

## Office of the Chief Information Officer

### ISSUE

This **Issue Review** highlights the changes in State government since the creation of the Office of the Chief Information Officer (OCIO), including the consolidation of information technology (IT) services.

### AFFECTED AGENCIES

Office of the Chief Information Officer; all State government agencies

### CODE AUTHORITY

Iowa Code chapter [8B](#)

### BACKGROUND

During the 2010 Legislative Session, [SF 2088](#) (State Government Reorganization Act) created the Governor-appointed position of the Chief Information Officer within the Department of Management (DOM), subject to confirmation by the Senate.<sup>1</sup> Robert von Wolffradt was named Iowa's first Chief Information Officer on May 2, 2012.

During the 2013 Legislative Session, [SF 396](#) (Government Efficiency Act) repealed the previous provisions relating to the Chief Information Officer and established the OCIO as an independent agency attached to the Department of Administrative Services (DAS) for accounting and financial services.<sup>2</sup> The OCIO is tasked with approving IT use by other State agencies and entities, including a review of IT inventories, operational requirements, and security functions. The Act also permits the Chief Information Officer to have additional control over the management of IT staff employed by other State agencies, including how other agency IT employees are assigned relative to IT services and the approval of employment decisions regarding IT employees of other State agencies.<sup>3</sup> The Chief Information Officer is required to consult with participating Executive Branch agencies concerning management and employment decisions of IT staff.

When the OCIO was created, the DAS IT Enterprise (DAS-ITE) billings and personnel were transferred gradually over the next fiscal year to the OCIO, effective July 1, 2014. From July 1, 2013, to June 30, 2014, DAS-ITE made a number of administrative and financial hires to support the transition in the OCIO as directed by [SF 396](#) and Iowa Code chapter [8B](#). To facilitate the IT consolidation, the DAS-ITE began paying for other agency IT positions. This

---

<sup>1</sup> 2010 Iowa Acts, [ch. 1031](#).

<sup>2</sup> 2013 Iowa Acts, [ch. 129](#).

<sup>3</sup> The Board of Regents and the regents institutions are exempt from the IT consolidation initiative. In addition, the Department of Public Defense is not required to obtain any information technology services pursuant to Iowa Code chapter 8B without the consent of the Adjutant General.

arrangement required the utilization of agreements under Iowa Code chapter [28D](#) (Personnel Mobility Assignment Agreements).

A 28D agreement is an agreement between governmental agencies for the interchange of personnel and cannot exceed 24 months, except when an employee may be assigned for an additional 24-month period upon agreement between the employee and the sending and receiving agencies. The receiving agency in this instance is the OCIO and the sending agencies are other State government agencies.

By the end of FY 2013, as a result of the consolidation activities, the DAS-ITE managed 16 Department of Revenue (DOR) employees and one employee each from the Iowa College Student Aid Commission and the Department of Natural Resources (DNR). These employee costs appeared as new expenditures by DAS-ITE/OCIO when compared to prior years, but actually represented costs that would have otherwise been reported by those agencies.

Under the 28D agreements, full-time equivalent (FTE) positions are paid from their current agency budget and the OCIO reimburses the agency for the FTE payroll costs. The FTE positions are budgeted for by the OCIO and appear on the OCIO Table of Organization.

### **CURRENT SITUATION**

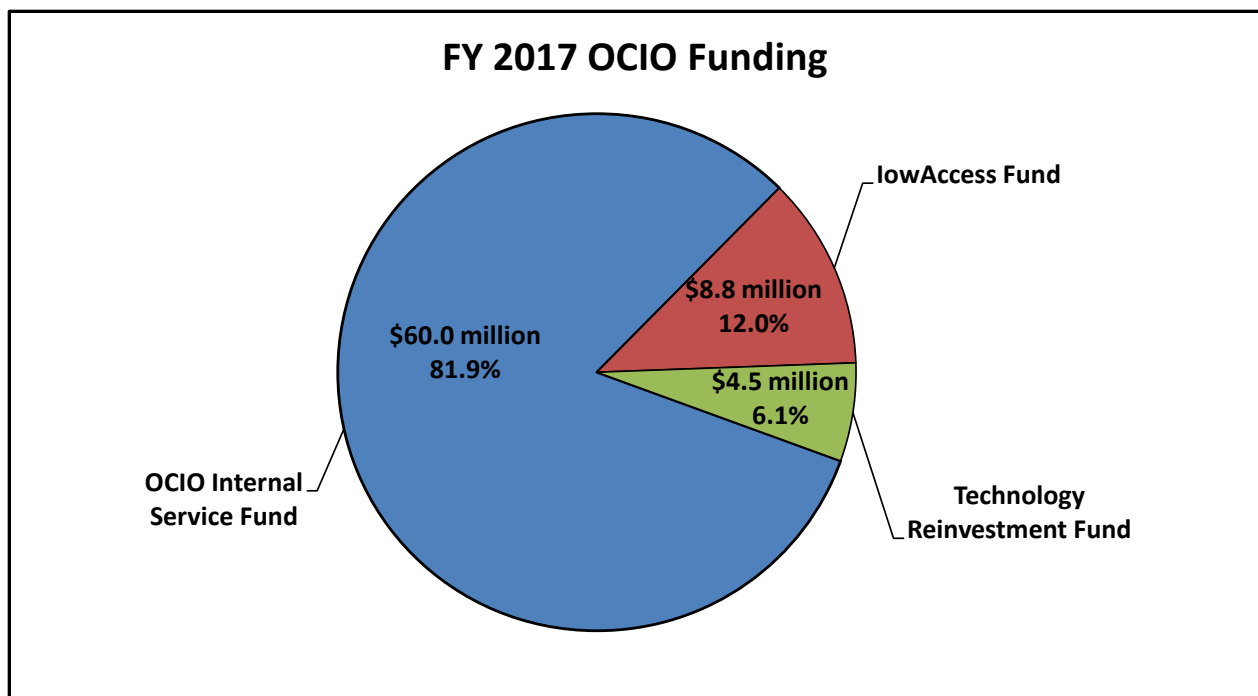
Because of the limitation of a four-year period for the 28D agreements, 22 agency staff that previously had been on 28D agreements were moved to the OCIO as permanent employees as of July 1, 2016. The costs for these employees are paid by the OCIO through billings from user fees for services provided through the OCIO. The total FTE count for the OCIO increased from 111.76 in FY 2015 to an estimated 133.75 for FY 2017 (19.7%).

<b>Sending Agency</b>	<b>Classification</b>	<b>Number of Positions</b>
<b>Department of Revenue</b>	Information Technology Specialist 5	3
	Information Technology Specialist 4	4
	Information Technology Specialist 2	2
	<b>Total</b>	<b>9</b>
<b>Department of Natural Resources</b>	Information Technology Specialist 4	2
	Information Technology Specialist 3	3
	Information Technology Specialist 2	2
	Management Analyst 3	1
	Executive Officer 2	1
<b>Total</b>	<b>9</b>	
<b>Alcoholic Beverages Division</b>	Information Technology Specialist 5	1
	Information Technology Specialist 4	1
<b>Total</b>	<b>2</b>	
<b>Iowa Utilities Board</b>	Information Technology Specialist 5	1
	<b>Total</b>	<b>1</b>
<b>Iowa Communications Network</b>	Information Technology Specialist 3	1
	<b>Total</b>	<b>1</b>
<b>Total</b>	<b>Total</b>	<b>22</b>

As of December 2016, there were 17 OCIO employees (including one at 60.0% time and one at 25.0% time) that had been sent to DAS to support the I/3 System and two employees from the Department of Revenue that had been sent to the OCIO. In addition, the OCIO has an active 28D agreement with the Iowa Veterans Home for 1.0 FTE position and with the Iowa Economic Development Authority (IEDA) for 1.0 FTE position at 50.0% time. The 28D agreements for the 19 OCIO employees are exclusively for budgetary purposes. The OCIO still supervises, manages, and directs the work of these employees. The OCIO is currently pursuing an alternative method that will permit billing time to the DAS for the IT work performed in support of the I/3 financial system, but no time frame for this change has been established.

### **BUDGET IMPACT**

Funding for the OCIO comes from fees charged to State agencies for IT Enterprise Operations through the OCIO Internal Service Fund, money from the lowAccess Revolving Fund used for IT projects, and Technology Reinvestment Fund money used for State IT infrastructure. The IT rates have not increased since FY 2013.<sup>4</sup> The OCIO did provide an FY 2014 update on IT services and the implementation of Iowa Code chapter [8B](#) at the [June 2, 2014](#), DAS Customer Council meeting. The **chart** below illustrates the different funding percentages available to the OCIO.



- OCIO Internal Service Fund** – This Fund was formerly under the control of DAS-ITE, and is primarily funded from billings to governmental entities for services rendered by the OCIO.<sup>5</sup> Sources of funds include IT services fees charged to State agencies by the OCIO, such as servers, software programming, mainframe, and networking. The OCIO maintains 60 days' of working capital (approximately \$9.0 million) as part of its carryforward to ensure payroll

<sup>4</sup> The fees charged for the IT Enterprise for FY 2013, FY 2014, and FY 2015 were adopted at the [July 2012](#) and [August 2013](#) Customer Council meetings under DAS-ITE. There have been no changes to IT rates since FY 2013. Any new rate changes for the OCIO do not go through Customer Council, but are reviewed by the DOM.

<sup>5</sup> Iowa Code [§8B.13](#).

and vendor payments can be made on time. Approximately \$51.0 million is generated from annual billings to State agencies.<sup>6</sup>

During a review of the FY 2015 Statewide Cost Allocation Plan by the federal Department of Health and Human Services, it was discovered that from FY 2010 through FY 2015, the DAS-ITE/OCIO - Storage<sup>7</sup> had accrued excess federal dollars as part of the fund balance for the fiscal year ending June 30, 2015. A review of the FY 2016 Plan determined that the excess fund balance had not been eliminated and that a refund totaling \$1.1 million was owed to the federal government. The State paid the amount on June 8, 2016, through the State Appeal Board process. The OCIO is currently reviewing the IT rates with the DOM, to determine if adjustments need to be made.

- **lowAccess Fund** – Moneys in the lowAccess Revolving Fund established in Iowa Code section [8B.33](#) come from service fees collected by the State from the sale of driver motor vehicle records, professional licenses, and other online transactions such as online licensing for the Department of Public Health (IDPH) and Workforce Development (IWD), the transparency portal and fees websites for State government, and the vital records system for the IDPH.<sup>8</sup> Approximately \$4.0 million is generated annually from license and fee revenue, and an additional \$4.8 million is anticipated to carry forward from the prior fiscal year.

Iowa Code section [8B.31](#)(1) states that the Office of the Chief Information Officer will establish lowAccess as a service to the citizens of Iowa and is a gateway for one-stop electronic access to government information and transactions, including federal, State, or local. Applications must be for e-government projects with a material citizen facing component. Applications are scored by the Statewide Technology Leadership Group comprised of large agency chief information officers and representatives from the OCIO.

- **Technology Reinvestment Fund (TRF)** – The OCIO received a one-time appropriation of \$7.7 million from the TRF in FY 2015 for technology and consolidation improvement projects, including the implementation of cloud-based e-mail services for approximately 23,500 users, migration costs to transfer the State e-mail system to a cloud provider system, and two years of subscription costs.<sup>9</sup> The appropriation is available for expenditure over three years (FY 2015 - FY 2017). The OCIO expended a total of \$3.2 million through the end of FY 2016 and carried forward a total of \$4.5 million into FY 2017. As of December 5, 2016, a total of \$2.8 million in TRF funds remain from the FY 2015 appropriation. According to the OCIO, the money will be spent by the end of FY 2017 on the Google project including vendor fees for migration, service fees from Google, and related support costs.
- **FY 2018 Department Request** – The FY 2018 OCIO request from the TRF totals \$13.7 million. This includes \$3.0 million for e-mail and productivity services to complete the Google implementation. This includes the migration of archived data for existing agencies to Google. There are approximately 17,326 e-mail records from inactive mailboxes of former State employees that cannot be deleted due to record retention requirements of the State of Iowa. The FY 2018 TRF request also includes \$1.3 million for third-party encryption

---

<sup>6</sup> Two major capital expenditures already completed in FY 2017 include a new IBM z13S mainframe to support major legacy systems including the DHS and DOR totaling \$559,284 and a new IBM V7000 Backup System supporting most of the major systems operated by the OCIO totaling \$945,819.

<sup>7</sup> Storage includes both open systems and mainframe storage used to support all OCIO customers for online, batch, and backup services.

<sup>8</sup> There are five websites that comprise the transparency portal – the fee database, the public comment website, the administrative rules website, the open checkbook website, and the open data website. To date, the OCIO has not tracked savings for these initiatives.

<sup>9</sup> 2014 Iowa Acts, [ch. 1136](#).

services that add a second layer of encryption capabilities for all State e-mail boxes in Google. The following **chart** shows all 16 TRF enterprise requests totaling \$13.7 million.

FY 2018 Technology Reinvestment Fund Requests			
E-mail and Productivity Services	\$ 3,000,000	Cyber STEM Scholarships	\$ 300,000
Statewide Encryption Services	1,300,000	Government Performance Dashboard	500,000
Enterprise Content Management	4,000,000	Iowa Tech Challenge	400,000
Datacenter Hosting and Migration	1,000,000	Local Government Portal	250,000
Cyber Security Framework	250,000	E-Discovery Portal	200,000
Cyber Defense Controls	1,000,000	IT Classifications	400,000
Security Awareness Training	150,000	Electronic Payment Portal	500,000
Public/Private Cyber Conference	150,000	Iowa Innovations Tech Fellows Program	270,000

## **CURRENT PROJECTS**

The following projects are currently being completed or conducted by the OCIO:

1. **Cyber Security** – The OCIO has been working with the Department of Public Defense to implement the Governor's [Executive Order 87](#). The Executive Order established a multiagency partnership with the OCIO, the Iowa Homeland Security and Emergency Management Department, the Department of Public Safety, the Iowa National Guard, and the Iowa Communications Network (ICN). The Order directs these agencies to develop a comprehensive [cybersecurity strategy](#). The OCIO has received two federal Homeland Security Grants to assist with cybersecurity risk reduction. The first, totaling \$500,000, was received October 1, 2015, and must be expended by June 30, 2017. The second grant totals \$360,000 and began October 1, 2016, and is anticipated to expire June 30, 2018.
2. **Google Rollout for Executive Branch State Agencies** – The OCIO reports that the Executive Branch will switch all its e-mail functions to Google on December 12, 2016. This work has included the preparation to consolidate seven separate Executive Branch e-mail systems (Department of Transportation (DOT), Department of Human Services (DHS), Department of Public Safety (DPS), Iowa Veterans Home (IVH), State Library, Department for the Blind, and State Public Defender (SPD)). Currently, the Attorney General's Office, Secretary of State's Office, State Auditor, and the Secretary of Agriculture are opting to exempt out of the Google rollout. The Board of Regents is also exempt from the Google rollout. The only other Executive Branch agencies that will not be going to Google in December are the DOT and the DPS. Both of those agencies are scheduled to move in May 2017. The annual savings are estimated to be approximately \$850,000.
3. **IT Risk Assessments** – The OCIO conducts infrastructure and application development reviews and assessments for various State agencies. This includes a review of the overall infrastructure; server, storage, and backup assessments; desktop services assessment; and a security assessment. In FY 2016, the OCIO completed IT assessments for the following State agencies:
  - Secretary of State
  - State Public Defender
  - Iowa Utilities Board
  - Iowa Veterans Home

The IT risk assessments for FY 2017 will begin in January and will be done by the end of June. The schedule for agencies has not been finalized yet.

4. **Transparency Website** – There are currently five primary websites related to the e-government transparency initiative. The OCIO is continuously evaluating additional updates to these sites, along with new additions to the State portal to further increase transparency. The five primary websites include the following:

- Iowa Public Comments – <https://comment.iowa.gov/>
- Iowa Fee Database – <https://iafees.iowa.gov/>
- Iowa Open Checkbook – <http://checkbook.iowa.gov#!/year/2016/>
- Iowa Open Data – <https://data.iowa.gov/>
- Iowa Administrative Rules – <https://rules.iowa.gov/>

A new version of the State homepage was also released in FY 2016. (<https://www.iowa.gov/>)

5. **IT Rate Changes** – The OCIO has evaluated the rate catalog for FY 2018. The rate for Google services is the only new/changed item for FY 2018. No other rates were introduced, bundled, or changed. Effective July 1, 2017, the OCIO will begin charging agencies for Google services. The FY 2018 cost for Google will be \$118.44 per year, per mailbox, for up to 30 gigabytes of storage. On average, State agencies currently pay \$194.16 per mailbox, per year, to the OCIO for e-mail, not including Microsoft software licenses.

## **SUMMARY**

From July 1, 2014, through June 30, 2016, the OCIO has engaged in consolidation of IT services for the following State agencies:

- Department of Natural Resources (DNR)
- Department of Revenue (DOR)
- Iowa Utilities Board (IUB)
- Iowa College Student Aid Commission (CSAC)
- State Public Defender (SPD)
- Alcoholic Beverages Division (ABD)
- Iowa Veterans Home (IVH)

Currently, no comprehensive savings analysis has been completed for the consolidation activities from July 1, 2014, through June 30, 2016. However, according to the OCIO, each consolidation initiative has resulted in cost avoidance and other efficiencies to State government that would otherwise not have been realized and are hard to quantify.

Examples of these efficiencies include not purchasing duplicate computer systems and not hiring staff within these agencies. Additionally, the OCIO identified material improvements realized by these agencies, including operational stability, information security, and work efficiency. In some instances, the OCIO has identified aging systems, out-of-date software, and other technology deficits that expose State agencies to risk. The OCIO is working with these State agencies to upgrade aging servers and to replace legacy applications with commercial off-the-shelf software that will help modernize these systems. The consolidation of the Executive Branch State e-mail systems is intended to reduce duplication and is anticipated to result in quantifiable savings for existing OCIO customers in the future.

**STAFF CONTACT:** Jennifer Acton (515)281-7846 [jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)