

2009 STATUS OF IT and FY11 IT RECOMMENDATIONS

2009 Status of Information Technology

DATE: December 5, 2009

PURPOSE OF HEARING:

Update of DoIT's initiatives, selected IT projects and FY11 IT recommendations.

PREPARED BY:

Aurora B. Sánchez

DoIT Act – Changes

- Decreased ITC membership from 17 to 15 voting members, and 8 to 5 non-voting members.
- Required background checks on critical IT positions.
- Required IT rates to be established by July 15 for the following fiscal year.
- Prohibited lobbyists from serving on ITC.
- Required written IT project(s) reports from DoIT.

Chief Information Officers Council Priorities

1. Enterprise services;
2. Contract review and approval process;
3. Consolidation based on a federated model;
4. DoIT Human resources;
5. Certification process;
6. Adherence to policies, procedures and executive orders;
7. Improve customer services;
8. Enterprise architecture;
9. Customer communications; and
10. Disaster recovery and business continuity.

Department of Information Technology Act. During the 2009 legislative session, the Department of Information Technology (DoIT) Act was amended.

Department of Information Technology. DoIT was created July 1, 2007 by combining the Office of the Chief Information Officer and the General Services Department technology and telecommunication services into one agency. DoIT, not unlike any organization in its infancy, is suffering growing pains. Since its creation two years ago, it has had two secretaries and is now reorganizing its programs for better alignment and to achieve efficiencies. In September 2008, the chief information officer council (CIOC) presented DoIT with the top ten priorities that CIOC believed should be DoIT's focus. DoIT aligned the CIOC priorities with projects they were working on and with services they provided.

DoIT is state government's enterprise technology services provider and the executive branch's IT oversight arm. DoIT provides the following services to state agencies, including those in the judicial and legislative branches, if requested. DoIT now has a catalog of services that agencies can select from and know what they are buying and the cost of the services.

Table 1. DoIT Services

Enterprise Application and Desktop	Hosting and Storage
E-mail	Mainframe
Application Maintenance	Application
Software Application Design and Development	Equipment
Managed Desktop	Server Administration
File and Print	Data Storage and Backup
Data Network and Internet	Voice Communications
Wide Area Network	Desktop Telephony
Local Area Network	Toll Services
Network Engineering and Design	Microwave Radio Network
Internet Access	Wireless Voice and Data

Source: www.doit.state.nm.us

DoIT provides information systems and telecommunication services through its enterprise services program. Providing adequate levels of services is predicated on having a stable and robust infrastructure. Prior to the creation of DoIT, the information systems and telecommunications were neglected and equipment replacement funds were depleted and done away with. In Laws 2009, Chapter 154 (capital bill), DoIT received \$7.4 million toward infrastructure improvements for enterprise services.

The projects DoIT is working on internally to establish or enhance the infrastructure necessary to provide technology services are listed in the table below. All the projects except the supercomputer are part of DoIT's core operations.

2009 Capital Appropriations
(in thousands)

Project	Amount
Data Center Upgrade	\$900.0
E-Mail Upgrade	\$2,100.0
SHARE Disaster Recovery	\$1,700.0
Core Telecommunication Network Upgrade	\$800.0
Telephone Upgrades	\$900.0
Digital Microwave Upgrades	\$1,000.0

Source: Laws 2009, Chapter 154, Section 27

DoIT used \$1.8 million of the \$2 million appropriation for RGON and reverted the remaining balance.

Analog-to-Digital Conversion

- DoIT operates and maintains 99 sites.
- 68 sites are digital technology.
- 2 sites planned in FY10.
- 29 sites planned in future years.
- On average, it costs \$566 thousand to design, construct and equip each site.

In Laws 2008, Chapter 3, Section 7, Subsection 13, appropriated \$250 thousand for an assessment and feasibility study for redundancy of the state's most critical IT-based services and applications.

Table 2. DoIT Technical Projects

Projects in Progress		
Projects		
Virtual Blade Server Architecture for Application Hosting	Enterprise IT Cyber Security Enhancement	Wire NM - Analog to Digital
Data Center Power Upgrade	Enterprise IT Services Management System	Wire NM – Southeast Quadrant
DB2 V8 Upgrade	Enterprise IT Asset Management System	Trusted Network
Exchange Upgrade and Equipment Refresh (e-mail)	Enterprise IT Performance Monitoring System	
ARRA Software Tracking and Reporting System	Business Continuity and Disaster Recovery Assessment and Feasibility Study	
Enterprise SharePoint	SHARE Disaster Recovery	
CMIS Billing System Upgrade	Supercomputer	
Projects Completed		
Projects		
Exchange System Service Review	Wire NM – Rio Grande Backbone	

Source: www.doit.state.nm.us

Wire NM. The purpose of this project is to provide high-speed digital communications to state government using network infrastructure and digital microwave towers.

The Rio Grande backbone also known as Rio Grande Optical Network (RGON) was completed June 2009 using the \$2 million appropriation received in Laws 2004, Chapter 114, Section 8, Subsection 11 and extended in Laws 2005 and 2006. RGON is a partnership among DoIT, New Mexico State University and New Mexico Institute of Mining and Technology. The three entities are responsible for the operations and maintenance of the backbone.

The \$4.8 million general fund appropriation in Laws 2006 for the southeast loop has a balance of \$4.2 million that DoIT will use as a 20 percent match to leverage a 700MHz grant for public safety radio systems from the federal government that will result in \$21 million for broadband. The grant is part of the second round broadband grants. The 2006 appropriation will probably need to be extended and the purpose amended in the 2010 legislative session since it expires at the end of FY10.

DoIT is proceeding with the replacement of analog microwave towers across the state. Barring bad weather, construction can proceed rather quickly. The major issue lies with obtaining rights-of-way and scheduling the construction when the weather is favorable.

Top Twelve Critical Agency Applications and Top Three Critical Enterprise Applications

Agency	Agency Application(s)	Rank
TRD	Motor Vehicle	1
	GenTax	8
CD	Criminal Management Information System	2
CYFD	FACTS	3
ALTSD	Adult Protective Services System	4
DPS	NMLETS	5
	CJIS	7
WSD	UI Claims	6
HSD	ISD2	9
DOH	LIMS	10
SIC	QED (investments)	11
HSEMD	Emergency and Event Management System	12
DoIT	Mainframe	1
	SHARE	2
	E-Mail	3

Source: DoIT

One hundred percent security will never be accomplished because it would be too costly and would greatly impede the state's ability to provide efficient and effective services.

Being proactive means identifying risks and putting processes and procedures in place to mitigate potential risks.

DoIT sent 31 of the broadband applications for Departments of Agriculture (BIP) and Commerce (BTOP) grants totaling \$323 million to the governor for his recommendation. These grants all require a 20 or 50 percent match. The federal government received so many applications that they requested volunteers to review all the applications and had to extend the award deadline by at least one month. DoIT separately applied for a \$2.2 million grant for broadband mapping for which in-kind services will be used as the 20 percent match.

Disaster Recovery. DoIT has established a business continuity steering committee and short- and long-term plans to address disaster recovery and business continuity. The long-term plan for disaster recovery includes a recovery site for DoIT and state agencies. DoIT conducted due diligence visits to other states to learn how they have addressed disaster recovery and business continuity. DoIT also identified the top 12 most critical applications in 10 agencies and three critical enterprise applications at DoIT.

DoIT issued a Request for Proposal for disaster recovery and data center sites with responses due January 7, 2010. During the 2009 legislative session, DoIT also received \$1.7 million for disaster recovery for the statewide human resource, accounting and management reporting system (SHARE). An offsite disaster recovery center could be available late in FY10 or early FY11.

Security. Following the events of 9/11, and the increased use of personal computers with access to the Internet, computer security has become more important. Computer security is the protection of computer systems and information (information assets) from harm, theft, and unauthorized use. In government, all agencies and employees have an obligation to work toward the adequate protection of information system assets.

In 2005, LFC recommended the state chief information officer make security a top priority. The CIOC did not have security on its top ten list, but DoIT recognized the importance of IT security and implemented a program for executive agencies. Through DoIT-sponsored training on security, agency IT staff are better trained and more aware of how to set up good security and what to do if their systems are compromised. Although agencies continued to suffer security breaches, they were caught earlier. Agencies are responding to security more proactively through IT security review contracts and training. Being proactive includes considering security as part of any new system implementation or upgrade before the project begins and conducting assessments. In 2009, the DoIT act was revised to include a requirement for background checks for IT staff in critical positions. In December 2009, DoIT will release the state security policy for all executive branch agencies.

DoIT improved physical data center security by installing access management equipment: video cameras and biometric technology (fingerprint readers), and changing procedures regarding use of rear access doors and loading docks.

The SHARE manager created a master project schedule to keep track of SHARE-related projects.

- Department of Transportation's federal reporting,
- General Services Department's procurement;
- Department of Health's time clocks;
- DFA's streamline banking and
- Disaster recovery.

NMCAC's gateway MOUs require receiving entities to assume operations and maintenance of the gateways.

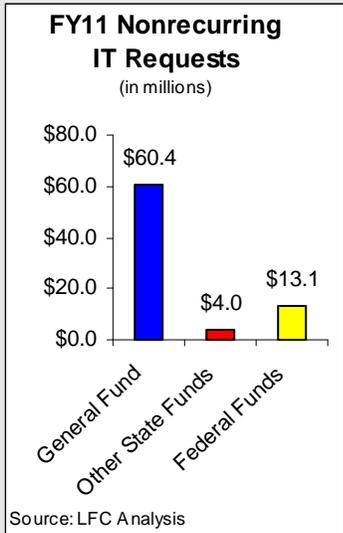
The acting project oversight compliance director informed ITC that he would have recommended 90 percent of the IT projects.

Statewide Human Resources, Accounting and Management Reporting System. The technical support and operations functions for SHARE were consolidated under DoIT in FY10. Prior to that, part of the technical staff reported to the Department of Finance and Administration (DFA) and the other part reported to DoIT. DFA retains ownership of SHARE's fiscal business functions of SHARE. The agencies entered into a Memorandum of Understanding in July 2009 outlining the duties of each agency and the governance structure for SHARE. DoIT hired a SHARE manager in April 2009. All technical staff reports to the SHARE manager, though physically the staffs are in two locations. DoIT and DFA are working on physically consolidating the staff. DoIT established a balance scorecard to measure system performance and customer satisfaction.

Supercomputer. The \$11 million supercomputer housed at Intel and operated by the New Mexico Computing Application Center (NMCAC) through contract staff continues to require state funding because it is nowhere near becoming self-sustaining. Recently the governor announced that the National Science Foundation had awarded the University of New Mexico \$41 million for "collaborative projects involving the state's supercomputer." The press release also state that NMCAC is under contract for \$5.3 million. UNM provided information on the three grants: cyberinfrastructure development in the western consortium; DataNetOne and Climate change impacts on New Mexico's mountain sources of water. However, UNM has been unable to provide details as to how much actual cash will go to run the supercomputer. It is highly possible that UNM leveraged the ability to use of the supercomputer to win the awards and that there will be a positive economic benefit to New Mexico, but no actual cash to operate the supercomputer.

Project Oversight and Compliance. LFC continues to have concerns about DoIT's quarterly reporting and the guidelines for how agencies justify or request funding for IT projects. DoIT has no routine practice to produce written oversight activity reports that include validating and verifying agency-reported data. In the 2009 legislative session, the DoIT Act was amended to include a requirement to produce written reports of project reviews. According to DoIT, in FY08 and FY09, it certified IT projects totaling \$250 million. So far in FY10, it has certified IT projects totaling \$175 million. The project oversight and compliance division continues to rely on self-reported data to report the status of projects greater than \$1 million. Based on self-reported data for the 4th quarter FY09 and the 1st quarter FY10 the status of every project has remained constant.

DoIT limited its review of FY11 IT funding requests to those that agencies identified as their number one priorities. There were 14 projects identified as number one priorities and DoIT recommended that 50 percent of those receive funding totaling \$5.3 million (\$3.2 general fund; \$2.1 other state funds). Even though recommendations were limited to number one priorities, one of the



During the first quarter of FY10, the courts have generated \$212.4 thousand from the civil filing fee increase.

Extensions for appropriation made prior to 2007 should not be granted unless there are extenuating circumstances.

state’s most important and critical systems (ISD2) does not appear on DoIT’s list.

FY11 Information Technology Recommendations. LFC received 45 information technology (IT) requests totaling \$77.5 million from state agencies (attached as Exhibit 1). The Higher Education Department subsequently withdrew its \$1.6 million request for the innovative digital education and learning system. Educational institutions did not request IT appropriations. Of the remaining 44 requests, 35 (totaling \$68.9 million) met the criteria of new system development or major enhancements to an existing system. The remaining nine requests did not meet the strict criteria and were for hardware and desktop software upgrades, server consolidation, or recurring operational costs.

Even though all requests were evaluated, none from the general fund for FY11 are recommended because of the severe budget shortfall facing state government in FY10 and FY11. Thirteen projects totaling \$45.3 million were identified as number one priorities by the agencies. Potential recommendations for funding are limited to those projects.

Table 3. Agency Number One IT Priorities
(in millions)

Agency	System Purpose	Request
Administrative Office of the Courts	Case Management	\$0.9
Taxation and Revenue Department	Tax Online	\$0.5
Taxation and Revenue Department	Oil and Gas	\$3.0
General Services Department	Content Management	\$1.1
State Records and Archives	Records Repository	\$1.0
Secretary of State	Commercial Filings	\$0.7
Regulation and Licensing Department	Permitting	\$0.8
State Land Office	Land Management	\$3.1
State Engineer Office	Water Rights	\$0.3
Human Services Department	Income Support	\$22.4
Children, Youth and Families Department	Juvenile Management	\$3.1
Department of Public Safety	Server Consolidation	\$4.0
Public Education Department	P-20 System	\$4.4
Total		\$45.3

Source: LFC Analysis

A self-funded model for the judiciary was recommended and approved last year and will continue through the full implementation of the statewide case management system. The system will continue to be funded through the revenue generated by a \$10 civil filing fee increase. Should any nonrecurring general fund revenue should become available, the only recommendation is for replacement of the income support division system.

LFC recommends the extension of time for appropriations for two agencies that stand to lose federal funds if the appropriations are not extended. The

Agencies requested time extensions on appropriations made in 2007 and 2008.

Requests for Appropriation Time Extensions
(in thousands)

Agency	Project	General Fund
AOC	Electronic Content Management	\$1,600.0
AOC	Case Management System	\$2,000.0
TRD	MVD system	\$4,120.0
SRCA	Electronic Records Repository	\$150.0
HSD	ISD2	\$1,500.0
HSD	YES	\$2,000.0

Source: Agency Requests

EXPECTED OUTCOME:

Improved reporting and oversight.
Extension of time for spending appropriations.

RECOMMENDED ACTION:

Require DoIT to:

- Provide copies of its project validations to LFC staff.
- Include review of financial information as part of its validations.
- Scrutinize project more critically.

Require agencies to:

- Submit monthly reports to LFC staff.

Provide quarterly IT performance metrics to LFC staff.

Department of Information Technology (DoIT) is seeking a grant from the broadband technologies opportunities program that requires a 20 percent match. The available balance of \$4.2 million from the appropriation in Laws 2006, Chapter 109, Section 7, Subsection 6, will be sufficient for the 20 percent match necessary to generate \$16.8 million. The appropriations to the Human Services Department for the Income Support Division integrated services delivery system (ISD2) replacement and its eligibility determination component in Laws 2007, Chapter 28, Section 7, Subsections 19 and 21, will also require an extension of time to leverage a 55 percent federal funds match.

IT Projects of Concern. Although LFC does not have a formal "watch list," certain projects are of serious concern because of large investments, statewide impact, over-reliance on contractors, project delays, lack of commitment from critical parties, or reluctance to provide information. In FY10, LFC added the driver and vehicle replacement system to the list. The project is a large investment, impacted by federal REAL ID, requests for information to the department chief information officer are not always timely or complete, and revenue generated from fees for the project will need to be tracked.

Table 4. Agency Projects of Concern

Agency	Project	Reason for Concern
DFA	Statewide Human Resource, Accounting and Management Reporting (SHARE)	Large investment, statewide agency impact, reliance on contractors, report inaccuracies
DoIT	Super Computer	Large investment, small business-level commitment to use
DoIT	Wire NM	Large investment, project delays
DOT	Traffic and Criminal (citation) Software (TraCS)	Large investment, project delays, lack of complete commitment to use
HED	Innovative Digital Education and Learning (IDEAL)	Large investment, no documented commitment by universities
HSD	Income Support Division Integrated Services Delivery (ISD2) System Replacement	Large investment, project delays, compliance with federal requirements, changes in direction
PED	Student and Teacher Accountability Reporting System (STARS)	Large investment, reliance on contractors
TRD	Motor Vehicle and Driver System	Large investment, potential accounting issues

Source: LFC Assessment

Budget Transparency. During the 2009 legislative session, bills were introduced calling for greater transparency in state government finances through an accessible and searchable database. House Memorial 78 (HM78) required a study to develop an easily accessible and searchable database for state budgets. The HM78 study, led by DoIT, identifies a long-term and a less costly interim solution. The preferred and long-term solution extracts and formats the SHARE data for public presentation, and requires a well-designed and useable public website. Oklahoma has written extract programs that it has offered to New Mexico at no cost; however, consulting costs could be as high as \$500 thousand. The Department of Finance and Administration and DoIT could potentially create the database using internal resources and Oklahoma's extract programs. The interim solution is posting static revenue and expenditure reports on the state's website.

