meet their business goals by providing

- competitive pricing
- increased choice of vendors offering high-quality advanced communications services
- enhanced business continuity capability through customer agreements
- converged services for greater flexibility to meet current and future business needs
- incentives for adopting newer technologies

Tex-AN

The **Texas Agency Network (Tex-AN)** provides communications technology services, including both networks and equipment. Tex-AN delivers voice and data services to over 750 cities, municipalities, state agencies, schools, universities, and assistance organizations across Texas.

Although state agencies are required to use Tex-AN contracts to meet their communications technology needs, many cities, counties, and other eligible organizations do so as well to take advantage of Tex-AN's highly competitive prices and efficient delivery system.

Capitol Complex Telephone System (CCTS)

The **Capitol Complex Telephone System** delivers reliable and low cost communications technology services to support the needs of the state agencies and legislative offices located in the Capitol Complex. The CCTS infrastructure includes voice mail systems, automatic call distribution services, and shared service connectivity for local and long distance services.

Other Infrastructure and Services

In addition to managing communications service contracts and operating the Capitol Complex Telephone System, CTS network operation staff maintain the infrastructure that supports state agency communications services. The Austin Metropolitan Area Network (AMAN) provides the foundation for voice and data services for agencies throughout Austin. DIR also manages a statewide IP Service Gateways network to deliver reliable and secure voice, data, and video to agencies throughout the state. Finally, CTS monitors network traffic and assesses network security.

CTS division operational staff and project managers review bandwidth utilization and service cost history to consult with agencies to solve complex technical issues. This collaboration helps design solutions that best meet the agencies' business and technical needs, ensuring operational efficiency and value.

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.

The communications technology function has several indicators to ensure program objectives are being met in an effective and efficient manner. Continuous monitoring of the network provides real-time visibility into the network performance and service availability provided to the customers.

Communications Technology Services met or exceeded all Legislative Budget Board service objectives and performance measures for FY2010:

- met or exceeded targeted pricing for voice and data
- met or exceeded service response measures for CCTS and Tex-AN support
- the percentage of customers satisfied with CCTS was 99%
- the percentage of customers satisfied with Tex-AN was 94%
- service availability for CCTS and Tex-AN consistently exceeded 99.9% throughout the past biennium

The Tex-AN NG procurement negotiated significant price reductions for voice services, expecting to reduce voice service rates by an average of 30%. For agencies migrating to a new MPLS (multiprotocol label switching) platform (from legacy systems), savings are expected depending on specific requirements of the agency. (For example, it is estimated HHSC will save up to $4 million on voice charges in FY2012.) Tex-AN NG will also offer enhanced service options.

Additional evidence showing effectiveness has been performed through third-party benchmarking efforts which showed extremely competitive rates provided through the Tex-AN NG procurement.

In addition to sustaining quality performance across all measures and objectives, CTS has collaborated with many state agencies on specific projects to leverage services and contracts, and new technology, to reduce costs and enhance customer experiences:

- DIR, in consultation with Health and Human Services Commission and selected vendors, created a Unified Communication Service to enhance data, voice, and video services across HHSC local and remote offices. DIR also assisted HHSC in creating two new call centers and facilitated the upgrade of existing facilities. This migration to a new technology platform provides HHSC with the capability to deal with expanding demand for Integrated Eligibility Enrollment (IEE) services with 1,600 new seats to support calls. The complex technical solution provided, one of only eight in the world, is a resilient and reliable platform that is scalable to meet future needs.
- DIR consulted with HHSC to implement a suite of network analysis software tools to enhance traffic among HHSC offices.
- DIR partnered with HHSC and a telecommunications service provider to identify and resolve latency issues related to applications utilized for the Texas Integrated Eligibility Redesign System (TIERS).
- DIR provided a tool at no cost to the Department of Aging and Disability Services (DADS) to identify and resolve data traffic congestion issues.
- DIR consulted with the Office of the Attorney General (OAG) to assist in upgrading OAG's existing voice and data network for nine regional centers and 77 offices throughout the state.
- DIR worked with the Department of Public Safety and the Texas Legislative Council to install a new fiber-optic cable in the Capitol Complex that enhanced security with networked high definition cameras and card readers.
- DIR worked with the Office of the Governor to configure the office's Information and Referral line to allow voice messages to be received as email, making staff review and response more efficient.
- DIR collaborated with the Commission on State Emergency Communications to successfully migrate 25 stations from a legacy PBX system to an advanced VoIP network, allowing the commission to utilize unified communications features.

To ensure customer awareness and understanding of Tex-AN NG, DIR offered information sessions throughout FY2011 to educate agencies and other eligible customers about the opportunities for enhanced choice offerings and price reductions. Nearly 130 customers

attended these briefings. DIR continues its outreach to customers as Tex-AN contracts are finalized.

The implementation of an online catalog and service portal allow DIR to scale its service delivery operations to meet the demands of Tex-AN NG and its numerous vendors and services. In addition, DIR utilizes a software tool that provides a systematic audit trail of work activities.

From April to September 2011, Network Operations Center personnel have handled more than 1,046 incident transactions using a new incident management application.

Perhaps the strongest indication of effectiveness and efficiency is that the CTS function continues to attract new customers, 80% of which are voluntary (as of the fourth quarter of FY2011). Under Texas statute (TGC § 2170.004), DIR is authorized to offer Tex-AN services to a broad range of government and other entities that voluntarily take advantage of Tex-AN's reduced pricing. These voluntary customers include institutions of higher education, public schools and assistance organizations, as well as city and county governments. The increased customer base enhances DIR's ability to seek lower pricing on services and lower cost recovery fees, saving money not only for state agencies, but for all Texas government entities utilizing Tex-AN services.

Customer surveys provide the CTS team with feedback to ensure that customer needs are being met. Surveys consistently show 95%+ percentage satisfied with Tex-AN/CCTS services.

Finally, the CTS function has improved efficiencies by effectively managing the resources required to provide services while improving network quality and customer satisfaction. Staffing levels have decreased and DIR continues to improve the experience and skill sets of its employees. Staff augmentation positions are used only for short-term projects.

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.

Tex-AN NG Contracts

In FY2012, DIR will be implementing Tex-AN NG contracts, which offer significant price reductions and

- multi-vendor offerings to provide customer choice of enhanced communications services
- new technology solutions to meet the business needs of state agencies and other eligible customers
- flexible contractual vehicles by which emerging technologies may be readily offered to customers as they become mature
- enhanced customer self-service capabilities, through the Customer Command and Control (C3) portal, to include online ordering and dashboards for transparency to service delivery operations and service performance

Communications Infrastructure Upgrades and Enhancements
CTS has completed several upgrades and enhancements to the state's communications infrastructure over the last biennium.

- **Fiscal 2011**
  - DIR completed the initial contract review and award for Tex-AN NG services, offering agencies and other eligible customers a broad array of telecommunications services and vendor choice
  - DIR benchmarked Tex-AN NG contracts against telecom service pricing in the private sector and will conduct ongoing benchmarking against changing private sector pricing
  - DIR began the design and requirements for an online customer product and service catalog to enhance transparency of pricing and fee structure along with detailed customer agreements (performance and delivery commitments)
  - In addition to an online catalog, DIR has worked with Texas.gov to develop a customer self-service portal which will provide visibility to service delivery performance and service costs. Detailed reporting capabilities will facilitate Tex-AN NG vendor performance and service monitoring and management
  - DIR initiated an agreement with Gartner to conduct comprehensive performance reviews of statewide cybersecurity services within a governance structure that includes significant agency involvement
  - DIR upgraded the CCTS Call Manager with new software to enhance functions and features, including VoIP capability
  - DIR established a wireless network initiative resulting in a roadmap to implement a statewide wireless data network solution
  - DIR began a video conferencing pilot to test online collaboration and high definition video and audio conferencing service
  - DIR developed a Business Continuity Plan/Disaster Recovery strategy with a telecommunications service provider to prepare and respond to a severe disaster, such as a hurricane
  - DIR consolidated organizational IT security operations into functional teams at the Network and Security Operations Center (NSOC) to enhance efficiencies and lower operational costs
- **Fiscal 2010**
  - Enhanced Service Delivery – DIR initiated planning for the implementation of an internal infrastructure of "quote-to-care" systems and processes that will ultimately

provide customers with online self-service capabilities through Texas.gov. This service delivery will be accomplished with a comprehensive online catalog of services and automated order and provisioning functions. DIR is also reviewing current customer support tools to better detect, track, and resolve customer issues.

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 provides communications services that connect state agencies and many local government and other entities to each other and the citizens they serve. Communications technology services comprise over 4,000 total circuits, across more than 600 cities serving 730 state and local government agencies. Currently, services are provided to 141 state agencies, 238 public K–12 and higher education customers, 368 local government entities, and five 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, 80% of all customers have voluntarily chosen to use Tex-AN services over other options. Voluntary customers are composed mostly of local governments, K–12 public education, public and private universities, and assistance organizations.

There are three 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 defines which entities are eligible to use the state's telecommunications system. TGC § 2170.051 stipulates that state agencies and government offices are required to use these services to the fullest extent possible, and state agencies cannot acquire 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, TGC § 2170.058 allows students living on campuses where the college or university provides the centralized telephone system to use the state's system of telecommunications 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.

The CTS function is administered by agency staff working with a variety of vendors and a variety of service options. Depending on customer needs, options are carefully considered to create a solution that is then ordered, deployed, billed, and supported. Selective services leverage the use of vendors in conjunction with commodity goods and managed service providers available through the ICT Contracts program. The following table describes the type of service, equipment owner, and role of DIR.

Department of Information Resources
Exhibit 16: CTS Service Offerings

TYPE OF SERVICE	EQUIPMENT OWNER	DIR ROLE	VENDOR HELP DESK ROLE	VENDOR ROLE
CCTS Service – Voice and cabling services for the Capitol Complex in Austin	Customer owns phones and headsets	Help Desk and performs Moves, Adds, and Changes	Provided by DIR staff	Circuit Provider
Tex-AN – Voice and data services	Customer	Service delivery, customer care support, and vendor performance monitoring and management	Issue management. Customers and DIR can report issues.	Network services as ordered
Premium Service – The bundling of voice/data circuits and equipment	Vendor owns circuit and equipment	Turn up circuits and Monitor	Issue management. Customers and DIR can report issues.	Circuit and equipment Owner. Provisions circuits.
Managed Service – Voice/data circuits and equipment are monitored and managed by parties other than owner	Vendor owns circuit. DIR or customer owns equipment	Monitor and manage both circuit and equipment. DIR offers engineering consulting and support.	Issue management. Customers and DIR can report issues.	Circuit Owner

Within the DIR role, in addition to managing the contract relationship with vendors, there are three major functions: service delivery, change management, and incident management.

- **Service Delivery** includes the solution design, ordering, deployment, and billing.
- **Change Management** includes hardware and software changes to the overall solution, 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.

The Service Delivery group consists of two groups: Solutions Design and Service Order Processing.

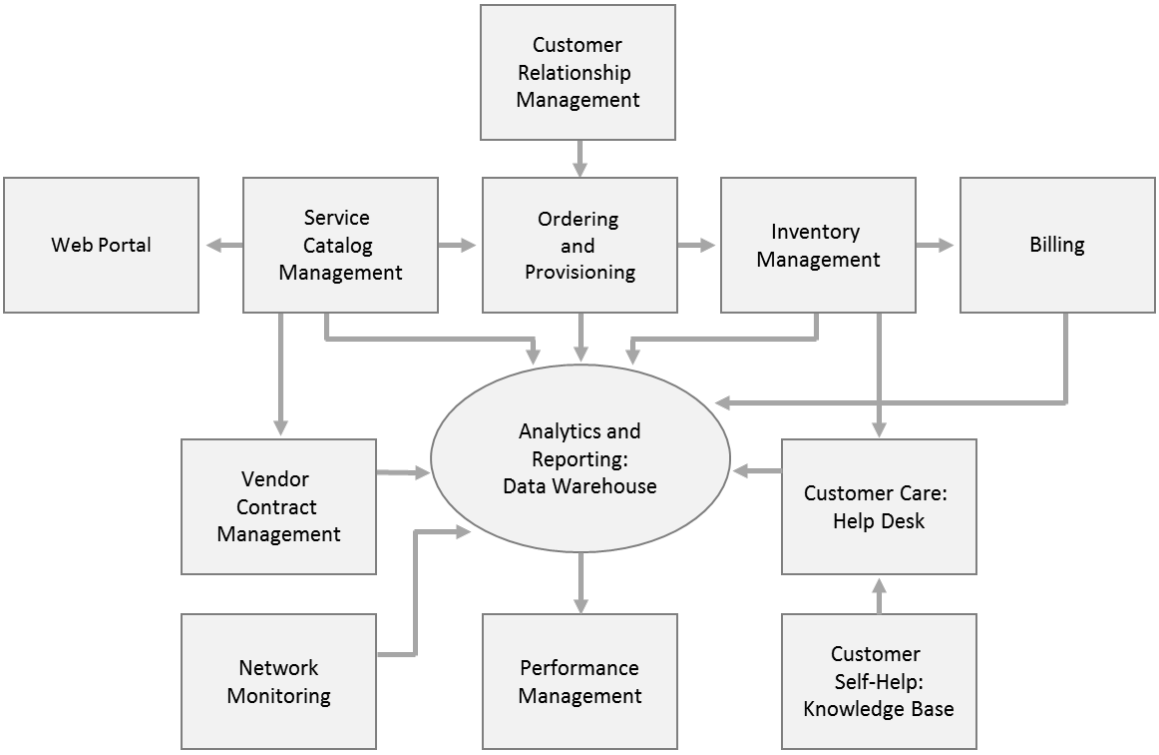
Solutions Design staff assist customers in understanding the services offered under the Tex-AN NG contracts and works with customers and vendors to obtain the customer requirements needed to design the solution. Staff provide project management with DIR and customer engineers to develop and implement network solutions to accommodate customer

applications over the DIR infrastructure and over vendor platforms. They also assist new Tex-AN customers with special needs.

The Service Order Processing group works with customers to fill out the appropriate order form for the services required and issues the orders to the vendors. Customer Relationship Management is a critical activity, and whether customers use the online portal or email Service Delivery staff to place service orders, they receive quality customer service for price quotes, service delivery, help desk support, and final billing. This group initiates billing and ensures that every service order is billed correctly in a timely manner.

The CTS "Quote to Care" Service Delivery Process, illustrated below, offers Customer Relationship Management through a web portal. Today, customers have access to the DIR service catalog of communications technology services and service spend (billing) reports. Plans to enhance the portal are underway to allow customers to order services online, contact the Help Desk to report technical issues, and monitor service performance. A number of back-office systems and data integrations allow these customer self-service capabilities.

CTS Quote-to-Care Service Delivery Process



As part of the CTS division managed services, technical and operational staff support the state managed networks. These networks include the Austin Metropolitan Area Network (AMAN), the IP Services Gateway (ISG) Network, and the Enterprise Shared Services MPLS Network (ESSMN). These networks provide data services within the Austin area, support remote offices throughout

the state, and provide data services to and from the Austin Data Center and San Angelo Data Center.

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 17: Funding Sources by Program – Communications Technology Services – FY2010

PROGRAM	DIR FUND REVENUE DEPOSITED	APPROPRIATED GENERAL REVENUE	APPROPRIATED RECEIPTS	INTERAGENCY CONTRACTS	FEDERAL FUNDS	TOTAL
CCTS	Telecommunications Revolving Fund 100% Interagency Contracts	—	—	$5,700,283	—	$5,700,283
Tex-AN	Telecommunications Revolving Fund 15% Appropriated Receipts 85% Interagency Contracts	—	$12,323,197	$69,513,618	—	$81,836,815

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

- **Pass-through funds** for payment of the Tex-AN contract and other invoices. Under the contract, the vendor invoices DIR, and DIR then invoices the agencies for telecommunications services, collects the funds from the agencies and other customer entities, and pays the vendor invoices. In addition, for some other telecommunication projects, such as the Health and Human Services Commission project, DIR may 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 services (CCTS vs. Tex-AN), and is detailed in Chapter V – Funding, Section G.
  - From 1999 through 2010, the cost recovery fees for communications services were 4%, 8%, or 17%, depending on the specific service.
  - In FY2011, the highest cost recovery fee, 17%, was reduced to 10%.
  - In FY2012, after a comprehensive financial analysis, the cost recovery fee was revised to align with the reduced Cost of Services achieved through Tex-AN NG:
    - 4% for local service, fixed satellite, and small office services

– 12% for long distance/toll free, data services, MPLS data transport, Internet, and wireless broadband services

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 the internal enterprise, these agencies use Tex-AN services to support their agencies' statewide communications needs. DIR provides a wide array of communications services to all agencies throughout the state, from core infrastructure to full-service solutions. No substantial overlap occurs among the networks as a result.

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 communications technology services rates, agencies must use Tex-AN services under DIR contracts. Agencies must receive a waiver to utilize communication technology services not under contract through DIR.

All customers establish interagency/interlocal contracts with DIR for Tex-AN services. For special consulting projects, such as those initiated with HHSC and OAG, interagency contracts specify the scope and statement of work.

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 368 local government entities, including cities and counties. Through interlocal agreements, these customers can access Tex-AN services and pricing. Tex-AN services are procured by local entities through DIR's existing Service Delivery staff, without the need for additional staffing or support. Local government customers will have access to the customer self-service portal for reviewing the Tex-AN NG catalog of services and ordering communications services. No federal entities are served directly by CTS.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2010;
- 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 18: Contracted Expenditures – Communications Technology – FY2010

PROGRAM NAME	FY2010 EXPENDITURES	NUMBER OF CONTRACTS	GENERAL PURPOSE
Communications Technology Services	$ 77,812,807	106	Of the total expenditures, $63.5 million reflects payments made to telecom vendors such as AT&T and Southwestern Bell. Approximately $4.8 million of the total expenditures 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 services, acquisition tools, a new voice mail system ($1 million), and upgrading the end-of-life telecom infrastructure ($2 million).

Contractor performance is ensured through DIR's contract management process. Deliverables and milestones must be accepted by DIR prior to remitting any payments to contractors.

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

Existing legislation does not address state agency use of rapidly emerging technology related to videoconferencing. Videoconferencing terminology has become outmoded with the development of web conferencing and other technologies that would allow state agencies to reduce costs and be more efficient in performing their duties. A review of current legislation may allow opportunities for DIR to provide an enterprise approach to providing state agencies and other eligible customers with emerging technologies related to long distance visual and voice communications.

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

The Tex-AN NG procurement expands customer choice, reducing prices and providing enhanced technologies to meet the future needs of state government. To fully understand the future needs of state agencies, the Communications Technology Services division regularly consults with major customers to determine their current requirements and evolving communications environment. Through strategic planning, DIR anticipates that changing technology and the business needs of state government will require a more mobile workforce that will need to use wireless technology, videoconferencing, and mobile applications to operate efficiently.

What is required for continued success of a program like CTS is the coordinated efforts among operations, planning, project management, and service delivery staff with management and technical expertise to support changing technology solutions to meet the needs of the state as they evolve.

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.

Technology Planning and Policy

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

NAME OF PROGRAM OR FUNCTION	Technology Planning and Policy
LOCATION/DIVISION	Communications and Strategic Partnerships
CONTACT NAME	Lori Person
ACTUAL EXPENDITURES, FY2010	$ 669,928
NUMBER OF FTES AS OF AUGUST 31, 2010	7.0

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

Texas state agencies and institutions of higher education invest more than $2.8 billion annually on technology resources, and the deliverance of projects that are in scope, timely, and on budget are critical to the state. In order to assist agencies in the management and accountability of information resources, the Texas Legislature delegated certain responsibilities to DIR. With legislative and DIR board direction and state agency collaboration, DIR has developed policies, procedures, and standards to guide agencies in planning, reporting, and managing technology resources.

TGC Chapter 2054, Subchapter C, directs DIR to

- monitor national and international standards relating to information resources technologies
- develop and publish policies, procedures, and standards relating to information resources management by state agencies
- ensure compliance with those policies, procedures, and standards.

DIR has worked extensively with state agencies and oversight entities to develop and publish a framework that assists agencies in planning, developing and implementing technology projects. DIR engages state agencies and other stakeholder communities, including business and technology managers, to develop plans, reports, guidance documents, education and briefing topics, and administrative rules.

Through its planning and policy function, DIR guides agencies' practices:

- *Technology Planning and Reporting* to improve the management and use of information resources
- *Technology Policy Management* to facilitate and guide the development and administration of statewide and agency technology policies, standards, guidelines, and procedures
- *Electronic and Information Resources* accessibility to support state agencies as they comply with state and federal requirements to make Texas government information and services accessible to everyone

- *Statewide Project Delivery* to help state agencies improve the value of services delivered by Texas state government through technology projects
- *Education and Outreach* to provide conferences, briefings, and events on technology areas of interest to information resources managers (IRMs) and IT staff

Technology Planning and Reporting

Planning and reporting functions coordinate and guide the statewide use and management of information resources. The following publications or guidance documents are produced to assist agencies in planning, developing, and managing their technology projects.

- The *State Strategic Plan for Information Resources Management (SSP)* establishes a statewide direction for information resources over a five-year period and provides a roadmap for agencies' use in developing the technology resources planning sections of their agency strategic plans (TGC § 2054.091).

- The *Biennial Performance Report (BPR)* reports on the progress of state strategic planning. The BPR also includes adjunct reports (see sidebar) on specific technology areas (TGC § 2054.055) for which DIR provides program management, guidance, assistance, collaboration, or reporting functions.

- The *Information Resources Deployment Review (IRDR)* provides a framework for agencies to perform self-assessment activities (TGC § 2054.0965). The IRDR (1) provides a review of the operational aspects of each agency's information resources deployment in support of

Adjunct Reports to the Biennial Performance Report

- ***Report on EIR Accessibility***
  This report (TGC § 2054.055(b)(9)) provides a summary of state agencies' progress on providing access to electronic and information resources to individuals with disabilities. Through administrative rules (1 TAC 206 and 213) DIR has adopted statewide standards for EIR accessibility of state websites and technologies.
- ***Report on Project Management Practices***
  This report (TGC § 2054.157(b)) describes state agencies' progress in developing and implementing project management practices. Through administrative rule (1 TAC 216), project management practices specify minimal statewide requirements for agency management of all technology projects. Major information resources projects are required to use the Texas Project Delivery Framework, discussed elsewhere in this section.
- ***Report on E-Learning***
  This report (TGC § 2054.055(b)(8)) provides a summary of the amount and use of Internet-based training conducted by each state agency and institution of higher education. It is based on a targeted survey of all agencies and universities as well as relevant industry research. There is no central resource coordinating e-learning projects across the state; however, Texas agencies informally share information and participate in various forums. DIR participates with agency representatives and the vendor community to facilitate and coordinate some of these educational events.
- ***Report on Texas.gov***
  This report (TGC § 2054.055(b)(6)(7)) describes the status, progress, benefits, and efficiency gains of Texas.gov, the state's electronic Internet portal, including any significant issues regarding contract performance, and provides a financial summary, including project costs and revenues.
- ***Report on Telecommunications Performance***
  This report (TGC § 2054.055(b)(10)) describes the progress of the plan for a state telecommunications network and the centralized Capitol Complex Telephone System.
- ***Report on Consolidated Network Security System***
  This report (TGC § 2059.057) describes the consolidated network security system's accomplishment of service objectives and performance measures, including financial performance.
- ***Report on State Technology Expenditures***
  This report (TGC § 2054.055(b)(4)) provides a summary of the total expenditures for information resources technologies by the state.

the agency's mission, goals and objectives; (2) describes how the agency's IR deployment supports the state's IR direction as expressed in the State Strategic Plan; and (3) provides confirmation to the state and feedback to the agency of compliance with IR-related statutes, rules, and standards.

Information reported in the IRDR is useful for state agencies to promote alignment with the state's technology direction and enables DIR to effectively plan and address where significant gaps may exist between statewide and agency planning and deployment.

DIR analyzes agency IRDRs and publishes meaningful trend information in the Biennial Performance Report.

- *Information Resources Compliance Analysis and Corrective Action Plan Approval* (TGC §§ 2054.097, 2054.1015). DIR assists agencies in compliance with requirements. By statute, the LBB will not approve an agency's Biennial Operating Plan if non-compliance issues are not addressed in a DIR-approved Corrective Action Plan.

- *Agency Information Resources Strategic Planning Instructions* (TGC § 2054.095). Planning for technology resources is a key component of the strategic planning process. These instructions provide guidance to agencies on aligning technology projects with agency business needs and priorities. The instructions are developed and submitted to the Governor's Office and LBB for inclusion in Agency Strategic Plan Instructions (TGC § 2056.002).

Additional technology planning and reporting activities include

- *Information Technology Detail (ITD) instructions*. DIR coordinates with the LBB regarding ITD instructions. The ITD is a tool that agencies use to plan and align information resources to missions and goals.

- *Texas Homeland Security Strategic Plan*. This plan serves as a high-level roadmap for the state's homeland security efforts. State agencies with homeland security responsibilities, including DIR, update their homeland security implementation plans annually.

- *State Preparedness Report*. This annual survey provides input to the Division of Emergency Management that assesses State compliance with the national preparedness system, National Incident Management System, National Response Framework, and other related plans and strategies (Post-Katrina Emergency Management Reform Act) (PKEMRA § 652 (c)(2)(A)).

- Other reports as required by statute and other ad hoc reports and surveys

Technology Policy Management

DIR facilitates and guides the development and administration of statewide (TGC § 2054.051(b)) and agency policies, standards, guidelines, and procedures. Policy management includes activities that are associated with rulemaking actions and that support collaboration and

stakeholder engagement before rule publication. It also establishes a standard and consistent agencywide approach to technology policy management.

DIR established consistent processes and automated and manual tools. Over the last biennium, DIR collaborated with agencies to develop policy guidance including

- *Office Productivity Application Migration guidelines.* The guidelines provide agencies with a consistent approach for deciding which office productivity application is most appropriate for their business and technology environment and identifying the most cost-effective time to perform a migration.
- *Social Media guidance*. DIR formed a workgroup of 52 volunteers from 32 agencies, with experts in Communications, Web design, Security, Privacy, Accessibility, Legal, and Records Management. The Statewide Social Media Toolkit website will be launched in FY2012.

Electronic and Information Resources Accessibility

DIR assists state agencies in delivering accessible applications and technologies that can be used by people with disabilities (TGC Chapter 2054, Subchapter M). This initiative includes administrative rulemaking, education, and technical consulting.

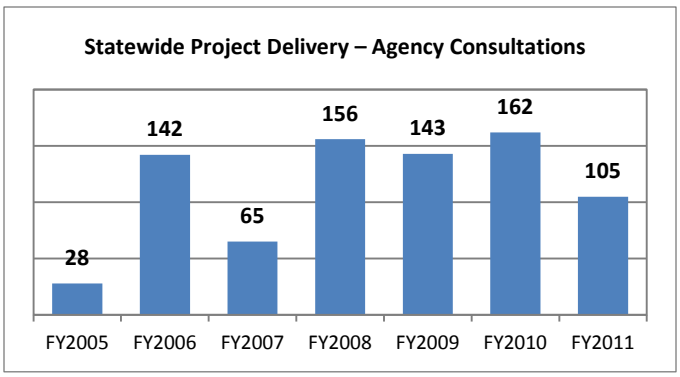
Through administrative rulemaking, DIR has adopted statewide standards for EIR accessibility of state websites and technologies. DIR collaborates with a variety of organizations to identify and communicate best practices for EIR accessibility compliance. DIR works extensively with the Department of Assistive and Rehabilitative Services (DARS) to gain insight into technologies and methods and communicate that information statewide.

During FY2011, DIR

- published an EIR accessibility framework that can be tailored by state agencies to assist them in establishing effective EIR practices and programs
- created a collaboration site for EIR accessibility coordinators to assist them in agency implementation
- worked with the Accessibility Council of Texas, an interagency work group chartered by DIR to promote the ongoing improvement of EIR accessibility methods

Statewide Project Delivery

The Texas Legislature enacted the Texas Project Delivery Framework (TGC Chapter 2054, Subchapter J) as a statewide standard for project management. DIR assists state agencies by providing a framework of tools, templates, and guidance for managing their information resources projects.



The Statewide Project Delivery Program provides

- guidance, best practices, and tools to optimize technology project performance. DIR provides guidance in areas such as risk and maturity assessments; systems development methodologies; and project and portfolio management, governance, and reporting.
- coordination and support to the Quality Assurance Team (QAT) (TGC § 2054.158). As an active member of the QAT, DIR performs quality assurance on major technology initiatives. During project reviews led by the State Auditor's Office (SAO), DIR engages with agencies to make recommendations for continuous improvement.
- coordination and support to the Contract Advisory Team (CAT). DIR is an active member of the CAT (TGC § 2262.102), to offer guidance on major contracts. DIR representatives on CAT operate as liaisons among agencies and CAT to provide feedback on technology outcomes delivered through contracts and technology projects.
- a clearinghouse for project management practices as required for technology projects within Texas state government
- support services (briefings, consultation, resources) to assist state agencies with project delivery

As part of continuous improvement, DIR established a change advisory board (CAB) in 2007 to help ensure the Framework meets the business needs of agencies. The CAB encompasses nine state agencies and higher education institutions. It provides a forum to advise DIR on enhancements and to partner with state-level entities such as the QAT and the SAO. Since its inception, the CAB has directed the completion of over 63 critical change requests that directly impact state business and technology operations.

DIR facilitates the Texas Project Delivery Framework workgroup, which consists of eleven state agencies and the LBB. In FY2011, the workgroup assisted the Texas Workforce Commission with developing and introducing a new Framework extension. The Project Financial Life Cycle Management extension addresses integrating project financial practices with other practices (for example, those of the state budget appropriations and Governmental Accounting Standards Board) that are executed throughout a project life cycle.

DIR established statewide requirements for project management practices for technology projects through administrative rules (1 TAC 216). DIR worked with state agencies and other stakeholders to define various requirements for effective project management practices. These practices are implemented at the agency level.

Education and Outreach

DIR supports education and outreach activities and leads multi-agency collaborative projects, such as establishing statewide guidance within specific technology areas.

Recent events include

- sponsored conferences on records management,

Customer Feedback

"*Excellent organization and speakers —SO well done—thoroughly impressed. I got lots out of it that I'll take back to my agency. Thanks again for a great session that FAR exceeded my expectations.*"

— Evaluation of a Recent DIR Education Event (Social Media 2/17/11)

information security, telecommunications, accessibility, and e-learning
- contributed expertise to planning or speaking at events that provide state government staff with educational opportunities
- facilitated an interagency workgroup to examine ways to improve access to geospatial data by state emergency management officials during an emergency

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.

Technology Planning and Reporting

The division measures efficiency and effectiveness in a number of different ways, including through LBB performance measurement reporting and other criteria.

- DIR recommends legislative changes through the Biennial Performance Report. Through LBB performance measures, DIR calculates the percentage of recommendations enacted by the legislature compared to the number of recommendations made. The legislature enacted 100% of DIR's recommendations presented in 2008 and 50% of those presented in 2010.

- DIR publishes planning and reporting documents on its website. To date, nearly 2,000 visitors have accessed the 2010 Biennial Performance Report online.

- DIR provides assistance to agency information resources managers upon request. In FY2010, DIR responded to 142 agency inquiries relating to the Information Resources Deployment Review. The majority of these inquiries were answered within one business day.

Technology Policy Management

In FY2011, DIR conducted administrative rule review of 13 chapters of administrative rules. Through collaboration with the Information Technology Council for Higher Education (ITCHE) and other government entities, DIR obtained feedback from over 60 stakeholders prior to issuance of public notice through the Texas Register.

Electronic and Information Resources Accessibility

Agency compliance with EIR accessibility standards is measured with the IR Deployment Review. Agencies not meeting the standards are required to complete corrective action plans. Agency reporting shows that between FY2008 and FY2010 agencies reduced their non-compliance with EIR accessibility standards by 37%.

Statewide Project Delivery

Performance measures reported to the LBB include the number of agencies that use some or all of the Statewide Project Delivery Framework guidance and tools for non-major IR projects.

- In FY2010/11 biennium, more than 29 agencies reported voluntary use of the Framework. In FY2010 and FY2011, DIR responded to 124 and 99 inquiries, respectively, from state agencies regarding the Framework.

DIR works closely with advisory groups for input into its processes. In response to recommendations from the Framework Change Advisory Board, DIR has addressed 63 change requests regarding improvements to the Framework.

Education and Outreach

- The percentage of attendees that favorably rated DIR-sponsored education programs (based on an average of all programs) yielded 95.84 and 94.95 percent in FY2010/11, respectively.

- In FY2011, 95.9% of IRMs met their continuing educational requirements at educational events, many of which were conducted or sponsored by DIR. 96% of attendees rated DIR's educational events favorably.

- In each of fiscal years 2010 and 2011, DIR conducted more than 25 briefings, workgroups, and focus groups. Meetings included
  - State Strategic Plan Advisory Committee
  - Data Center Services Business Executive Leadership Committee
  - Data Center Services Advisory Council, Steering Committee, Governance Design Team
  - IR Deployment Review Training Webinar for IRMs
  - Accessibility Council of Texas
  - Public Electronic Services On-the-Internet (PESO) Working Group
  - Texas Geographic Information Council
  - Tex-AN Users Group briefing and Business and Procurement Strategy webinar
  - Texas.gov Customer Advisory Council

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.

Technology Planning and Reporting

Statewide information resource planning and reporting activities have been a core function at DIR since enactment of the Information Resources Management Act created the department in 1989. The primary purpose and objectives for planning remain focused on the efficient and effective use of technology across state government.

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 was dividing the information resources strategic plan into two more meaningful reports—the Information Resources Deployment Review and a new information resources component of the agency strategic plan.

During its previous sunset review, DIR recommended that the state establish a Geospatial Information Officer (GIO) position, to develop a cost-effective, enterprise geospatial technology platform for the state. The Sunset Commission recommended the establishment of a GIO in the Texas Water Development Board, and legislation carrying this recommendation was passed in the 82nd legislative session (SB 660).

Technology Policy Management

DIR continues to advance technology policy and provide collaborative opportunities to agencies through a common technology policy management system. This system, introduced in FY2011, establishes a consistent, statewide means to identify the impact of proposed policies on stakeholders.

Electronic and Information Resources Accessibility

EIR accessibility in the state was strengthened when the 79th Texas Legislature required state agencies to ensure their electronic information technology is accessible to citizens with disabilities, including state employees. DIR developed an enterprise level accessibility strategy to provide state agencies with access to tools and guidance needed to comply with state and federal regulations.

Statewide Project Delivery

Under the direction of the 79th Texas Legislature, DIR established the Texas Project Delivery Framework to improve the management and outcomes of technology projects. In 2006, DIR published the first full release of the Framework and collaborated with stakeholders regarding 1 TAC 216 project management practices.

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.

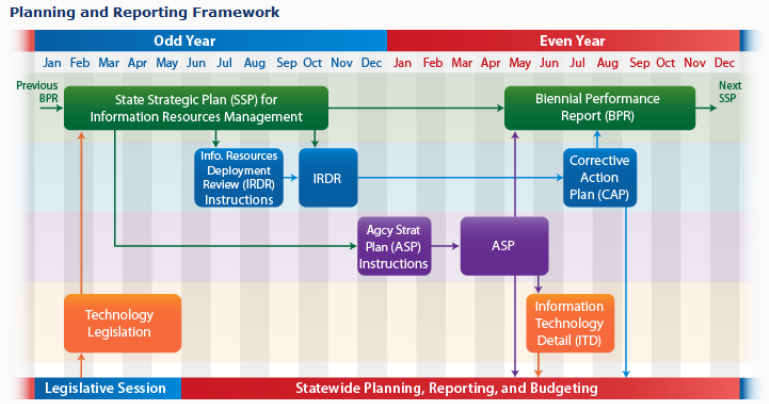
The functions of planning, reporting, rulemaking, and issuance of policy, standard, guidelines, and procedures affect all state agencies and institutions of higher education that are subject to provisions of Chapter 2054, Texas Government Code and DIR administrative rules.

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.

Technology Planning and Reporting

In developing the State Strategic Plan for Information Resources Management, DIR works closely with its State Strategic Plan Advisory Committee to determine direction, major trends and drivers, 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 takes place for the biennial performance report.

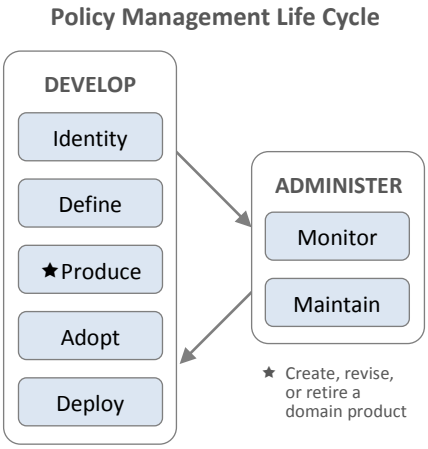
In developing instructions for agency IR Deployment Reviews, DIR works extensively with technical subject matter experts and external stakeholders to establish optimum scope, content, and level of detail for the review that (1) achieves statewide IT management requirements, (2) promotes sound agency-level IT management, and (3) minimizes agency reporting burdens.



Technology Policy Management

For technology policy, workgroups and committees are engaged to determine potential impacts from DIR deliverables such as policies and administrative rules.

The technology policy management system uses a life cycle for the development and administration of policies, standards, guidelines, and procedures. The life cycle includes activities to develop and administer these components in relation to administrative rules and statute.



Electronic and Information Resources 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 1 TAC, Chapters 206 and 213. The program is administered through DIR's Statewide EIR Accessibility Coordinator who is responsible for developing the state's accessibility strategies, and for providing coordination, guidance, and outreach to state agencies and the EIR accessibility community.

Statewide Project Delivery

DIR works closely with agencies, higher education institutions, the LBB, the SAO, the Comptroller, CAT, QAT, 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. DIR also participates in regular meetings with both the CAT and the QAT.

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 Program Area – Technology Planning and Policy – FY2010

PROGRAM	DIR FUND	APPROPRIATED G/R	APPROPRIATED RECEIPTS	INTERAGENCY CONTRACTS	FEDERAL FUNDS	TOTAL
Technology Planning and Policy	DIR Clearing Fund Account		$150,734	$63,643		$214,377
	Telecommunications Revolving Account		$33,497	$304,817		$338,314
	Statewide Technology Account			$117,237		$117,237
	Total	-	$184,231	$485,697	-	$669,928

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

DIR's technology planning and policy functions are directed by the Legislature and are unique to DIR. For example, DIR administers statewide policy based on specific authority such as TGC § 2054.203(e) for state telecommunications services management, and on broad authority in TGC § 2054.051(b) for IR management.

The state's decentralized model for information resources management, such that every agency runs its own technology department, indicates there is a need for DIR to lead in technology management and resource planning to maximize efficiency, set standards, and provide guidance. Many agencies have limited technology resources and look to DIR for guidance and collaborative opportunities.

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.

Not applicable.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2010;
- 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.

Not applicable.

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.

ICT Contracts Program

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

NAME OF PROGRAM OR FUNCTION	Information and Communications Technology (ICT) Contracts
LOCATION/DIVISION	ICT Contracts
CONTACT NAME	Dan Contreras
ACTUAL EXPENDITURES, FY2010	$6,277,702
NUMBER OF FTEs AS OF AUGUST 31, 2010	38.7

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 savings and maximize the state's buying power by aligning contract offerings with customer needs. As an adjunct to the contracting program itself, DIR researches the effectiveness and utilization of its contracts and the vendors performing them through its performance analytics services. The ICT Contracts program is designed to generate savings for government entities using taxpayer funds by efficiently leveraging volume buying power to lower the IT acquisition cost and improve the quality of the state's investment in technology commodities.

The ICT Contracts program plays a key role in reducing government costs and helping agencies serve their constituents. Because the 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 products and services is a dollar that customers can spend on mission-critical services.

Over the last three biennia, the ICT Contracts program has continued to advance from transaction-based procurements to knowledge-driven performance analytics that generates value for over 4,400 eligible state agency, local government, and public education customers across the state.

There are two major activities performed under this program—ICT Contracts and Performance Analytics.

ICT Contracts

The ICT Contracts division is comprised of the Contracts Establishment team and the Contract Compliance and Monitoring team.

- **Contract Establishment**
  The Contract Establishment team competitively solicits, awards, and manages the contracts for IT commodities and services that provide comprehensive IT solutions and eliminate the

need for customers to go through an extensive procurement process. All ICT 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. DIR attempts to create contracts with more than one vendor per IT commodity category in order to create continuing competition for price and to provide customers with choices among vendors. This model provides smaller agencies and government entities with 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, wider IT product and vendor services selection, and improved performance standards and accountability requirements.

Using the knowledge gained through the business intelligence from Performance Analytics, recently added product categories include mobile digital video, subscription services, expanded surveillance equipment, printers, scanners, and document management, and hosted email.

- **Contract Compliance and Monitoring**

  The Contract Compliance and Monitoring team is responsible for the ongoing management and oversight of contracted vendors, their compliance with the contractual terms, and vendor performance.

  Contract compliance activities include
  - ensuring vendors are insured in accordance with state law
  - ongoing review of state and federal certifications and compliance review (Comptroller tax status review, EPLS, SDN, debarred vendor list, etc.)
  - website validation to ensure compliance with contract
  - monthly review of customer purchases reports and administrative fee payments
  - validation of subcontractors and resellers
  - administration of HUB subcontracting plans
  - managing ITSAC (IT staffing augmentation contracts) program performance as outlined in contract

  Contract monitoring activities include
  - validation of customer purchases reports
  - auditing of vendor reports when warranted based on review anomalies
  - validation of lowest pricing through cost avoidance calculation and review
  - serving as vendor-customer liaison for issues arising from purchases through DIR contracts
  - customer and vendor education regarding contract compliance

ICT Contracts Customer Feedback

"Government is diverse, and what works for one agency doesn't necessarily work for all. There are limits to the 'one size fits all' type of solution, so having a large selection of products on contract helps promote the best technology solutions for the business need, and allows the business to drive the technology, rather than the technology drive the business."

- monthly verification of reported product and customer eligibility
- ITSAC competitive solicitation process management on behalf of customers
- execution of corrective action plans to require vendors to perform to expectations and/or comply with terms of contract

Performance Analytics

The Program Analytics section deploys and manages a business intelligence technology infrastructure using the following processes:

- receipt and normalization of the monthly vendor data that forms the basis for contract cost savings, customer purchases, and administrative fee analysis reporting
- traditional and mobile report generation on trends associated with savings and customer purchases
- coordination with internal departments to reconcile expected administrative fees associated with the ICT Contracts section with actual receipts
- 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
- 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

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 ICT contracts data warehouse is mined monthly for a series of reports that show the effectiveness of the ICT Contracts program. From these reports, an overall "Operations Graybook" is published for management. Incorporated in these reports are statistics on

- total contract savings and cost avoidance – $264.5 million in FY2011, up 1.5% from FY2010
- growth in current customer purchases – 55% purchased more in FY2011 than in FY2010
- gross customer purchases – $1.63 billion in FY2011, up 2% from FY2010
- Historically Underutilized Business (HUB) sales – $447.1 million, up 20% in FY2011 over FY2010

In addition, the Operations Graybook tracks purchases by customer, product type, vendor, and contract, and contains variance explanations. This data is analyzed regularly to

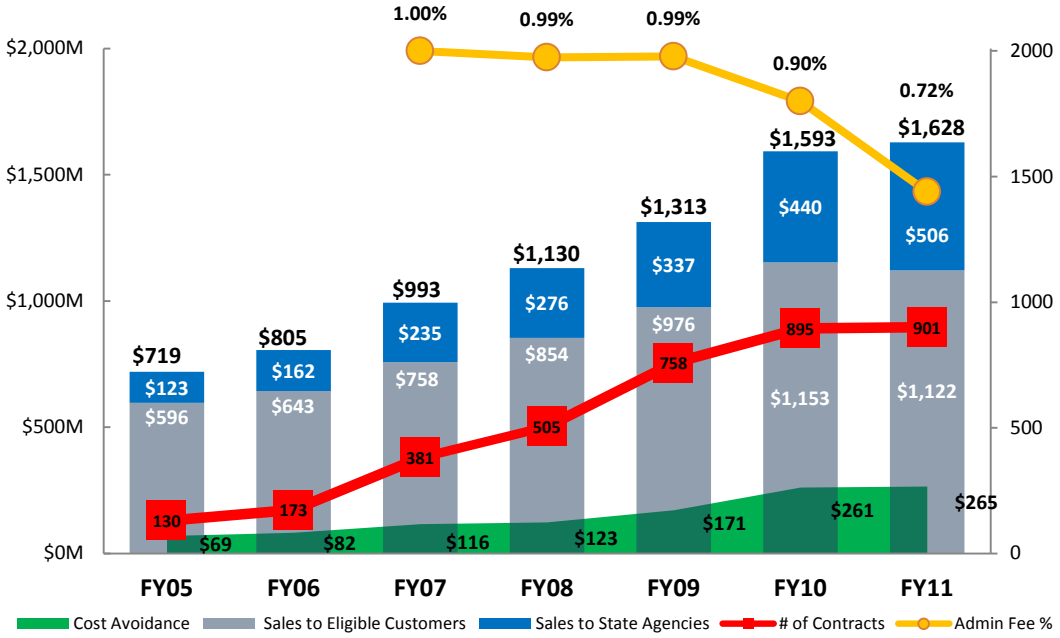
Customer Feedback

"*We'd have to hire at least three more people to do all the procurements if this office didn't have the cooperative program to use.*"

— DIR ICT Contracts Customer (Education)

identify opportunities and assess progress toward meeting customer needs.

ICT Contracts Trends – FY2005–FY2011



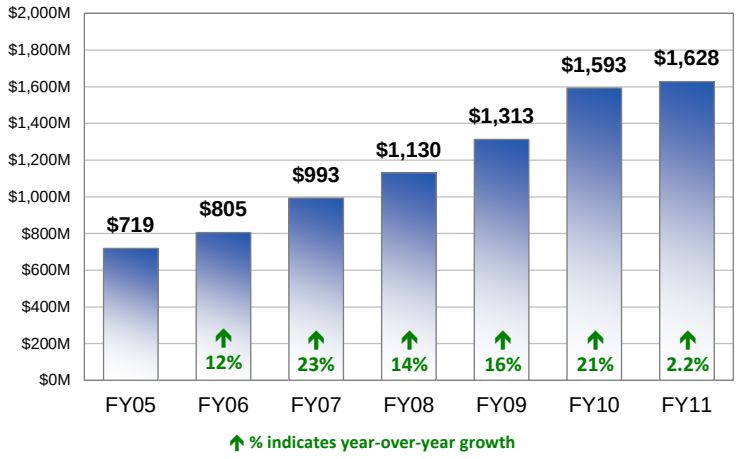
Analysis of IT Sourcing Opportunities

DIR requested an independent assessment of DIR's ICT Contracts program. The scope of the assessment included the cooperative contracting practices involving the technology categories of Hardware, Software, Services, and Communications Technology. The assessment evaluated DIR's opportunities to improve sourcing practices based on market, contract, operational, and financial analysis. The assessment concluded that the ICT Contracts program operates at a high level of maturity and provides customers a robust and varied number of contract vehicles that customers use to meet strategic and tactical needs. The assessment recommended that the value provided by ICT Contracts could be further strengthened by creating a structure

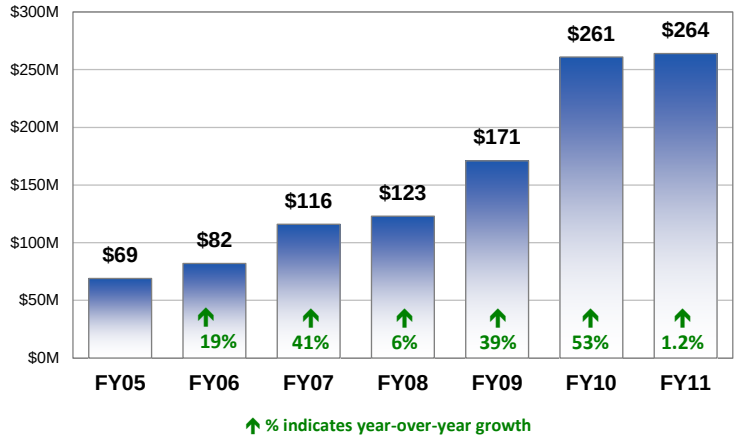
- for customer CIO feedback
- for targeted customer surveys, training, and webinars
- for cross-customer, volume-leveraged purchasing
- to communicate hard and soft dollar cost savings to its customers
- to identify and provide emerging technologies that customers will find useful

The ICT Contracts program is in the process of reviewing and implementing these recommendations.

FY2011 – Record Customer Purchases through ICT Contracts



FY2011 – Record Savings/Cost Avoidance through ICT Contracts



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.

The next major shift occurred with the evolving convergence of technology products and services. DIR identified this trend and the need for bundling products and services, and implemented a contracting philosophy that moved away from procuring "units" to procuring solutions.

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 monitoring 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 contract management and performance monitoring activities. Further, this division of responsibility creates an appropriate ethical and practical separation from those who interact with vendors as they seek a contract from those that interact with the vendors as they perform a contract.

  - As a further alignment between knowledge and skill sets, enterprise procurements were separated from ICT contracts procurements. The Enterprise Contracts Division is a function in general administration for the department

  - The Performance Analytics team was created to support the ICT contracting and procurement activities. The employees in this business unit have expertise in strategic sourcing strategies, analytics, process improvement, and business intelligence. This group provides business analytics and intelligence to develop new contracts, prioritize contracting opportunities, and implement new sourcing strategies.

- **Technology Infrastructure**

  Revenue and Sales Reporting (RASR) was implemented 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, RASR includes cumulative data from September 2004 forward for more than 1,500 contracts.

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 five customer groups with the ICT Contracts program. They are Texas state agencies, Texas local government, the Texas public education community, Texas assistance organizations, and the state and local government community, including higher education, of other states. Texas state agencies are required to purchase commodity items from ICT Contracts unless an exemption is granted in accordance with TGC § 2157.068(f). Government entities of other states are eligible to purchase from DIR contracts according to TGC § 2054.0565(a). Assistance organizations are eligible to purchase from DIR ICT Contracts according to TGC § 2054.0565 (a).

Current customer breakdown is

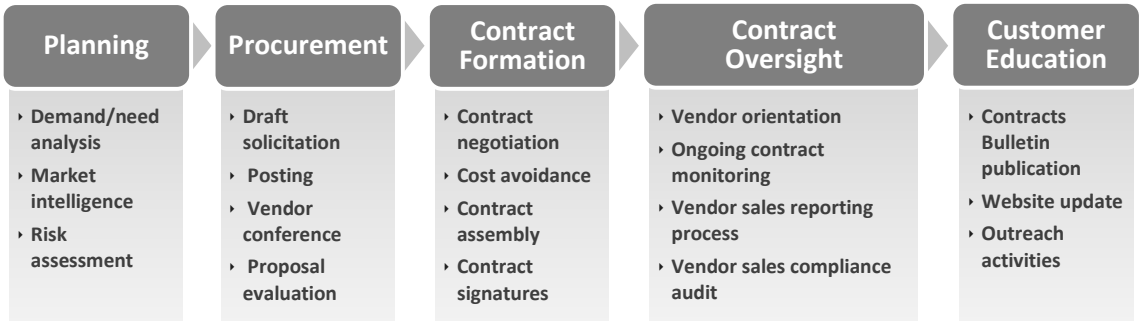
- 74.37% state agencies and public education, including higher education
- 25% local government
- 0.63% assistance organizations and out-of-state customers

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.

The ICT Contracts program follows all state procurement statutes for all of its solicitations and contracts. All procurements are competitively solicited.

In addition, DIR has established a full procedural guide for the ICT Contracts program, which contains 38 separate procedures that detail every step of the planning, procurement, contract formation, and contract management and monitoring processes. The procedural guide is updated annually.

Key Phases of the Procurement Process



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 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 ICT 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.

As required in the DIR bill pattern of the Appropriations Bill, the ICT contracts administrative fee is capped at 2.0% of the invoiced amount, and currently averages approximately 0.72%. To increase customer savings, the ICT contracts program reduced its administrative fee during FY2009 and FY2010. In FY2012, the program has established a default administrative fee for new contracts of .50%, with a few exceptions for specific, generally high volume, contracts that have an administrative fee of .25%.

Department of Information Resources
Exhibit 20: Funding Sources by Program – Sourcing and Contract Management – FY2010

PROGRAM	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	—	$9,123,560	$3,910,097	—	$13,033,657

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, DIR's ICT Contracts program is unique in its degree of technology-related expertise. The Texas Procurement and Support Services (TPASS) program at the Office of the Comptroller of Public Accounts is similar in concept and purchases non-IT commodities—everything from pencils to fleet trucks—but is statutorily excluded from providing IT products and services.

The ICT Contracts program focuses exclusively on technology products and services. DIR uses the following purchasing cooperatives to benchmark product pricing to ensure it is obtaining best value for its customers.

- **General Services Administration (GSA)**
  GSA total sales during FY2010 were $38.8 billion, with the technology-related cooperative contracts accounting for $15.2 billion. State and local governments may also use GSA contracts, and they accounted for $482 million in sales during FY2010.

  GSA negotiates indefinite delivery/indefinite quantity (IDIQ) contracts with vendors to provide "fair and reasonable" pricing. GSA contracts provide a simplified process for obtaining commercial supplies and services while complying with federal procurement regulations as well as environmental and socioeconomic requirements. Like DIR contracts, GSA customers can negotiate further savings and the majority of vendors on contracts are small businesses. Vendors pay an administrative fee that ranges from the standard GSA administrative fee of 0.75% up to 16.6% for some telecommunication services.

- **Western States Contracting Alliance (WSCA)**
  WSCA was formed in October 1993 by the state purchasing directors from fifteen western states belonging to the National Association of State Purchasing Officials (NASPO). Contracts include a wide variety of products and services, from infant formula and auto parts to certain technology offerings. The primary purpose of creating WSCA was for member states to establish the means to join together in cooperative contracting. ICT purchases are developed by member states. A "lead-state" model is used in undertaking cooperative

multi-state contracts.

All governmental entities within WSCA states as well as authorized governmental entities in non-WSCA states are welcome to use the approved agreements. WSCA contracts are not limited to technology vendors and customers are able to negotiate further discounts in most cases. Vendors must pay an administrative fee of 0.5%, plus any additional fees required by individual states. These additional fees typically range from 0.5 to 2%.

- **Buyboard**
  The Local Government Purchasing Cooperative was created to increase the purchasing power of government entities and to simplify their purchasing by using a customized electronic purchasing system called Buyboard. Most of the sales attributed to the program are non-technology. It is administered by the Texas Association of School Boards and charges an administrative fee of 2%.

- **U.S. Communities**
  Government Purchasing Alliance ("U.S. Communities") is a nationwide purchasing cooperative for local and state government agencies, school districts (K–12), higher education, and nonprofits. They are headquartered in California and have 10 regional program managers located across the country. U.S. Communities is sponsored by the National Association of Counties, the Association of School Boards, the National Institute of Government Purchasing, the National League of Cities, and the U.S. Conference of Mayors. U.S. Communities charges vendors a minimum 1% administrative fee.

- **Texas Cooperative Purchasing Network (TCPN)**
  TCPN is a national governmental purchasing cooperative headquartered in Houston. They offer cooperative contracts in 14 different commodities, including technology commodities. Membership is free and open to all governmental agencies mandated to follow state procurement laws, including public and private schools, colleges/universities, local governments, non-profits, other governmental entities, and any federal agencies that do not have a policy barring participation. Most the sales attributed to the program are non-technology. TCPN charges vendors a 2% administrative fee.

- **Texas Interlocal Purchasing System (TIPS)**
  The Texas Education Service Center, Region VIII, sponsors TIPS as a means to support their regional members. TIPS is open to all governmental entities in Texas and 12 other states. Most of the sales attributed to the program are non-technology. TIPS charges vendors a 2% administrative fee.

- **Houston-Galveston Area Council (HGAC)**
  HGAC is a region-wide, voluntary association composed of local governments in the 13-count Gulf Coast Planning Region in Texas and is headquartered in Houston. Most of the sales attributed to the program are non-technology. HGAC charges vendors a 1 to 1.5% administrative fee.

DIR's current default administrative fee of .5% is less than the administrative fee rates of all other purchasing cooperatives.

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 is responsible for the procurement of statewide commodity Information and Communications Technology (ICT) products and services, while the Texas Procurement and Support Services (TPASS) program is responsible for statewide procurement of non-technology-related commodities. When questions arise regarding the categorization of commodity items, ICT Contracts program staff work with TPASS staff to determine the proper categorization.

While other local, regional, or national cooperative purchasing programs may offer technology products as a portion of their product offerings, Texas state government is not authorized to use these programs. Furthermore, none of the other cooperatives are exclusively focused on technology products, nor do they provide the cost savings achieved by the DIR ICT contracts.

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.

The ICT contracts division 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. Because the technology needs of local governments are comparable to those of state agencies, local governments find DIR ICT contracts a source of cost savings and use them on a voluntary basis.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2010;
- 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 21: Contracted Expenditures – ICT Contracts – FY2010

PROGRAM NAME	FY2010 EXPENDITURES	NUMBER OF CONTRACTS	GENERAL PURPOSE
ICT Contracts	$ 2,449,111	2	Contracted services were incurred in support of data center services procurement.

Contractor performance is ensured through DIR's contract management process. Deliverables and milestones must be accepted by DIR prior to remitting any payments to contractors.

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

The ICT Contracts program is not requesting any statutory changes at this time.

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

Multiple contract awards and choice in technology procurement has long been a central component of the ICT Contracts program. SB1, 82nd Called Session, Section 23.06, directed DIR to consider strategic sourcing and other methodologies to select vendors offering best value in the ICT Contracts program. At this time, DIR is reviewing appropriate commodities and services to evaluate these sourcing methodologies.

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	Data Center Services
CONTACT NAME	Ed Swedberg
ACTUAL EXPENDITURES, FY2010	$188,486,072
NUMBER OF FTES AS OF AUGUST 31, 2010	34.2

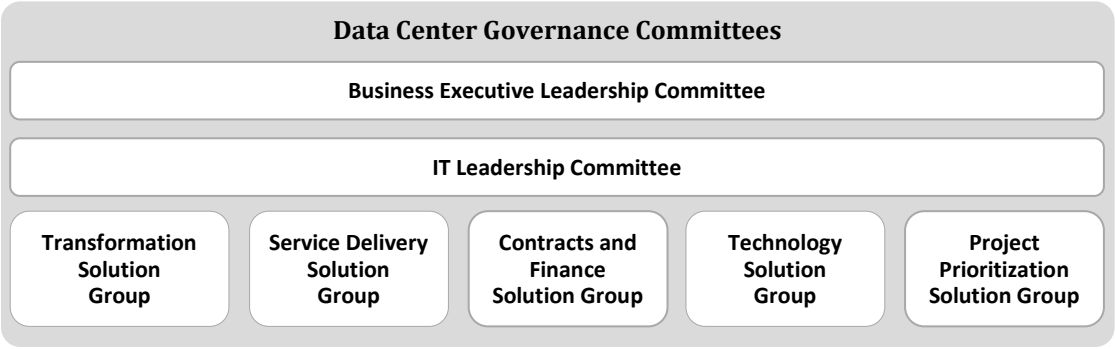
B. What is the objective of this program or function? Describe the major activities performed under this program.

The Data Center Services (DCS) program is core to DIR's fulfillment of its objective to solve common business problems through managed services. It provides data center technology services to 28 state agencies, including many of the largest agencies. Through this program, DIR is upgrading the state's aging, decentralized data center technology environment located in 31 legacy data centers to two modern data centers with current, standardized hardware and software. The goal of the program is to lower statewide costs through economies of scale.

On November 22, 2006, DIR executed a contract to provide data center consolidation and operations for the participating agencies. The contract commenced on March 31, 2007, and expires on August 31, 2014.

The contract includes 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 24/7/365 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).

In June 2010, DIR and participating agencies implemented the DCS owner-operator governance model where agencies are empowered to make decisions through a three-tier committee



structure. The governance committee structure includes the Business Executive Leadership Committee, the IT Leadership Committee, and five solution groups: contract and finance, project prioritization, service delivery, technology, and transformation. DCS agencies select representatives to participate in these committees.

Customer Feedback

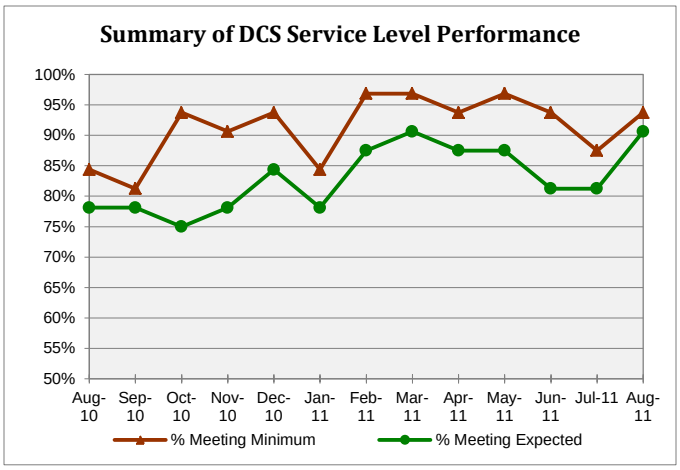
> "Participating in Data Center Services governance has given me a new appreciation of the complexities of enterprise technology services and also the tremendous potential value of this program."
>
> *— DCS Governance Committee Representative*

The Business Executive Leadership Committee addresses strategic business decisions regarding the DCS program, monitors the business relationship, and resolves issues escalated by the IT Leadership Committee. The IT Leadership Committee decides strategic technical decisions and resolves escalated issues. The solution groups resolve issues and make technical decisions for their designated subject areas.

The governance model is "agency-driven" in that agency representatives participate in all governance committees. The priority of the governance model is to provide effective service to citizens through support for critical agency business functions. DIR's role includes interpreting the contract from the state's perspective, executing contract oversight, sustaining governance processes, and promoting effective communication.

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 measures operational performance through 59 service levels based on industry-standard expectations for items such as the availability (uptime) of applications, resolution time for outages, and percentages of backups completed successfully. 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.



The Summary of DCS Service Level Performance chart shows service level performance across the 32 critical service levels. Because the service levels are in different units of measurement—for example percentages for uptime and number of hours for incident response time—overall performance has been

summarized as passing or failing to meet the standard. The chart shows the percentage that passed for August 2010 through August 2011.

Consolidation Performance. The DCS program was established to consolidate disparate data center operations into two modern facilities.

- 100% of the bulk print and mail operations have consolidated to the data center, enabling the 12 agencies receiving these services to use high-speed print equipment and obtain bulk mail discounts.
- 14 original mainframes have been replaced with nine new models, offering significantly faster processing capacity and greater redundancy.
- Approximately 11% of the total server population across the enterprise has been consolidated, representing 25 of the participating agencies.[3]

Financial Performance. DIR uses a third-party consultant to assess the cost performance of the DCS program. The most recent assessment, completed in February 2011, found the following:

- DCS program contract and contract-related costs for the period of April 2007 through August 2010 are $28,255,902, or 5.83%, lower than the pre-outsourcing costs for the base case (benchmark of service consumption based on pre-contract volumes).
- The DCS program has saved the state $10.8 million (24.23%) through August 2010 on additional growth over the base case volumes.

Governance Performance. In 2010, DIR and the participating DCS agencies restructured governance for the DCS program. The new governance model—titled Owner-Operator Governance—involves agencies and DIR at all levels of decision making. This structure is backed up by a decision rights matrix and defined escalation paths that clearly define each committee's responsibilities and how they work together to solve problems. Using this collaborative approach, participating agencies and DIR have prioritized applications for transformation across the enterprise, reviewed and issued RFO documents, and developed technical standards to be deployed across all agencies.

Contract Performance. DIR hired a vendor to manage ongoing operations, consolidate the data centers, and deliver savings to the state. Despite ongoing efforts by DIR and participating agencies to ensure vendor performance, service level performance is far below expectations, consolidation is incomplete after four years, and financial results are diminished due to increased costs to oversee the vendor.

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3 Agencies with some servers consolidated to either the Austin Data Center or State Date Center in San Angelo as of August 2011 are ASU, DADS, DARS, DFPS, DIR, DSHS, OAG-AL, OAG-CS, PUC, RRC, TABC, TCEQ, TDA, TDCJ, TDI, TDLR, TEA, TFC, THECB, TPWD, TSLAC, TVC, TWC, TxDOT, and TYC.

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.

TGC Chapter 2054, 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 statute 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 conducted a procurement to obtain 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.

TGC § 2054.384 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 originally selected 27 agencies for participation. The Comptroller of Public Accounts, the Department of Public Safety, Department of Agriculture, and state universities are exempt from TGC § 2054.384, although those entities may choose to participate in the Data Center Services program.

These agencies currently receive services through the program:

- *Angelo State University*
- *Department of Aging and Disability Services*
- *Department of Assistive and Rehabilitative Services*
- *Department of Criminal Justice*
- *Department of Family and Protective Services*
- *Department of Information Resources*
- *Department of Licensing and Regulation*
- *Department of Motor Vehicles*
- *Texas Facilities Commission*
- *Texas Commission on Environmental Quality*
- *Texas Department of Agriculture*[4]
- *Texas Department of Insurance*
- *Texas Department of Transportation*
- *Texas Education Agency*
- *Texas Higher Education Coordinating Board*
- *Texas Parks and Wildlife Department*
- *Texas State Library and Archives Commission*
- *Texas Veterans Commission*

4 Senate Bill 1, 82nd Legislature, First Special Session, gave the Texas Department of Agriculture (TDA) an exemption from the DCS program. TDA is in the process of transitioning services back to agency management with the exception of print/mail services, which TDA has elected to keep under managed DCS services.

- *Department of State Health Services*
- *Health and Human Services Commission*
- *Office of the Attorney General*
- *Public Utility Commission*
- *Railroad Commission*
- *Secretary of State*
- *Texas Alcoholic Beverage Commission*
- *Texas Water Development Board*
- *Texas Workforce Commission*
- *Texas Youth 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 the vendor under the terms of the DCS contract. Agency customers perform out-of-scope functions (see Data Center Services, Section B) and interface with the vendor and DIR. All parties (agency customers, the vendor, and DIR) have shared responsibility within the DCS program. For example, in consolidation, the vendor 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.

The vendor has developed and DIR has approved a policies and procedures manual describing the interfaces between the parties. The manual can be found on the DCS Customer Portal and 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 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 22: Funding Sources by Program – Data Center Services – FY2010

PROGRAM	DIR FUND REVENUE DEPOSITED	APPROPRIATED GENERAL REVENUE	APPROPRIATED RECEIPTS	INTERAGENCY CONTRACTS	FEDERAL FUNDS	TOTAL
Data Center Services	Statewide Technology Account	—	$1,273,434	$185,675,784	—	$186,949,218

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 fall into two distinct categories:

- Pass-through funds for payment of vendor invoices. The participating agencies receive appropriations to pay for their share of data center services provided under the DIR contract with the vendor. Under the contract, the vendor invoices DIR, which then invoices the agencies, collects the funds from the agencies, and pays the vendor 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 vendor invoices. This fee is structured as 2.95% of the invoice.

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

The DCS contract typifies two technology trends: the outsourcing of data center services and the consolidation for efficiency and cost savings. These trends are well established in the private sector, with most similar agreements on their second or third renewal/rebid. DIR's contract leverages this market maturity including well-established terms and enforcement tools in addition to Texas-specific requirements for managing critical state data and systems. Since DIR signed the DCS contract in 2006, this approach has become increasingly common in the government sector, and DIR frequently responds to inquiries from other states seeking information and best practices.

Data center services are the "infrastructure" of information technology and, as such, are required by every state agency and university. The 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 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 customers expanding the benefits of data center consolidation beyond the initial group of participating agencies. Interagency Contracts (IACs) are in effect with each of the 28 agencies receiving data center services. In addition, the "non-prioritized" agencies all have IACs with DIR stating that the agency will not be receiving DCS services and the provision and funding of information technology services remains the agency's responsibility. These IACs are required by TGC 2054, Subchapter 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.

Not applicable.

K. If contracted expenditures are made through this program please provide:
- the amount of those expenditures in fiscal year 2010;
- 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.

DIR Exhibit 23
Contracted Expenditures – Data Center Services — FY2010

PROGRAM	FY2010 EXPENDITURES	NUMBER OF CONTRACTS	GENERAL PURPOSE
Data Center Services	$181,130,750	1	Of the amount, $179 million reflects payments made to vendor for data center services on behalf of all participating agencies. Other expenditures included IT staffing, financial analysis, IT programming assessments and remediation • IT Staffing – Highly specialized contractors for specific temporary projects are utilized. • Financial Analysis – Temporary financial analysis for specialized projects. • IT Programming – Ensures programming maintenance continuity.

Contractor performance is ensured through DIR's contract management process. Deliverables and milestones must be accepted by DIR prior to remitting any payments to contractors.

DIR continues to aggressively enforce the terms of the DCS contract with the vendor on behalf of the state and agency customers, and has collected credits of more than $9.2 million in

liquidated damages for failure to meet required service levels. As a result of the vendor's performance, DIR has issued four notices of material breach.

- DIR issued the first notice of material breach in November 2008 for failures related to backups. This breach was not cured and the "Successful Backups" service level has been missed for 47 consecutive months (since May 2007).
- DIR issued the second notice in July 2010 for multiple breaches. The vendor did not provide a plan to cure these breaches and most remain unresolved.
- DIR notified the vendor in January 2011 of a third material breach for service level failures.
- DIR issued the fourth notice of material breach in July 2011 regarding network design and operation, system access administration, and software license administration.

Due to these ongoing, systemic, and uncured failures, DIR and the Business Executive Leadership Committee determined to reprocure all services currently provided by the vendor. The State issued two Requests for Offer in 2010, one for a multi-sourcing integrator and one for service delivery components (server, mainframe, print/mail, data center and network) and expects to award contracts by the end of calendar year 2011. By dividing the services into two Requests for Offer, the state is able to separate contract coordination and integration functions from service delivery operations, enabling interested providers to focus on their core area of expertise and isolating risk.

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

None at this time.

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

The DCS program saves the state money through economies of scale, efficiency, and opportunities to leverage expensive resources (e.g., servers and high-speed printers) across multiple agencies. As a practical matter, these savings are not distributed evenly across participating agencies and, because appropriations adjustments have been made to align agencies needs with their budgets, agencies that have saved have not individually benefitted from the savings. In order to fully realize the savings potential of the DCS program, all agencies should actively participate and consolidate. Separating particular agencies from consolidation in the current model doesn't save money. It only shifts costs, leaving other agencies to pay a larger portion of the shared facilities.

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 FY2007–2011, or earlier significant Attorney General opinions, that affect your agency's operations.

Department of Information Resources **Exhibit 24: Statutes/Attorney General Opinions**	
Statutes	
CITATION/TITLE	AUTHORITY/IMPACT ON AGENCY
Chapter 2054, Texas Government Code / Information Resources Management Act	Primary enabling statutes for DIR administrative functions; IT planning; data center services, and Texas.gov
Chapter 2055, Texas Government Code / Electronic Grant System	Authorizes establishment and operation of a state electronic grant system project
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 technology services to state agencies
Chapter 2157, Section 2157.068, Texas Government Code / Purchasing: Purchase of Automated Information Systems	Authorizes DIR to provide for the purchase of information technology Commodity Items by state agencies and other customers
Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
Opinion No. GA-0679 (2008)	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 25: 82nd Legislative Session Regular Chart**		
Legislation Enacted – 82nd Legislative Session Regular		
BILL NUMBER	AUTHOR	SUMMARY OF KEY PROVISIONS
HB 1495	Munoz/ Hinojosa	Exempts junior colleges from Texas Government Code, Chapter 2054, Information Resources Management Act, except (1) for the electronic government project – state electronic Internet portal, and

		(2) for the requirement that government entities use private sector services if those services would be less costly than entering into an interagency agreement for those services
Legislation Enacted – 82nd Legislative Session Regular		
BILL NUMBER	AUTHOR	SUMMARY OF KEY PROVISIONS
HB 1504	Munoz/ Hinojosa	Changes statutory references from "TexasOnline" to "state electronic Internet portal"
HB 1965	Kolkhorst/ Zerwas/ Naishtat/ Branch/Bohac/ Cook/Harless/ Lozano/White	Requires designated agencies, including DIR, in consultation with the governor, to designate one employee from the agency to serve as a liaison for faith- and-community-based organizations
HB 3333	Pena/Hegar	Authorizes the Governor to order DIR to disconnect an agency's network from the Internet if there is a substantial external threat to the network
HB 3395	Callegari/Lucio	Authorizes, but does not require, DIR to publish the state telephone directories only online
HB 653	Whitmire	Requires DIR to provide assistance on technology issues as requested by TYC and Juvenile Probation Commission as they merge into the Texas Juvenile Justice Commission
SB 781	Carona/Cook	Repeals Section 2059.060 Government Code, which requires vulnerability testing of hardware and software purchased by state agencies
SB 988	Van de Putte/ Larson	Creates the Cybersecurity, Education and Economic Development Council, appointed by the DIR Executive Director to make recommendations to DIR and the legislative leadership on improvements to DIR's cybersecurity operations
Legislation Not Passed – 82nd Legislative Session		
BILL NUMBER	AUTHOR	SUMMARY OF KEY PROVISIONS/REASONTHE BILL DID NOT PASS
HB 2499	Cook/Nichols	DIR Sunset Bill that included: • Extension of DIR for 6 years • Required the adoption of certain rules and policies • Required increased board participation in contract management • Established a Customer Advisory Committee • Moved the ICT Contracts program to the Comptroller's Office HB 2499 was vetoed by the Governor

Department of Information Resources **Exhibit 26: 82nd Legislative Session 1st Special Chart**		
Legislation Enacted – 82nd Legislative Session 1st Special		
BILL NUMBER	AUTHOR	SUMMARY OF KEY PROVISIONS
SB 1	Duncan/ Shapiro	• Extends DIR for two years through September 1, 2013 • Requires the DIR board by rule to establish approval requirements for all contracts • Exempts the Department of Agriculture from participation in the state data center services program • Addresses the handling of fee revenue • Provides that DIR may consider strategic sourcing in selecting vendors in the ICT Contracts program • Requires best value in ICT Contracts program
Legislation Not Passed – 82nd Legislative Session 1st Special		
BILL NUMBER	AUTHOR	SUMMARY OF KEY PROVISIONS/REASON THE BILL DID NOT PASS
—	—	No key legislation related to DIR failed to pass during the 82nd 1st Called 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

TGC Section 2054.022 imposes conflict of interest restrictions on members of the DIR board 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 its board. This issue has not been addressed previously by the Texas Legislature.

B. Discussion

Certain members of the DIR board who provide business services in information technology expressed confusion regarding the conflict of interest provision governing participation on DIR's board. 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 for 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, DIR board members would need to scrupulously adhere to the revised law, and resign, or be requested to resign, from the board if a conflict of interest developed.

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 HB 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.

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.

DIR Exhibit 27: Contacts			
INTEREST GROUPS Groups affected by agency actions or that represent others served by or affected by agency actions.			
GROUP OR ASSOCIATION/CONTACT	ADDRESS	TELEPHONE	E-MAIL
Accessibility Council of Texas (DIR Chartered)/*Jim Allan, Chair*	N/A	512-206-9315	allanj @tsbvi.edu
Austin Chapter, Project Management Institute/*Martha Evert, President*	3267 Bee Caves Road, Suite 107-126, Austin, TX 78746	512-385-3646	president @pmiaustin.org
Commission on State Emergency Communications/*Paul Mallett, Executive Director*	333 Guadalupe St., Suite 2-212, Austin, TX 78701	512-305-6920	Paul.mallett @csec.texas.gov
Continuity of Operations Planning (COOP) Roundtable/*Ken Palmquist, DIR, Chair*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-475-4586	ken.palmquist @dir.texas.gov
Department of Assistive and Rehabilitative Services (DARS)/*Ron Lucey, CPI Policy Technical Assistance & Accessibility Manager*	4900 North Lamar Blvd., Austin, TX 78751	512-377-0577	Ron.Lucey @dars.state.tx.us
e.Republic (Government Technology & Center for Digital Government)/*Don Pearson, Executive VP*	100 Blue Ravine Rd., Folsom, CA 95630	916-932-1300	dpearson @govtech.com
E-Learning Council/*Donald Twining, Chair*	http://www.elearning council.com/	512-794-8440	dtwining @microassist.net
Governor's Center for Management Development, LBJ School of Public Affairs/*Barry Bales, Assistant Dean for Professional Development*	3001 Lake Austin Blvd., Suite 3.306, Austin, TX 78703-4204	512-475-8100	bbales @mail.utexas.edu
Governor's Committee on People with Disabilities/*Angie English, Chair*	1100 San Jacinto, Austin, Texas 78701	512-463-5739	GCPD @gov.texas.gov
Greater Austin Area Telecommunications Network/ *Wayne Wedemeyer, Chair*	c/o Office of Telecom Services, UT, SER 319N, Austin, TX 78712	512-471-2444	w.wedemeyer @mail.utexas.edu

DIR Exhibit 27: Contacts			
INTEREST GROUPS Groups affected by agency actions or that represent others served by or affected by agency actions.			
GROUP OR ASSOCIATION/CONTACT	ADDRESS	TELEPHONE	E-MAIL
Information Technology Council for Higher Education/*Margaret Knox, Chair*	210 W 6th St., Austin, TX 78701	512-322-3774	mknox @austin.utexas.edu
Intergovernmental Training Council (ITC)/*Mike Sullivan, Chair*	N/A	512-239-0135	msulliva @tceq.state.tx.us
Mid-Size Agency Coordinating Council (MACC)/*Brian White, Chair*	N/A	512-804-4186	brian.white @oiec.state.tx.us
Public Electronic Services on the Internet (PESO)/*Jeff Kline, Chair*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-463-3248	Jeff.kline @dir.texas.gov
Records Management Interagency Coordinating Council (RMICC)/ *Peggy D. Rudd, Chair*	P.O. Box 12927, Austin, TX 78711-2927	512-463-5460	
State Agency Coordinating Committee (SACC), Legal Affairs Subcommittee/*Martin Zelinsky, Chair*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-463-9884	martin.zelinsky @dir.texas.gov
State Agency Coordinating Committee (SACC), Training & Development Subcommittee/ *Louis LeDoux, Chair*		512-936-3146	louis.ledoux @twc.state.tx.us
State Agency Coordinating Committee (SACC), Purchasing Subcommittee/*Jane Rivera, Chair*	101 East 15th St., Austin, TX 78701	512-463-2483	jane.rivera @twc.state.tx.us
State Agency Coordinating Committee (SACC), IT Subcommittee/*Judy Sandberg, Chair*		512-438-4985	judy.sandberg @dads.state.tx.us
TechAmerica/*Jeff Clark*	401 West 15th St., Austin, TX 78701	512-474-4403	Jeff.clark @techamerica.org
Texas Water Development Board/State Geographic Information Officer/*Jim Scott*	1700 N. Congress, Room B-40	512-463-8337	jim.scott @twdb.state.tx.us
E-Community: CCTS-Directory (Capitol Complex Directory)/ *Regina Gardner, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-936-2249	Regina.gardner @dir.texas.gov
E-Community: CCTS-L (Telephone Maintenance)/*Regina Gardner, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-936-2249	Regina.gardner @dir.texas.gov

DIR Exhibit 27: Contacts			
INTEREST GROUPS Groups affected by agency actions or that represent others served by or affected by agency actions.			
GROUP OR ASSOCIATION/CONTACT	ADDRESS	TELEPHONE	E-MAIL
E-Community: DIRTECH (IT)/*Joy Hall Bryant, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-475-2346	Joy.bryant @dir.texas.gov
E-Community: DIRTRAIN (Training)/*Joy Hall Bryant, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-475-2346	Joy.bryant @dir.texas.gov
E-Community: IRAPC (Security)/*Ana Luevano, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-463-4251	Ana.Luevano @dir.texas.gov
E-Community: NetMgr-L (Network Maintenance)/*Ana Luevano, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-936-2248	Bryan.Bradsby @dir.texas.gov
E-Community: Security/*Ana Luevano, Moderator*	300 W. 15th St., Suite 1300, Austin, TX 78701	512-463-4251	Ana.Luevano @dir.texas.gov

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS Associations that serve as an information clearinghouse or regularly interact with your agency.			
GROUP OR ASSOCIATION/CONTACT	ADDRESS	TELEPHONE	E-MAIL ADDRESS
Comptroller of Public Accounts Fiscal Management /CAPPS ASP/ *Philip Ashley, Director Fiscal Mgmt*	111 East 17th St., Austin, TX 78711	512-463-4275	Phillip.Ashley @cpa.state.tx.us
Conference of Urban Counties/*Charles Gray*	500 West 13th St., Austin, TX 78701	512-476-6174	cgray @cuc.org
County & District Clerks Association of Texas (CDCAT)/ *Hon. Joyce Hudman, President*	111 E. Locust St., Suite 200, Angleton, TX 77515	979-864-1760	joyceh @brazoria-county.com
Health Professions Council (Contract for Data Center Services)/*John Monk, Administrative Director*	333 Guadalupe, Suite 2-220, Austin, TX 78701	512- 305-8551	John.Monk @hpc.state.tx.us
Judicial Council of Information Technology/*Justice Rebecca Simmons, Casey Kennedy, OCA*	Office of Court Administration 205 W. 14th St, Suite 600, Austin, TX 78701	512-463-1625	Casey.kennedy @txcourts.gov Rebecca.simmons @txcourts.gov
National Association of Purchasing Management (NAPM), Austin/ *Nancy Pais, President*	Dresser Wayne, 3814 Jarrett Way, Austin, TX 78681	512-388-8463	president @napm-austin.org

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS Associations that serve as an information clearinghouse or regularly interact with your agency.			
GROUP OR ASSOCIATION/CONTACT	ADDRESS	TELEPHONE	E-MAIL ADDRESS
National Association of State Chief Information Officers (NASCIO)/ *Doug Robinson*	201 East Main St., Suite 1405, Lexington, KY 40507	859-514-9153	drobinson @amrms.com
National Association of State Procurement Officials (NASPO)/ *Jack Gallt*	201 East Main St., Suite 1405, Lexington, KY 40507	859-514-9159	jgallt @amrms.com
National Association of State Technology Directors (NASD)/ *Mark McCord, Exec. Director*	2760 Research Park Dr. Lexington, KY 40511	859-244-8187	mmcord @csg.org
National Contract Management Association (NCMA) – Lone Star Chapter/*Richard Furlong, President*	NCMA Lone Star Chapter, 2901 Barton Skyway, Apt. 1101, Austin, TX 78746	512-981-4435	Richard.Furlong @va.gov
Texas Association of Community College Business Officers (TACCBO)/*Keith Blundell, President*	2200 E. Red River, Victoria, TX 77901	361-582-2535	keith.blundell @victoriacollege.edu
Texas Association of Counties (TAC), *Hon. Vernon Cook, President*	P.O. Box 478, Miami, TX 79059	806-868-3721	vernon.cook @co.roberts.tx.us
Texas Association of Governmental IT Managers (TAGITM)/*Gus Roman, Vice President*	P.O. Box 1000, Bryan, TX 77805	979-209-5488	groman @bryantx.gov
Texas Association of HUBs (Historically Underutilized Businesses)/*Roy Mata, President*	P.O. Box 684726, Austin, TX 78768-4726	512-220-4293	info @texashubs.org
Texas Association of Regional Councils (TARC)/ *Patti Jones, President*	P.O. Box 10536, Lubbock, TX 79408	806-775-1335	Pjones @co.lubbock.tx.us
Texas Association of School Administrators (TASA)/*Rod Townsend, President*	501 E. Collins St., Decatur, TX 76234	940-393-7100	
Texas Association of School Business Officials (TASBO)/ *Ms. Frankie Jackson, President*	607 W. Baker, Baytown, TX 77520	281-420-4934	fjjackson @gccisd.net
Texas Association of State Systems for Computing & Communications (TASSCC)/*George Rios, President*	4200 Smith School Road, Austin, TX 78744	512-389-8066	george.rios @tpwd.state.tx.us

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS Associations that serve as an information clearinghouse or regularly interact with your agency.			
GROUP OR ASSOCIATION/CONTACT	ADDRESS	TELEPHONE	E-MAIL ADDRESS
Texas Computer Educators Association (TCEA)/*Lee Sleeper, President*	P.O. Box 250, Bullard, TX 75757	903-894-6639	lee.sleeper @bullardisd.net
Texas Municipal League (TML) *Robert Cluck, President*	101 W. Abrams St., Arlington, TX 76004	817-459-6122	robert.cluck @arlingtontx.gov
Texas.gov Customer Advisory Council Chair, Executive Steering Committee Rep/*Kathryn Pew*	DMV, 4000 Jackson Ave., Austin, TX 78731	512-467-5952	kathryn.pew @txdmv.gov
Texas.gov Customer Advisory Council Vice-Chair/*Mark Doggett*	DPS, 5805 North Lamar Blvd., Austin, TX 78752	512-424-5150	mark.doggett @txdps.state.tx.us

LIAISONS AT OTHER STATE AGENCIES Agency liaisons 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/RELATIONSHIP/CONTACT	ADDRESS	TELEPHONE	E-MAIL ADDRESS
Office of the Governor/Analyst/ *Ed Robertson*	State Insurance Building 1100 San Jacinto Austin, Texas 78701	512-463-3827	eroberston @governor.state.tx.us
Legislative Budget Board/Analyst/ *Elizabeth Prado*	1501 N. Congress, 5th Floor Austin, TX 78701	512-463-9719	elizabeth.prado @lbb.state.tx.us
Legislative Budget Board/Quality Assurance Team Primary Contact/ *Richard Corbell*	1501 N. Congress, 5th Floor Austin, TX 78701	512-463-1200	richard.corbell @lbb.state.tx.us
State Auditor's Office/Assistant State Auditor/*Sandra Vice*	1501 N. Congress, Suite 4 Austin, TX 78701	512-936-9659	svice @sao.state.tx.us
Designated Electronic and Information Resources Accessibility Coordinator (EIR AC) at each state agency/Official Liaison	See electronic list for contacts at time of report publication		
ICT Contracts Customers	See electronic list for contacts at time of report publication		
Designated Information Resources Manager (IRM) at each state agency / Official Liaison	See electronic list for contacts at time of report publication		

Program Area Committees

DIR program areas use advisory, steering, and leadership committees to carry out their duties.

COMMITTEE NAME	SIZE/COMPOSITION/APPOINTMENT	PURPOSE/DUTIES	LEGAL BASIS
Data Center Services Business Executive Leadership Committee	Five agency members, selected by and representing the 28 participating DCS agencies, and DIR Executive Director and DIR Deputy Executive Director for Data Center Services	Make strategic business decisions for the Data Center Services Program	TGC § 2054.051 (f)
Data Center Services IT Leadership Committee	Five agency IT Director members, selected by participating DCS agencies, and DIR Director of Technology Center Operations Division	Make strategic technical decisions for the Data Center Services Program	TGC § 2054.051 (f)
Texas.gov Occupational License Steering Committee	Sec. 2054.354. STEERING COMMITTEE. (a) The steering committee for electronic occupational licensing transactions consists of a representative of each of the following, appointed by its governing body: (1) Each licensing entity listed by Section 2054.352(a); and (2) The department. (DIR Portal Manager) (b) The governing body of a licensing entity described by Section 2054.352(c) may appoint a representative to the committee. (c) A member of the committee serves at the will of the entity that appointed the member. (d) The representative of the department is the presiding officer of the committee. The committee shall meet as prescribed by committee procedures or at the call of the presiding officer	Provide a continuing voice in the broad direction and quality of Texas.gov • Offer advice and counsel to DIR, as well as the Executive Steering Committee, Texas.gov 2.0 Management Team, and Project Review Board • Provide Customer advice, concerns, and evaluations • Provide a communication forum for DIR Customers to offer input and feedback to joint DIR and Vendor • Assist in the identification of customer needs and wants	TGC § 2054.354
Texas.gov Customer Advisory Council	Members of the Customer Advisory Council include: • Designated Customer (state agencies, higher education and local governments) representatives • Designated Customer IT Directors • Assistant Director eGovernment • DIR Portal Manager • DIR Marketing and Business Development Officer • Vendor Executive Director	Provide a forum for the direction and quality of Texas.gov • Offer advice and counsel to DIR, as well as the Executive Steering Committee, Texas.gov Management Team, and Project Review Board	TexasOnline 2.0 Contract

COMMITTEE NAME	SIZE/COMPOSITION/APPOINTMENT	PURPOSE/DUTIES	LEGAL BASIS
	• Vendor Director of Portal Operations • Vendor Director of Outreach The following agencies will serve a two-year term on the Customer Advisory Council • Department of State Health Services • Occupational License Steering Committee • Office of Court Administrators • Office of the Governor • Secretary of State • Texas Commission on Environmental Quality • Texas Comptroller of Public Accounts • Texas Department of Licensing and Regulation • Texas Department of Motor Vehicles • Texas Department of Public Safety • Texas Education Agency • Texas Parks and Wildlife The following categories will be used to identify Customers to serve a one-year term: • Local – Large County • Large – Large City • Local – Small/Mid City • Local – Small/Mid County • Higher Ed Rep • State Agency – Small Size • State Agency – Mid Size • State Agency – Large size • At-large Member The following *ex-officio* members will provide information and guidance to the council: • DIR Assistant Director eGovernment • DIR Portal Manager • Vendor Director of Portal Operations • Vendor Director of Outreach	• Provide a communication forum for DIR Customers • Assist in the identification of customer requirements	

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.

DIR Exhibit 28: Complaints Against the Agency – FY2009–2010		
	FY2009	FY2010
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.

DIR Exhibit 29: Purchases from HUBs – FY2009–2011				
Fiscal Year 2009				
CATEGORY	TOTAL $ SPENT	TOTAL $ SPENT W/HUBS	TOTAL % SPENT W/HUBS	STATE HUB GOAL
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trade	$800	0	0%	57.2%
Professional Services	$32,610	$10,000	30.6%	20.0%
Other Services	$38,815,952	$7,115,218	18.3%	33.0%
Commodities	$3,515,620	$341,565	9.71%	12.6%
TOTAL	$42,364,982	$7,466,784	17.6%	
Fiscal Year 2010				
CATEGORY	TOTAL $ SPENT	TOTAL $ SPENT W/HUBS	TOTAL % SPENT W/HUBS	STATE HUB GOAL
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trade	$6,130	0	0%	57.2%
Professional Services	$1,765	0	0%	20%
Other Services	$39,069,738	$5,719,603	14.6%	33%
Commodities	$11,397,478	$723,403	6.34%	12.6%
TOTAL	$50,475,112	$6,443,006	12.7%	

DIR Exhibit 29: Purchases from HUBs – FY2009–2011				
Fiscal Year 2011				
CATEGORY	TOTAL $ SPENT	TOTAL $ SPENT W/HUBS	TOTAL % SPENT W/HUBS	STATE HUB GOAL
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trade	$1,493	$500	33.4%	57.2%
Professional Services	0	0	0.00%	20%
Other Services	$34,143,497	$5,112,578	14.97%	33%
Commodities	$14,187,996	$2,945,373	20.76%	12.6%
TOTAL	$48,332,986	$8,058,451	16.67%	

N/A The "Heavy Construction" and "Building Construction" categories were not applicable to agency operation. DIR's offices are in state-owned buildings managed by the Texas Facility Commission. In addition, DIR typically does not purchase in the "Special Trade Construction" category. The purchase was made to improve security access, in certain areas of the agency.

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 all potential 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. For DIR enterprise contracts, the HUB coordinator conducts vendor forums to allow HUBs and prime vendors to network. 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)	Yes, Bernadette Davis, CTPM bernadette.davis@dir.texas.gov 512-463-5712
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)	Yes, 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)	Yes, 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.*

* 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.

DIR Exhibit 30-A: Equal Employment Opportunity Statistics – FY2011

JOB CATEGORY	TOTAL POSITIONS	MINORITY WORKFORCE PERCENTAGES					
		BLACK		HISPANIC		FEMALE	
		AGENCY	CIVILIAN	AGENCY	CIVILIAN	AGENCY	CIVILIAN
Officials/Administration	20	5%	7.5%	10%	21.1%	40%	37.5%
Professional	114	9%	9.7%	10%	18.8%	60%	53.3%
Technical	29	14%	13.9%	31%	27.1%	31%	53.9%
Administrative Support	13	31%	12.7%	38%	31.9%	92%	67.1%
Service/Maintenance	6	0%	14.1%	67%	49.9%	83%	39.1%
Skilled Craft	—	—	6.6%	—	46.3%	—	6.0%

DIR Exhibit 30-B: Equal Employment Opportunity Statistics – FY2010							
		MINORITY WORKFORCE PERCENTAGES					
		BLACK		HISPANIC		FEMALE	
JOB CATEGORY	TOTAL POSITIONS	AGENCY	CIVILIAN	AGENCY	CIVILIAN	AGENCY	CIVILIAN
Officials/Administration	27	7%	7.5%	11%	21.1%	37%	37.5%
Professional	117	9%	9.7%	12%	18.8%	63%	53.3%
Technical	34	15%	13.9%	24%	27.1%	32%	53.9%
Administrative Support	16	25%	12.7%	38%	31.9%	94%	67.1%
Service/Maintenance	7	0%	14.1%	57%	49.9%	71%	39.1%
Skilled Craft	—	—	6.6%	—	46.3%	—	6.0%

DIR Exhibit 30-C: Equal Employment Opportunity Statistics – Fiscal Year 2009							
		MINORITY WORKFORCE PERCENTAGES					
		BLACK		HISPANIC		FEMALE	
JOB CATEGORY	TOTAL POSITIONS	AGENCY	CIVILIAN	AGENCY	CIVILIAN	AGENCY	CIVILIAN
Officials/Administration	23	9%	7.5	13%	21.1%	45%	37.5%
Professional	133	8%	9.7%	11%	18.8%	62%	53.3%
Technical	38	13%	13.9%	24%	27.1%	32%	53.9%
Administrative Support	16	25%	12.7%	38%	31.9%	94%	67.1%
Service/Maintenance	8	0%	14.1%	50%	49.9%	75%	39.1%
Skilled Craft	—	—	6.6%	—	46.3%	—	6.0%

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.

XII. Agency Comments

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

Previous Sunset Review

This sunset review is the second consecutive review of the agency. While DIR went through the sunset process in FY2011 during the 82nd legislative session, a gubernatorial veto of the sunset bill (HB 2499) resulted in another sunset review in FY2013.

In the interim, the agency has identified FY2011 sunset recommendations that it is able to implement (those not subject to the veto and not requiring statutory authority). At this time, DIR continues to work on the implementation initiative and many elements are either completed or well underway. The following list provides a few examples:

- Internal Audit – An internal audit director and one staff auditor have been hired. A board-approved annual audit plan is in place and additional staff hiring is in the planning stages.
- Staff augmentation – Policy is in place to govern the use of staff augmentation. Staff augmentation resources are only used for short-term projects.
- Contract management – Substantial work is underway to create plans, guides, and policies related to enterprise contract management, performance, and accountability.
- Board oversight –
  - subcommittees have been established and are meeting to correspond with each DIR program area
  - as required by SB 1 (82nd, 1st called), proposed rules regarding board approval of contracts were submitted to the board. The board approved the publication of the proposed rules for public comment at the October 20 meeting.
  - board reviews are requested for additional deliverables including this Sunset Self-evaluation report
- Ethics – A revised policy is in place to strengthen conflict of interest, revolving door, and other ethics provisions.