

NASCIO 2010 Advocacy Priorities for the Administration, Congress and Strategic Partners

The National Association of State Chief Information Officers (NASCIO) is the premier network and resource for state chief information officers and a leading advocate for technology policy at all levels of government. NASCIO's mission is to foster government excellence through quality business practices, information management, and technology policy. Since 1969, NASCIO has represented the state information technology (IT) community and provided products, services and advocacy to support the challenging roles of CIOs and IT officials from the states, territories, and the District of Columbia.

State, local, tribal and the federal government rely heavily on IT to maintain daily operations and deliver critical services. IT is the lifeblood of government collaboration and citizen engagement. It allows all levels of government to support programs, enables effective and efficient services, creates transparency for citizens and supports our economy. Technology can help transform government processes to better serve the state and its constituents.

In today's difficult economic climate, federal and state government collaboration is essential in serving our citizens. NASCIO has been active in promoting a stronger state-federal partnership, especially in the areas of critical infrastructure protection, cyber security, information sharing, business process redesign and the advancement of enterprise architecture. States play a critical role in administering federal programs that citizens depend on every day. With limited state and federal resources, we must work together in a federal and state partnership to build and deliver the type of government services that the citizens expect by getting the most from our investments in information technology. The states are poised to meet the challenges of both national as well as state service priorities and improve their efficiency through IT.

NASCIO advocacy priorities will help all levels of government meet the demands of the 21st century and make certain IT investments will better serve the American people. NASCIO advocates the following policy positions, objectives and 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 in a more timely fashion and may have the flexibility to be more innovative than our federal partners; however one of the foremost barriers to state innovation and implementation of an enterprise approach lies in the inconsistent interpretation and application of federal programmatic rules in 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (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 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. State CIOs have experienced frustrations due to federal funding constraints that are at odds with performance goals. 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.

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 services that support human services, public health, justice and homeland security, a change in the 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 “stove piped” 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 that could greatly improve the return on every federal dollar spent on information systems in the states. NASCIO urges the Office of Management & Budget Comptroller to examine and reform outdated federal cost-allocation rules related to federal funding and recognize the critical role of the State CIO in that process through the Partnership Fund for Program Integrity Innovation. Pilots could be established around state administered federal programs to identify areas that could be changed in the federal cost allocation guidelines. These pilots would identify and prioritize issues, or concerns, and provide recommendations for alternative approaches, which could enhance the implementation of Circular A-87 and provide benefits to all levels of government.

In addition, NASCIO recommends that 2 CFR Part 225 be revised to define software development projects as “tangible assets” and allowable expense for financing costs. OMB should consider providing an interpretation of 2 CFR Part 225 to clarify whether financing costs for software development projects are allowable or unallowable, and if allowable, how would OMB specify the criteria necessary to establish cost allowances. Specifically, NASCIO recommends that OMB issue an interpretation to allow software financing costs (including interest) for state and local government grantees.

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, homeland security, transportation and environmental protection. In 2010, 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, staffing, and inability to leverage a state's shared IT services.

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 and 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 under the Federal CIO Council 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 CIO office through the Federal CIO Council. If designed in this manner, the CIO office would become deeply familiar with the substantive business, 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 CIO mission.

National Cyber Security Agenda and the States

The protection of state information technology and communication assets and resources is vital since 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 affect 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 address 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 affect 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, local and tribal governments represent a national risk with economic consequences. State CIOs, with requisite security clearance, need a formal seat at the table and should be included in more detailed discussions regarding the national cyber strategy. NASCIO urges DHS to involve the states in planning the cyber assessment strategy as required by the Department of Homeland Security FY 2010 Appropriations (P.L. 111-8). NASCIO also recommends that DHS give higher priority to state cyber security grants program to assist state CIOs and support enhancement of cyber security preparedness, protection, response and recovery in the states. In addition, NASCIO urges the Administration to continue to engage Governors in protecting all levels of government critical assets.

Expand State Connectivity and Broadband Infrastructure

NASCIO supports the Administration goal to expand broadband connectivity across the country. The Recovery and Reinvestment Act provided grants to help meet this objective. State CIOs recognize the abundant opportunities 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 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 a greater number of 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 National Telecommunications and Information Administration, Department of Agricultural Rural Utilities Service and the Federal Communication Administration should continue to 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. In addition, the FCC and Congress should coordinate and consult with state policy leaders on overhauling the Universal Service Fund and E-rate. Expanding broadband and alternations to these programs will affect states budgets and authority seems they too are regulators, providers and purchasers of telecommunication services. 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.

 **Support Department of Justice Information Sharing and Technology Program**
Information technology is a critical means for which all levels of government can provide services and protect critical infrastructure. To remain effective and efficient, the government must continually reinvent itself when providing services for its citizens. Governors and federal leaders are interested in measuring, monitoring and managing performance of all programs thus requiring a new way for collecting, sharing and analyzing data across all level of government and agencies. The Justice Information Sharing and Technology Program helps state, local, and tribal law enforcement and criminal justice agencies take full advantage of justice information sharing by providing grant funding, training and technical assistance to support the modernization and enhancement of state and local justice information systems. The Justice Information Sharing and Technology Programs have established enterprise-wide information exchanges such as the National Information Exchange Model (NIEM). The NIEM established standards and processes that enable jurisdictions to effectively share critical information in emergency situations, as well as support the day-to-day operations of agencies throughout the nation.

Recommendation: NASCIO supports the Administration's request of \$15 million in the proposed FY 2011 Department of Justice budget to Congress for the new program called the Justice Information Sharing and Technology.

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