

SAMPLE

# STATE OF TEXAS



## INFORMATION TECHNOLOGY

### LEGISLATIVE APPROPRIATIONS REQUEST SUMMARY

Biennium 2018 - 2019

Source: Agency Submissions – Legislative  
Appropriations Request (LAR) for Fiscal  
Years 2018-2019  
Submitted October, 2016

**GOVantage**  
Government Solutions Specialists

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**AGENCY LEGISLATIVE APPROPRIATIONS REQUEST SUMMARY**

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**INTRODUCTION**

In preparation for the upcoming 85th Legislative Regular Session beginning January 2017, each agency submitted to the Legislative Budget Board (LBB) a request for funding called the Legislative Appropriation Request (LAR) in the August and September 2016 timeframe. The agencies' requests are formulated into an initial FY 2018-2019 budget document by the LBB at the start of the session. If all goes well, a budget will be adopted by the end of May. If issues remain at the end of the regular session, special sessions could follow until a budget is passed. The budget biennium start date is September 1, 2017 (FY 2018 – FY 2019).

Agency LAR's are lengthy, disjointed and often confusing to the uninitiated. This document distills the literally thousands of pages of agency requests into a consolidated list of IT capital projects by agency. Please contact GOVantage to get a complete explanation of this document and the processes used to create it.

**Guidance for Our Clients**

Of particular note, with the Session coming up soon, GOVantage wanted to provide our view of the current budget development landscape agencies are facing. While there are a healthy number of good sized project requests included in the current requests, appropriations will be handed out judiciously following much inspection in most cases.

IT Spending as reported by DIR is relatively flat year over year. There have been fewer contracts for deliverables based projects, while contracting significantly increased for IT staff augmentation purchases.

At the end of June 2016, the Governor, Speaker of the House, and Lieutenant Governor sent a letter to agencies directing them to set their base appropriation level for this planning cycle four percent below what was approved last session.

The request affects all state agencies with the exception of the Foundation School Program (which includes all public school districts), border security, debt service requirements, state pension systems, Child Protective Services funding, behavioral health service programs, Medicaid, CHIP, foster care, adoption subsidies, and permanency care assistance.

The letter reflected State leadership's concerns that while the economy is vibrant, there are budgetary challenges around the corner due in part to the low price of oil and the domino affect that situation has on state revenues. However, they don't paint a dire budget picture in Texas like many states have faced since the 2008 recession began.

In fact, as reported by the *Austin American Statesman*, October 24, 2016, "Several economists convened by state Comptroller Glenn Hegar said Monday that while the Texas economy continues to be sluggish because of persistently low oil and gas prices, the state is unlikely to slide into recession anytime soon and will continue to grow at a modest rate.

*That outlook echoes the views of Hegar, who brought the economists together as he prepares to issue, in January, the biennial revenue estimate, which dictates how much money state lawmakers will have to dole out in the next legislative session for the 2018-19 budget.”*

In addition, Ms. Ursula Parks, Executive Director of the Legislative Budget Board, was quoted in TSABAA’s October 2016 newsletter, *The Administrator* saying, “*The state will be dealing with limited resources in the upcoming biennium as compared to the current one. In light of this economic condition, agencies should step back and assess their core functions. Parks said, “What do I absolutely need to do in order to meet my statutory obligations to my constituency and what am I going to need to do that?” There may be things that agencies will be able to put to the side and still meet their core obligations.”*

As a result of these sentiments and prognostications, GOVantage believes that firms desiring to win business delivering goods and services to agencies would be well advised to execute the basics well while paying special attention to the following:

- 1 **Focus on key opportunities.** There will be strong competition given the market’s size, limited communication with agencies due to the lingering affects of Senate Bill 20, and unclear direction at times due to political tensions this session. This means to GOVantage that firms need to pay attention to what they want and not get distracted chasing too broad of a market with vague offerings. Focus should increase a firm’s odds of winning important business.
- 2 **Tailor value propositions to an agency’s core business.** Agencies need to cut costs while avoiding spending money in the near term, even more so now. They will be especially focused on delivering on their core mission. This is what’s important to most agency leaders today; not the next new thing or something in the future, which incidentally is not funded.
- 3 **Talk to legislators about the negative affects that limited agency communication with vendors is having.** Senators who authored Senate Bill 20 last session that impacted agency contracting policy are not hearing from vendors about problems meeting with agency staff. They believe there is much complaining in corporate offices, but not in the Capitol.
- 4 **Be ready for the unexpected.** The media today has been quite successful researching stories regarding Texas state government problems like improper contracting, conflicts of interest, improper communication, and rules violations. Take time to understand the State’s rules and follow them carefully. Be prepared for unforeseen, last minute agency obstacles as a side affect from the latest media story.
- 5 **Pay attention to the Department of Information Resources (DIR).** DIR is strengthening its position as a thought leader and service provider. There are several initiatives that have resulted in new DIR branded services offered to agencies. Some of these include application maintenance, application development, project portfolio management, business analytics, managed security services, and cloud services. Agencies will NOT be required to issue RFP’s to buy these services.

## **Research Organization**

In this report the LAR summaries are organized by agency. When base IT spending on operations was provided by the agency, it was included in this report. The summaries are each agency's Capital Project Requests and Exceptional Item Requests. In some summaries significantly greater detail and potentially confusing data associated with these projects was not included. Should questions arise, GOVantage is available to assist with gathering additional information and to answer questions.

GOVantage is a business development and marketing services firm that can help you understand the Texas State Government marketplace, interpret fiscal data, and support your Texas business growth initiatives. Should additional information or analysis on any items be required, please contact us at [info@GOVantageLLC.com](mailto:info@GOVantageLLC.com).

## **Methodology**

Each agency submitted its LAR in August of 2014 according to specific instructions given by the Texas Legislative Budget Board (LBB). In addition, hearings were conducted with representatives from the LBB and the Governor's Office of Budget. This information in combination with additional budget detail documents gathered by GOVantage via open records requests, provided the input to create this research. Furthermore, numerous meetings were conducted with agency representatives to clarify facts within the LAR's. By its very nature, the LAR summary relies upon a great deal of information that must be painstakingly assembled to create a simple picture of new, potential opportunities for our customers.

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**GOVantage** provides sales and business development support services for clients who want to grow their business in the Texas Government Sector. Our mission is to help our clients provide winning solutions, products, and services to State of Texas government organizations. Based on our experience working with state agencies and local governments, we help clients tailor their offerings in information technology and business process outsourcing to each agency's needs and to stand out among market competitors. Please visit us at [www.GOVantage.com](http://www.GOVantage.com) or email us at [info@GOVantageLLC.com](mailto:info@GOVantageLLC.com).

**ALCOHOLIC BEVERAGE COMMISSION**

LEGISLATIVE APPROPRIATIONS REQUEST

Information	2018	2019
<b>Operating Expense Budget - Information Technology Services</b>		
Base Appropriations Request	\$2,558,961	\$2,568,266
Exceptional IT Operating Budget Request	\$509,964	\$600,334
<b>Total Operating Expense Budget</b>	\$3,068,925	\$3,168,600
<b>Capital: Acquisition of Information Resource Technologies</b>		
<b>Agency Wide PC Replacement and Tablet Computer – Leased</b>	\$313,423	\$313,423
Agency desktop technology refresh plan to replace the existing inventory of obsolete Intel-based personal computers (PC's), and laptops with Intel® Core™ Series Processor or better processor technology capable of supporting a graphical user interface, client/server applications, and multimedia applications to achieve enhanced employee productivity. This project also provides notebook and tablet computers for field operations and law enforcement, to allow employees in the field to remotely access and input data and information in near-to-real-time using wireless data communication. Request is based on annual funding needs for a three and four year obligation on leasing of equipment. PC desktop \$1,011; laptop \$1754; tablet \$1662		
<b>Grand Total, Capital Projects</b>	\$313,423	\$313,423
<b>IT Related Exceptional Items</b>		
<b>Case Management</b>	\$1,890,346	\$384,018
TABC seeks to acquire a system to manage activities performed by Field Operations and other Divisions in support of identifying violations and disposing of those violations. This includes functions traditionally found in Code Enforcement Systems, Law Enforcement Systems, and Legal Case Management Systems. TABC also seeks supporting functions of staff management, document management, communication management, workflow management, calendar management, and management reporting. TABC intends the Case Management System to help TABC better use, manage, consolidate, share, and protect information accessible through a centralized database. TABC maintains several systems in support of these activities: Agency Reporting and Tracking System (ARTS) is a home-grown system to enter activities after they are completed. Activities are tracked by		

<p>license/permit number, but not by case. The system is cumbersome to use.</p> <p>CrisNET is incident tracking system. Law enforcement personnel enter incidents after they are completed. Incident tracking includes information about an offense, including offender data, witness data, crime data, evidence data, location data, etc.</p> <p>Versa:Regulation (VR) is used for Licensing. VR is a commercial-off-the-shelf system developed and maintained by IronData. TABC determined that VR did not meet the agency's needs for Compliance and Enforcement. The Versa package is the software that allows permit holders to renew their permits online.</p> <p>TABC intends to invest in a strategic Case Management software solution rather than continually implement "piecemeal" improvements to its current case management software. Toward that end, TABC wishes to acquire software and or services to meet agency Case Management needs - either a Software as a Service (SaaS), Commercial Off-The-Shelf (COTS) solution, or through an Interagency Contract (IAC) with the Department of Public Safety to use their SPURS Case Management solution.</p> <p>Data Management tools have been identified to be imperative to the successful implementation and user adoption of a new case management system. The migration of data from legacy systems can be extremely time and resource consuming without proper data integration technologies. In addition, to make the data collected prior to the implementation of a new case management system the most valuable that it can be for future cases, data quality techniques must be performed. Having a better understanding of data structures, and where similar data fields may reside within legacy databases is important for standardization and deduplication of historical data, giving the agency a single view of an entity, whether that be a license holder, offender, or business. While a new case management system will govern the collection and formatting of new data, without a data management toolset attached, there will be a heavier services lift for integration of legacy system data, and a reliance on the quality of that data that has not been vetted with the same level of governance that the new system and processes would require.</p> <p>DESCRIPTION OF IT COMPONENT INCLUDED IN EXCEPTIONAL ITEM: Case Management</p> <p>IS THIS IT COMPONENT RELATED TO A NEW OR CURRENT PROJECT? NEW</p> <p>PROPOSED SOFTWARE EXAMPLES SAS Memex Case Management System</p> <p>PROPOSED HARDWARE EXAMPLES Servers provisioned through the Data Center Services program</p> <p>DEVELOPMENT COST AND OTHER COSTS</p> <table border="0"> <tr> <td>Programming - DBITS (SAS)</td> <td>\$772,315</td> </tr> <tr> <td>IAC with DPS for infrastructure costs</td> <td>\$300,000</td> </tr> <tr> <td>Training (SAS)</td> <td>\$80,000</td> </tr> <tr> <td>SAS Memex software licenses (350 users)</td> <td>\$401,250</td> </tr> <tr> <td>SAS server license (16 cores)</td> <td>\$486,781</td> </tr> <tr> <td>Software Maintenance - SAS Memex</td> <td>\$112,350</td> </tr> <tr> <td>Software Maintenance - SAS Data Management</td> <td>\$121,668</td> </tr> <tr> <td>Total Cost of Exceptional Item</td> <td>\$2,274,364</td> </tr> </table> <p>ALTERNATIVE ANALYSIS Partial funding does not reap the forecasted productivity benefits. The</p>	Programming - DBITS (SAS)	\$772,315	IAC with DPS for infrastructure costs	\$300,000	Training (SAS)	\$80,000	SAS Memex software licenses (350 users)	\$401,250	SAS server license (16 cores)	\$486,781	Software Maintenance - SAS Memex	\$112,350	Software Maintenance - SAS Data Management	\$121,668	Total Cost of Exceptional Item	\$2,274,364		
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<p>solution has been architected as a comprehensive approach to modernize multiple TABC legacy systems.</p> <p>If funding is not received, TABC will continue to use multiple current legacy systems that are not CJIS compliant, require workarounds, highly manual procedures, and integration across systems.</p> <p><b>CONTRACT DESCRIPTION:</b></p> <p>Acquisition off the DIR catalog of Software, e.g., user licenses</p> <p>Acquisition of a DBITS Contract for Services, e.g., development, training and support.</p> <p>Note: TABC is also investigating partnering with the Texas Department of Public Safety to become a tenant on their SPURS system (a Memex platform) to reduce overall state costs through <b>economies of scale</b>.</p>		
<p><b>Information Technology - Cybersecurity:</b></p> <p>TABC maintains confidential data including personally identifiable information, criminal violation history, legal data, corporate data (including ownership and revenue), sales data, and the like. Statutorily TABC is the custodian of this data and must prevent unauthorized access, unauthorized intrusion, and unauthorized use. Without funding for this initiative, TABC's risk exposure to cybersecurity threats increases significantly.</p> <p>As part of the state-wide Enterprise Security Program, TABC engaged Gartner to evaluate the IT Security Program, requirements, and current capabilities against industry leading practices. Gartner recommended 28 initiatives to improve TABC's cybersecurity maturity to protect against cybersecurity threats.</p> <p>Texas, like many governmental and commercial organizations, has experienced security incidents involving sensitive and confidential data. These security incidents place the State at risk. To address this issue, a state-wide security program has been established aimed at strengthening security by assessing security and risk management at the State agency level. By taking a state-wide risk management approach to IT security, Texas is working aggressively to address the increasing threats faced by the State in the area of cyber security.</p> <p>Data Center Services:</p> <p>TABC's allocation costs for overhead and contract management have increased 24 percent, as advised by DIR, for the following cost factors:</p> <ul style="list-style-type: none"> <li>•MSI Allocation</li> <li>•Server Data Center Allocation</li> <li>•Cross Functional Services (CSM) Allocation</li> <li>•Cross Functional Services Allocation</li> </ul> <p>Transferring costs to the DCS from other capital projects for Microsoft Office365 email and SQL Server.</p> <p>Seven servers previously unbilled by the vendor are now billable. Additional servers for Visual Analytics, disaster recovery, and other infrastructure needs. New Print/Mail services. Growth of storage due to litigation hold, open records, and similar record retention requirements.</p> <p><b>EXTERNAL/INTERNAL FACTORS:</b></p> <p>Security and Privacy programs are not investments resulting in payback or measurable benefit. Rather, they are tools to prevent and mitigate risks resulting from cybersecurity threats. In short, failure to adequately protect information and technology assets places the state at risk of unauthorized use or unintentional disclosure of private data. The number, types, and complexity of cybersecurity threats are increasing at a rate at which most state agencies are unable to adapt. Unfortunately, state agencies must advance their IT Security Programs to simply keep pace with advances in cybersecurity threats, much less get ahead of those threats to remove the risk entirely.</p> <p>The consequence of not pursuing these projects is a greater likelihood of</p>	<p>\$509,964</p>	<p>\$600,334</p>

<p>unauthorized use, unauthorized intrusion, and/or unauthorized disclosure of state information and technology, or malicious intent to disrupt agency business.</p> <p>TABC is a participating agency in the Data Center Services contract. As such, TABC is statutorily required to participate in this initiative. The Texas Department of Information Resources manages the contract on behalf of state agencies and allocates overhead costs back to each agency. The cost model has been adjusted to accommodate the new hybrid cloud initiative. Therefore, TABC's costs - as defined by DIR - have increased 24 percent. TABC has little or no influence on how these costs are allocated to participating agencies.</p> <p>DESCRIPTION OF IT COMPONENT INCLUDED IN EXCEPTIONAL ITEM:  Information Technology Improvements</p> <p>IS THIS IT COMPONENT RELATED TO A NEW OR CURRENT PROJECT? NEW</p> <p>PROPOSED SOFTWARE EXAMPLES  Mobile Device Management Software #15  Vulnerability Scanning Software #4  Data masking utilities #11  Network monitoring tools for redundant network #18  Information Technology Forensics Software #19  Host Intrusion Detection System/Services #25  Identity and Access Management #18  Data-at-Rest Encryption #26  No additional software required for the DCS portion.</p> <p>PROPOSED HARDWARE EXAMPLES  Additional servers through DCS to accommodate software listed above.  Redundant network equipment #18  Additional servers through DCS to accommodate growth of storage due to litigation hold, open records, and similar record retention requirements.</p> <p>DEVELOPMENT COST AND OTHER COSTS  Cyber Security  Security Hardware/Software \$100,000 Information Security Analyst II \$170,000 Rent, maintenance, overhead \$10,444  Funding for Cyber Security is based on staff augmentation to assist with 29 distinct recommendations.</p> <p>DCS  Increase in costs due to increases in overhead allocation to TABC and additional services. \$506,784  Funding for DCS is based on forecasts provided by DIR based on allocated overhead and resource consumption.</p> <p>TYPE OF PROJECT  Acquisition and Refresh of Hardware and Software</p> <p>ALTERNATIVE ANALYSIS  TABC wishes to follow information security recommendations from Garter from the 2013 Enterprise Security Review sponsored by DIR. TABC is statutorily required to participate in the DCS program, including paying for the agency's allocation of overhead.</p> <p>CONTRACT DESCRIPTION:  Cyber Security services will be acquired as temporary employees or staff augmentation through a DIR ITSAC contract.  DCS is already managed through an interagency agreement between TABC and DIR. DIR maintains the contract(s) with the DCS vendors. TABC is statutorily required to participate.</p>		
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<p><b>Centralized Accounting and Payroll/Personnel System (CAPPS)</b></p> <p>Pursuant to Government Code, Section 2101.036, the Comptroller of Public Accounts will identify state agencies to transition to the Centralized Accounting and Payroll Personnel System (CAPPS), formerly known as ProjectONE. During this migration, several of our staff members in critical skill areas (payroll, human resources, and information technology) will be required to work extensively on the configuration and testing of the CAPPS system to support TABC systems and processes. The agency project coordination with the Comptroller will begin September of 2018 and will implement the CAPPS Human Resource module in July of 2019. This funding would include a permanent FTE to serve as a project manager for the conversion project of CAPPS HR, in addition to serving as the CAPPS Financials/HR Level 1 support post implementation. Additional support provided by the FTE would include creating and supporting agency internal and external reporting, creating and documenting CAPPS business processes and overall management of the TABC integrated financial and human resource operations.</p> <p>EXTERNAL/INTERNAL FACTORS:</p> <p>The Comptroller of Public Accounts determines the implementation schedule for the agency to transition to CAPPS and will require use of the agency's subject matter experts in the fields of payroll accounting, position budget, and human resources. Due to the agency's small amount of FTEs in these areas, the employees identified as subject matter experts are also needed to operate daily functions in these business environments.</p> <p>DESCRIPTION OF IT COMPONENT INCLUDED IN EXCEPTIONAL ITEM:</p> <p>With the addition of new FTEs, these employees would be added to the current PC lease at an average cost of \$265 per year.</p> <p>IS THIS IT COMPONENT RELATED TO A NEW OR CURRENT PROJECT? CURRENT</p> <p>PROPOSED SOFTWARE EXAMPLES: NA</p> <p>PROPOSED HARDWARE EXAMPLES:</p> <p>Hardware for new FTEs would include either a desktop, laptop or tablet depending on their job needs.</p> <p>DEVELOPMENT COST AND OTHER COSTS: NA</p> <p>TYPE OF PROJECT: CAPPS</p> <p>ALTERNATIVE ANALYSIS</p> <p>There are no alternative available for this component. All FTEs must have access to PC hardware to complete their job functions.</p> <p>ESTIMATED IT COST Total Over Life of Project \$1,855</p>	\$72,365	\$72,365
<b>Total, Acquisition of Exceptional Items</b>	<b>\$2,472,675</b>	<b>\$1,056,717</b>