DEPARTMENT OF INFORMATION RESOURCES
OPEN BOARD MEETING
Friday, January 25, 2019, 10:00 a.m.
300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

MINUTES

PRESENT
Ben Gatzke (Board Chair)
Stuart Bernstein
Charles Bacarisse (Video conference)
Jay Dyer
Jeffrey Tayon (Video conference)
George Rios, ex-officio
Bryan Collier, ex-officio
Melody Parrish, ex-officio

ACTION
Mr. Gatzke called the meeting to order at 10:00 a.m., with a quorum present. Mr. Gatzke called the meeting into executive session to consult with its attorney pursuant to Section 551.071, Government Code and to consider personnel matters pursuant to Section 551.074 at 10:04 am.

The executive session ended at 11:01 am.

Mr. Gatzke stated that a quorum of the Board is present. I am calling the meeting back to order following the executive session. The Board did not vote or take action in executive session.

TOPIC
3. Chair’s Remarks

The Board Personnel Subcommittee conducted a search for a new Executive Director, and Mr. Charles Bacarisse will give an update on the search process and a recommendation for the Executive Director.

Mr. Bacarisse provided an update on the Personnel Subcommittee. The subcommittee met after Martin Zelinsky, and his team assisting us greatly in the process of reviewing applications. DIR received a total of 36 application for the Executive Director. Sixteen applications were deemed not qualified, and 20 application were reviewed by the Personnel Subcommittee. Four applicants were chosen for an interview including a very distinguished veteran, by the Subcommittee. The subcommittee consisted of Charles Bacarisse, Jay Dyer and Jeffrey Tayon. The subcommittee unanimously recommends one finalist to the board for consideration today for the position of Executive Director.

MOTION
A motion was made to appoint Amanda Crawford as Executive Director of DIR, including delegation of the necessary authority to her to effectively manage the agency as described in the Delegation of Authority dated today and further to set her compensation at the maximum rate currently established in the General Appropriations Act by Mr. Dyer and seconded by Mr. Bacarisse.

ACTION
The motion was unanimously approved.
Mr. Gatzke thanked Mr. Dyer, Mr. Bacarisse and Mr. Tayon for their efforts and the extra time in this process. Amanda Crawford is now chosen to lead this agency, we have challenges and opportunities here. Ms. Crawford tenure with the Office of Attorney General is over 14 years, and she is an open records expert. Thank you for your willingness to lead us and excited about the opportunity.

Ms. Amanda Crawford thanked the chair, board, personnel subcommittee and Martin Zelinsky who assisted with this process. I’m truly honored and humbled to be chosen for the position. It’s an honor to be asked to lead an agency with the reputation that DIR has and look forward to working with this fantastic agency and do good things for the people of Texas and state agencies.

Mr. Gatzke thanked Mr. Nick Villalpando for serving as the Interim Executive Director for the past few months.

Consider approval of meeting minutes from November 1, 2018, board meeting.

A motion was made to approve the board meeting minutes by Mr. Bernstein and seconded by Mr. Tayon.

The motion was unanimously approved.

Mr. Gatzke stated Stacey Napier has accepted a new position with the University of

4. Interim Executive Director’s Report on Agency Performance

Mr. Nick Villalpando, Interim Executive Director, provide a brief report on agency performance. Mr. Villalpando congratulated Ms. Crawford, on being selected as DIR’s new Executive Director. On behalf of the entire DIR team, we look forward to working with you and stand ready to assist you in any way possible as you move into the new role.

Mr. Villalpando also thanked the Board for the opportunity to serve as DIR’s interim Executive Director for the last few months and thanked the entire DIR team for their help and support as well.

The 86th legislative session began on January 8th and will conclude on May 27th. DIR is actively engaged with state leadership analyzing proposed legislation, being a resource to legislative staff, and providing testimony to legislative committees. Over the next several months our agency will continue to be a resource to both State leadership and other state agencies as proposed legislation regarding technology, cybersecurity, and contracting is considered. Given the footprint that these areas have on state government, you can see the level of engagement that DIR will have during the session.

DIR provided testimony to the Senate Finance Committee regarding DIR’s budget. As we stated at the hearing, the Senate’s introduced budget provides the Department with sufficient appropriations for the Department to continue providing technology leadership and services for our customers and enhancing the State’s cybersecurity posture. Although not all of our exceptional funding items made it into the introduced budget bill, we will continue to prioritize them during the session.

DIR has several board members whose terms will be expiring at the end of this month. All three of our ex-officio members will be departing. Mr. George Rios, Mr. Bryan
Collier, Ms. Melody Parish, on behalf of the DIR team thank you for your leadership and service on our Board. Please feel free to call on us any time if there is anything that we can do for you or your organizations. On February 1st, we will have new ex-officio members joining the DIR board.

- Steve Buche, Deputy Executive Commissioner for Information Technology & CIO with HHSC
- James Bass, Executive Director with TXDOT
- Nancy Clark, Deputy Commissioner for Administrative Operations with TDI

DIR also has two appointed board members whose terms are expiring. Mr. Jay Dyer, thank you for all support and leadership as a DIR Board member. DIR appreciated your involvement and insight which has greatly benefited our agency.

Mr. Charles Bacarisse’s tenure with DIR goes back to 2002 when appointed to the Texas Online Authority and subsequently appointed the chair of that body. Mr. Bacarisse has served on the DIR board since 2006, serving as Chair from 2009-2015. Mr. Bacarisse, thank you for your service to DIR and the State over all these years. We await the next steps from the Governor’s Office of Appointments.

Mr. Villalpando introduces new employees. The next special topic board meeting is March 7, 2019.

Mr. Stuart Bernstein departed the meeting at 11:06 am.

**TOPIC 5. Finance Update**

**DISCUSSION**

Mr. Reggie Pegues, Interim Chief Financial Officer, gave an update on DIR’s financial operating results for FY 19-Q1. These results were also presented and discussed during the Audit and Finance Subcommittee meeting on January 8th. Before this presentation, there are several action items relating to Texas.Gov that will be given by Mr. Todd Kimbrel.

Mr. Todd Kimbrel, Deputy Executive Director, presented the action item for Texas.gov. In the past, Texas.gov was operating as a public and private partnership. The money for a new fee did not run through the book of DIR, only a contribution to general revenue at the end of the year. DIR awarded the management of Texas.gov to new vendors on September 1, 2018. Going forward if we have a new Texas.gov based fee, it is most likely we will have three different components: The actual fee, it is the actual fee the citizen will pay, the revenue for the fee will come through the DIR books, there will be a revenue impact and payment service, the same amount will increase cash receipts and expenses. It will require a contract amendment with Deloitte who operates the Texas.gov portal. This request is being presented as a single action item with three different components.

The first contract holder is Deloitte Consulting and we will be seeking to amend the contract to allow this capability. The scope of this amendment is to provide more agility related to the project work that they are doing. All the development work they are doing is currently in the agile methodology. When you contract for agile based delivery service, it’s more about the work you are doing and not about the outcome that you expect to get.
The other amendment with Deloitte is to add in a third-party capability. The actual service that is offered for online driver’s license replacement, unfortunately, the identity proofing component that is in place today requires four different elements to be successful to order to replace a driver’s license. According to the Department of Public Safety (DPS) fieldwork, about 2 million times a year, a citizen in Texas goes into the office to replace a driver’s license because they do not have the audit number.

DIR worked with DPS and Deloitte to engage with a third-party proofing service. The third-party company can verify who you are based on questions of your personal knowledge. Deloitte has proposed a service to work with the provider, Idology, and it is a high priority service for DPS. The service will ask the citizen four questions to identify themselves, and there are no misses allowed as they must answer all questions correctly. There will be three different attempts before they are locked out. The cost of this service, a transaction fee, we are asking you to approve is $1.75. The $1.75 cost covers the cost of the identity proofing service, and Deloitte will have to pay for each transaction even if a citizen fails to comply or respond to all the questions. If they fail to prove their identity, DIR will still incur the cost of the service. The anticipated date for the service is later this month or early next month.

Mr. Gatzke asked: This is a noble program and we are relying on industry experience to tell us what the take rates will be and failure rates. I do understand that there is some flexibility that we have if we find the numbers are not quite right in how we implement the program and how we can adjust the compensation on this.

Mr. Kimbriel responded: That is correct. Some of the variables we have control over are how many questions we ask, whether or not we acquire a 100% successful response or whether we would allow 1 or 2 failures. Dir also can control the number of questions sets that we prompt.

Mr. Tayon asked: What will be the program cost?

Mr. Kimbriel responded: The cost to develop this is $190,000 to do the first-time development, which is in the program budget this year. The contract with Deloitte contemplates annual maintenance and operations of 15% of the development cost, year after year. It’s in the budget, but we do have some other activities in the budget that we will defer until September 2019, which shift the development obligation into the 2020 budget.

Mr. Tayon asked: Where in the budget for DIR does this come from?

Mr. Kimbriel responded: DIR has a budget for the cost of service in the DIR budget for Texas.gov. Operating budget.

Mr. Tayon asked: What is being postponed until September so this project can be prioritized?

Mr. Kimbriel responded: DIR is deferring the project My Government, My Way Delivery was in August 2019, but we have deferred until September 2019. DIR will delay this delivery for three weeks.
Mr. Tayon asked: Is typical for DIR to pay for the development cost for DPS or agencies through the DIR budget?

Mr. Kimbriel responded: That is the financial model that we anticipated. DPS does not have the budget, but we felt it was significant enough based on the timing of the session and where the program is. This is a worthwhile investment for DIR to make.

Mr. Tayon asked: It turns out your projections about failure rate and collection of the $1.75 fee aren’t incorrect. It is something that will be addressed this summer as part of the budget process.

Mr. Kimbriel responded: That is correct. DIR will bring back updates to the board on how we are progressing on the estimates.

Mr. Gatzke asked: While this is an increased cost to constituents to renew their license, it is trade-off today for the benefits of not waiting in line or go location to endure the lines. Perhaps in the future the ability to re-evaluate if we are reducing staffing requirements by 37% or so in some of the locations. Maybe our partnership would allow us to find a way to drop the fees, because of our structure, we wouldn’t be able to drop ours, it would probably fall on the other side.

Mr. Kimbriel responded: Yes, the new model that we have, does give us the ability down the road to make those investment decisions. Where we can have the opportunity to realize that we are meeting our contributions to general revenue and DIR is over collecting based on our cost, we can reduce fees or eliminate transaction fees altogether.

Mr. Gatzke commented: Transparency benefit.

Mr. Tayon asked: The way this is budgeted currently, the net effect to DIR is zero. DIR does not make any money or lose any money by adding this feature other than the programming cost.

Mr. Kimbriel responded: Yes, in this case. That is correct.

Mr. Kimbriel informed the board if they approve this amendment. DIR will need take to the budget amendment to the Legislative Budget Board (LBB) for approval. DIR will not be able to implement the new service until we get LBB approval of budget changes also.

**MOTION**

A motion was made to approve the contract amendment for Texas.gov Services, the related Texas.gov administrative fee for Driver License replacement functionality, and related FY 19 Operating Budget Amendment by **Mr. Dyer, and Mr. Bacarisse** seconded the motion.

**ACTION**

The motion was unanimously approved.

**DISCUSSION**

Mr. Reggie Pegues, discussed the fiscal year 2019, based on our first quarter year-to-date results and forecast. DIR anticipate generating approximately $72 million in operating revenue, after our covering our cost of services. It is a positive variance of about $122,000 over budget, due in part to operating revenue in our cooperative contracts program and Telecommunications. Texas.gov and DCS we are trending with the budget for the first quarter.
Mr. Pegues discussed the operating budget. DIR has a positive variance of approximately $650,000 in our operating expenses, primarily due to unfilled vacancies for the first quarter. DIR is projecting net revenue of $37 million. $35 million of this amount represents Texas.Gov revenues over our allowable balances that is transferred to the General Revenue Fund. DIR is projecting a slight increase in overall Fund Balances to $5.7 million with each fund below the Maximum Allowable Fund balance.

DIR has one budget Amendment Request composed of three different items. The first item is a request to increase revenue for Federal Funds awarded to the agency in the amount of $350,000. These funds will be used to fund 2 FTES for a Statewide Cybersecurity Coordinator and Program Administrator and related operating expenses. Since these two positions are federally funded, they will not count against the agency FTE cap. The purpose of this grant is to increase and coordinate cybersecurity awareness across the state.

*Mr. Tayon asked: What is the current FTE count?*

Mr. Pegues responded: Our FTE cap is 206, we are currently at 192 FTES.

*Mr. Tayon asked: How many full-time employees do we have?*

Mr. Villalpando responded: The current count is at 192, the board has approved us to go up to 206. We are still below our FTE count. The two FTES for Cybersecurity is federally funded, so they will not count against the FTE count.

The next two items are transfers between categories and no net increase in budget. The first item is to increase operating expenses by $200,000 and reduce Cost of Services by the same amount. The purpose of this transfer is to increase professional fees –staff augmentation to fund a Network engineer position for VOIP integration.

The second is to the increase the Information Technology Staffing Portal capital budget by $289,004 and decrease DCS Capital Budget by the same amount. The purpose of this project is to create a portal so that Cooperative Contracts customers can submit staff augmentation requests electronically instead of the current manual process. This project was initially budgeted as part of DCS, but it was later determined that the use of a DBITS contract was more appropriate.

**MOTION**
A motion was made to approve the FY 19 Operating Budget Amendments by Mr. Dyer, and Mr. Bacarisse seconded the motion.

**ACTION**
The motion was unanimously approved.

**TOPIC 7. Chief Procurement Office**

**DISCUSSION**
Mr. Hershel Becker, Chief Procurement Officer, provided a brief update on FY19-Q1 to the board. Cooperative Contract sales indicated on the slide is by sales channel for the first quarter of FY19 compared to the first quarter of FY18, overall, we are running 1.2% over last year’s first quarter. Local Governments and K-12 continue to gain momentum while state agency and higher ed spending is down.

Mr. Becker discussed HUB spend for both DIR purchases and purchases through the cooperative contracts program for the first quarter of FY 19. Spend to date has been
limited to Other Services and Commodity Purchases. For the Other Services category, we are running at just over 22% compared to a goal of 26% and for Commodity Purchases, we achieved almost 40% HUB utilization against a goal of 21.1%

The spend under the Cooperative Contracts Program is for all customers, HUB utilization is just over 31% for the first quarter. This is consistent with FY18, where we ended at approximately 32%. DIR’s HUB outreach efforts. There are several upcoming HUB outreach coming up for February – April. We strive to cover all HUB Ethnicity & Gender groups which include Service-Disabled Veterans. DIR responded to Senator West’s request this week for information about our HUB program and ethnicity and gender information related to our Chief Procurement Office that he wanted for upcoming Committee Hearings.

**TOPIC**

8. Chief Technology Office Update

**DISCUSSION**

Mr. John Hoffman, Chief Technology Officer, provided a brief update on the Chief Technology Office (CTO). I would like to have Endi Silva discuss the 2020 State Strategic Plan (SSP).

Ms. Endi Silva, Director of Technology Planning and Policy, discussed the 2020 SSP. DIR has begun the process of developing the 2020 State Strategic Plan for Information Resources Management or SSP. The Strategic Plan is one of DIR’s legislatively required reports and is published in November of every odd number year.

Included in your materials are the nominees for the State Strategic Plan Advisory Committee members as well as short bios for each. This year we have 20 nominees who represent a diversity of agency and organization types, geography, and titles. This list is a result of outreach to our Information Resources Manager community, engagement at DIR events, and input from DIR leadership.

Following your approval, we will host a facilitated session with the committee, continue our research, and engage our stakeholders through a survey and online meetings. The team looks forward to working with the committee and the board as we move forward with the plan.

*Mr. Tayon asked: The public members that you proposed and the industry member that you proposed, a total of four members to the advisory committee. Do any of them or their companies have any financial interest with DIR?*

Mr. Hoffman responded: No, the industry experts that were chosen are outside have not financial interest with DIR or no contract with DIR.

*Mr. Gatzke asked: What is the range of members allowed to serve on the committee?*

Ms. Silva responded: No more than 21 members and no less than 9.

*Mr. Tayon asked: Since this a 2-year commitment for the advisory committee and we have a new Executive Director starting with the agency, and this committee is supposed to be appointed by the Executive Director. Do you feel that the new Executive Director should have a say on who is appointed to the advisory committee?*

Mr. Hoffman responded: If the recommended motion is approved. We can hold notification to the actual members themselves of acceptance, and the new Executive Director could review those. It states within the administrative code that she could swap
if she sees a better representative for the advisory committee. If this should happen, then we would notify the entire board.

Mr. Charles Bacarisse departed the video conference at 11:30 am.

**MOTION**

A motion was made to approve the State Strategic Plan Advisory Committee Members *Mr. Dyer*, and *Mr. Tayon* seconded the motion.

**ACTION**

The motion was unanimously approved.

**TOPIC  9. Chief Information Security Office Update**

**DISCUSSION**

Ms. Nancy Rainosek, Chief Information Security Officer presented the highlights and performance measures for the Chief Information Security Office (CISO). We issued the Senate Bill 1910, Information Security Report. CISO also submitted the assessment for all agencies to the Governor, Lieutenant Governor and Speaker of the House. On October 15th, the agencies were required to provide their security plans to DIR. There were 157 submission this year this was up from 146 in FY16. DIR sent individual security maturity reports so the agencies could see where they stood against other agencies of their size and other agencies within their appropriations category.

As of the end of the first quarter, we have completed 14 penetration tests. We had training for 99 agencies, which is 69%. CISO completed six security assessments for the first quarter. There was one election assessment done. Since November, there are 2 counties that we have done field visits for and in the process of writing the report, there are six more scheduled. There are 70 counties in Texas signed up for the security assessments.

*Mr. Gatzke asked: The 70 counties, is there a population distribution that is covering the majority of Texas?*

Ms. Rainosek responded: I have not looked at and will get it to you.

*Mr. Tayon asked: How are the assessments going?*

Ms. Rainosek responded: It is going well.

**TOPIC  10. Chief Operations Office Update**

**DISCUSSION**

Mr. Dale Richardson, Chief Operations Officer informed the board that he will present the update for the Shared Technology Services and our Communications Technology Services programs.

Shared Technology Services (STS) performance of our Service Level Agreements (SLA’s) for all the STS programs which include Data Center, Managed Application, Managed Security and now Texas.gov services. In September, we went live with our new Service Management platform called ServiceNow under the new Digital MSI. It is also the same month we went live with the new Texas.gov model under the Digital MSI. These two major implementations have contributed to the decline in service performance in FY19-Q1. Clearly, the impact of implementing the new digital MSI and bringing Texas.gov into the Shared Technology Services program is reflected in the score of 70%
for September. But our transition teams continued to fine tune and improve the level of service delivery which is also reflected in the subsequent months.

*Mr. Tayon asked: September was implementation month of Texas.gov, October looked strong but what occurred in November?*

Mr. Richardson responded: It was close to service fulfillment request timeframe and additional SLA’s were not met.

SLA’s for the Texas.gov program for the FY19-Q1, in September, during the actual transition, we experienced a few extended outages which impacted Application Availability and Incident Resolution Timeframes. We also experienced delays in Service Request Fulfillment. Subsequent months though have improved as the teams continue to focus on improving service delivery.

As expected, the first few months of operations were impactful to our customers. But proactively, we will continue to work with our vendors and our customers in resolving any service delivery issues going forward.

Communications Technology Service -the total number of TEX-AN customers dropped 4% in FY19-Q1 from the previous quarter, the drop was mostly from our K thru 12 and local government customers which historically is where we see the most variability quarter over quarter. In terms of critical projects, we are still progressing slowly but surely with our facility upgrades at the Sam Houston Building. Expected completion now scheduled for FY19-Q3 and progress continues on our 100G Core Router Network Upgrades as well as our SONET Network decommissioning projects.

Mr. Richardson did an update for Voice over Internet Protocol (VoIP) transition project for the Capitol Complex. DIR currently has a little over 10,000 phones (of a total of 16,000 phones) transitioned off the old PBX system and onto the new VoIP platform. We now currently have a few agencies in the pipeline to convert, and we don’t expect to move a lot them during this session which is normal.

**TOPIC 11. Office of Statewide Data Coordination Update**

**DISCUSSION**

Ed Kelly, Statewide Data Coordinator provide an update for FY19-Q1 for Statewide Data. Mostly the first quarter was spent in migration to the new platform, Socrata Connected Government Cloud and we had all our customer migrated over successfully.

Open data portal chart shows agencies utilization status on the portal. One customer I would like to highlight is the Texas Department of Agriculture Food and Nutrition Division which has gone all in on the open data portal. The last quarter they had 4 data sets, as of this morning they have 58. They have started leveraging the portal to provide their customers, which is an independent school district, adult centers, and child-care day-care centers to self-serve that information. They anticipate over time a reduction in public information requests to the agency.

Mr. Kelly discussed the briefings conducted in Q1 as we continue to spread the word of the open data portal and the additional capabilities that we have achieved with the new platform.
TOPIC 12. Public Testimony

No public testimony

TOPIC 13. Adjournment

MOTION A motion was made to adjourn the meeting by Mr. Dyer, and Mr. Tayon seconded the motion.

ACTION The meeting adjourned at 12:06 p.m.

Approved by the Board Chair:

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Ben Gatzke, Chair                                    Date