



## **NASCIO Recommendations to President-Elect Obama on the State-Federal Information Technology Partnership**

The National Association of State Chief Information Officers (NASCIO) is the premier network and resource for state CIOs and a leading advocate for technology policy at all levels of government. Since 1969, NASCIO has represented state chief information officers and information technology executives from the states, territories, and the District of Columbia. The primary state government members are senior officials who have executive level and statewide responsibility for information technology leadership. Representatives from other public sector and non-profit organizations participate as associate members. Private sector firms join as corporate members and participate in the Corporate Leadership Council.

State governments rely heavily on their critical information and communications technology infrastructure (ICT) infrastructure to run government. This “invisible infrastructure” is now part of the fabric of state government that supports state programs, enables effective and efficient services, engages citizens and supports our economy. In addition, this infrastructure is the basis for our 21<sup>st</sup> century economy and allows us to deliver service 24 hours a day seven days a week.

NASCIO welcomes the opportunity to present recommendations to President-elect Obama’s Technology Innovation and Government Reform transition team. NASCIO has been active in promoting a stronger state-federal partnership, especially in the areas of critical infrastructure protection, cyber security, information sharing and the advancement of enterprise architecture. A key objective of NASCIO is to promote and communicate the critical role of information technology in the operation and continuity of state government. The states are poised to meet the challenges of both national as well as state service priorities and improve their efficiency through information technology. State IT has the capacity to support and transform the priorities under consideration in the economic recovery and stimulus plan, as well as key service and management efficiencies. As a strategic and essential enabler of state and local governments today, IT technology can help transform government and better serve citizens.

NASCIO is proposing the following recommendations on behalf of the state CIOs:

### **➤ *Needed Reforms in Federal Funding Cost Allocation***

The influence of federal directives and programmatic funding has a significant impact on the strategies, operations and services of State CIOs. Generally, state and local leaders can respond more quickly and be more innovative than our federal partners; however one of the foremost barriers to state innovation and implementing an enterprise approach lies in the inconsistent interpretation and application of federal programmatic rules (OMB Circular A-87) for IT investments by the states. Currently, the general guidelines attached to federal programmatic funding for services administered by the states do not promote enterprise IT consolidation,

shared solutions, infrastructure optimization or the integrated channels of services sought by citizens.

A priority initiative of state CIOs today is implementing an enterprise consolidation and shared services environment for delivering and supporting IT services to their state agencies. Consolidation of IT infrastructure and services represents a significant opportunity for cost savings, energy efficiency and improved service levels. While progress is being made in several areas of enterprise IT and services consolidation at the state level (as reported by several NASCIO surveys), the rules concerning the use of federal IT funds is a continuing challenge to further progress in this area and an impediment to reducing costs and more effective use of federal funds.

With new strategies, business models and technology solutions, State CIOs have been working diligently to break down the “silos”— or the way that physical infrastructure is placed and configured, applications developed and IT services delivered. The general experience of State CIOs is frustration with federal funding constraints that are at odds with this goal. Many CIOs enjoy resources that allow use of a discretionary pool of funds to deliver innovative solutions with enterprise-wide value. However, federal programmatic funding still flows to the states without direct State CIO review and approval, with restrictive conditions that impede the implementation of consolidation and the rollout of enterprise-wide IT solutions.

Currently, the general guidelines attached to federal programmatic funding do not promote enterprise IT shared solutions, innovation, infrastructure optimization or the integrated channels of services sought by citizens. The state IT landscape has changed significantly, yet federal grant funding guidelines do not reflect this new environment. As millions of new federal dollars are spent on IT that supports human services, public health, justice and homeland security, a change in attitude toward enterprise IT solutions and flexible commingling guidelines with specific cost-allocation options could greatly improve the return on every federal dollar spent on information systems in the states. This flexibility could also prevent the creation of new “stovepiped” systems, or systems with rigid boundaries that only allow for the transmission of information along strict vertical agency lines rather than a horizontal exchange of information across state organizational lines.

**Recommendation:** Federal agency interpretations of cost allocation guidelines must become less ambiguous, more consistently applied and allow flexibility with accountability. New funding guidelines should be added to encourage enterprise IT solutions, IT consolidation, and flexible commingling practices could greatly improve the return on every federal dollar spent on information systems in the states. NASCIO would urge that the Obama administration examine and reform outdated federal cost-allocation rules related to federal funding and recognize the critical role of the State CIO in that process

➤ ***Dramatically Improve Federal Coordination of IT Directives to the States***

It is imperative that a process to harmonize federal programmatic rules, directives and mandates for IT investments by the states be undertaken. The states are major programmatic partners with the federal government in the areas of health care, social services, criminal justice, transportation and environmental protection. In 2009 the federal government will deliver over \$300 billion

in grant funds for programs that the states must administer and deliver. These programs have funds for IT hardware, applications and solutions that state and local agencies have to purchase, develop, maintain, secure and implement. Through programmatic funding to multiple state sources, federal agencies often impose prescriptive mandates and technology requirements on states that are not coordinated at the federal level. The result is a proliferation of IT environments, services and staffing and inability to leverage a state's shared services architecture. Although federal guidelines may be used as the rationale, specific technology requirements are interpreted and applied in an inconsistent manner by federal agencies and imposed on the states. This prohibits states from leveraging existing technology investments and implementing cost-saving enterprise services. States end up with costly stovepipe programs and mismatched technology solutions due to the lack of federal coordination. A prime example is the array of programs funded by the U.S. Department of Health and Human Services administered by the states. Each state uses hundreds of millions in federal and state matching funds to build and support its own complex and expensive eligibility and benefits management system to support Medicaid and other publicly funded financial assistance programs. If coordinated, this could be a standards-based national development effort – delivered at the state level through a “federated” model saving billions and resulting in more consistent service delivery outcomes.

**Recommendation:** NASCIO urges the creation of a joint state-federal governance body and complimentary processes to examine opportunities for better coordination and approaches to reconcile inconsistent federal technology directives. In light of today's economic climate, states need better federal coordination to use funds wisely and more flexibility in how they can spend their federal IT dollars. Ideally, this intergovernmental coordination is an enterprise role and one that should be assumed by the Federal CTO office. If designed in this manner, the CTO office would become deeply familiar with the substantive business and IT challenges facing the intergovernmental layers and capable of building a powerful extended support coalition or network from the State and Local CIO community to collaborate and serve the CTO mission.

➤ *National Cyber Security Agenda and the States*

The protection of state information technology and communication assets and resources is particularly important for the government as it depends on this cyber infrastructure to operate. Protecting this digital infrastructure is an economic imperative. Cyber security is not only essential to preserve the states' ability to effectively serve citizens, but is also necessary to protect federal programs administered by the state, preserve the privacy of personal and sensitive information, and to support mission-critical homeland security activities. As part of the nation's critical infrastructure, the state government IT sector demands attention, prioritization and investments necessary to prevent the disruption of services and continuity of government. The security of state networks has serious implications for homeland security, as network security affects both continuity of government and the operations of critical infrastructure. Cyber attacks have disrupted state government networks, systems and operations, and could potentially impact first-responder communications during an attack on our homeland. In addition, this preparation must include plans for restoring networks and systems in the event of a cyber attack, terrorist event or natural disaster. The states continue to make investments in strengthening their cyber security posture, however the dynamic nature of the threats makes it challenging.

The states and federal government must be partners and collaborate in cyber security protection, recovery and restoration. This is a complex issue and no single program or effort that will resolve the problem. However, NASCIO firmly believes that a critical element in enhancing the protection of this critical information and communications technology infrastructure is to involve the state CIOs in deliberations regarding the Comprehensive National Cybersecurity Initiative, especially if elements of the directives impact state government operations. In recent years, the Department of Homeland Security engagement on the cyber security agenda with the states has improved. Opportunities for limited federal funding for cyber threats have been included in the State Homeland Security Grant program. DHS convenes and supports a number of committees and sector specific councils on critical infrastructure protection and state and local government entities are represented. Nevertheless, based on the daily attacks, known threats and risks, cyber security does not receive adequate attention and prioritization.

**Recommendation:** Cyber threats facing the federal, state and local governments represent a national risk with economic consequences. State CIOs need a formal seat at the table, with the requisite security clearance, and involvement in more detailed discussions regarding the national cyber strategy. NASCIO urges the incoming administration to establish a directed state cyber security grants program in DHS to assist State CIOs and support enhancement of cyber security preparedness, protection, response and recovery in the states.

➤ ***Expand State Connectivity and Broadband Infrastructure***

NASCIO supports President-elect Obama's initiative to expand broadband connectivity across the country. State CIOs recognize the vital need broadband provides economically and socially. Access to broadband communication can help foster economic development, create jobs, deliver innovative public services and enhance quality of life for all citizens. Through their service activities and regulatory responsibilities, the states are in the best position to assess the gaps in broadband coverage, demographics of online users and strategies to promote wider adoption. State and local governments are already leaders in providing online government services. Expanding and enhancing broadband connectivity bolsters the states' abilities to deliver services efficiently and reach new more citizens. Enhanced broadband deployment would support many innovative state initiatives related to educational opportunities, healthcare delivery, public safety, intelligent transportation and civic engagement.

**Recommendation:** The new Administration should work with states and localities to connect every community in America by fostering public-private partnership through grant programs, tax credits and innovative financing methods. The development of a national broadband strategy should not interfere with state broadband development initiatives but include high-speed broadband deployment and allow state and local governments to provide broadband capability and services to their residents. Each state will have unique demands and needs based on its geography, demographics and existing service providers. Therefore, states will need flexibility when deploying broadband initiatives.

➤ ***An Intergovernmental Role for the Proposed Federal CTO/CIO***

NASCIO supports President-elect Obama's proposal to appoint a federal Chief Technology Officer (CTO) or CIO. In addition to advocating enterprise solutions, innovative technology adoption and interagency coordination, we firmly believe the federal CIO position must also

focus on major performance gaps to include IT project management, information security weaknesses and cross boundary collaboration.

**Recommendation:** Our vision for this position is broad and demanding – and not just federal-centric. A partnership with state and local governments must be restored with the CTO understanding the need to reach out and engage state and local leaders. In order to garner the attention necessary to achieve the goals of the administration, the CTO/CIO position should be a senior White House advisor in the Office of the President and include an intergovernmental affairs or liaison activity to work with state and local CIO's on common strategies, issues and concerns.

➤ ***Change is Needed: The Role of Federal Agency CIOs***

Given the critical role and responsibilities of the federal agency CIO, the Clinger-Cohen Act does not provide adequate authority and a framework for driving change and sustaining progress. Ideally, a federal agency CIO should work directly for the agency head. Direct access to decision makers is critical for discussions on agency business priorities, strategic direction and IT investment management decisions. Attempting to drive strategic initiatives such as enterprise architecture, IT consolidation and cyber security is very difficult without more enterprise authority. Elements of privacy and electronic records management are also under the purview of the agency CIO. Without enterprise authority it is very challenging to devote resources to these important issues, therefore they are given low priority or ignored. Since enactment of the Clinger-Cohen Act, the average tenure of a federal agency CIO has been two years. This is lower than the average state CIO tenure, now almost three years. State CIOs often struggle with the same vexing challenges that a demand stability in the position and adequate time to address a strategic IT agenda. With the initiatives and demands of a federal agency CIO, two years is not enough time to earn the trust within the agency, advance the agenda and become effective.

**Recommendation:** The lines of reporting, commensurate authority and agency CIO turnover issues should be addressed through amendments to the Clinger-Cohen Act.

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