OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

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Information Technology Steering Committee
May 26, 2016
Kalanimoku Building, Conference Room 410
1151 Punchbowl St., Honolulu, HI 96813

Meeting Minutes

Members Present	
Name	Organization
Nacapuy, Todd (Chair)	Office of Enterprise Technology Services (ETS)
Danon, Michel*	Hawaiʻi Medical Service Association
Keane, David	Dept. of Human Resources Development (DHRD)
Kuroiwa, Jared I.	KHON-2
Taguchi, Kelly	Oceanic Time Warner Cable
Yamashita, Representative Kyle	Legislative Branch

Other Attendees	
Name	Organization
DeMello, Keith	ETS
Fors, Michael	Public Consultant Group
Fritz, Peter	
Kunimoto, Valri	Department of the Attorney General (AG)
Sato, Clay	AG
Yoshikami, Norman	AG

*Immediately prior to the meeting, Michel Danon was sworn in as a new member of the Information Technology Steering Committee (ITSC), serving a term through June 30, 2019.

  I. Call to Order
      Chair Nacapuy called the meeting to order at 1:36 p.m.

 II. Roll Call
      Quorum was established with six members present. (Note: This 11-member committee requires six members to establish quorum and take official action.)

III. Reading and Approval of Minutes
      Member Yamashita moved for the ITSC to approve the February 2016 meeting minutes, and Member Keane seconded the motion. The ITSC adopted the minutes by unanimous consent.

IV.   **Public Testimony on Agenda Items**
Peter Fritz brought to the ITSC's attention House Bill 2281, Relating to Service by Publication in Paternity Cases, which was just passed by the Legislature. The bill amends the Uniform Parentage Act to allow for service by publication or by any other manner (including email) that is reasonably calculated to give the party actual notice of proceedings and an opportunity to be heard when respondents cannot be located or personally served. Mr. Fritz noted that the bill represents a change because many people no longer have traditional telephone landlines or read the daily newspaper. He added that he is already aware of informal discussions to extend similar allowances to all family law services next session.

Mr. Fritz also noted that there were 61 website accessibility-related cases filed last year against private entities. He said one area where this might be a risk for the State Executive Branch is DHRD online applications, if an online application is not accessible.

Chair Nacapuy mentioned that, following the enactment of Senate Bill 2807 SD2, authority with regard to web accessibility will be more clearly defined under his role as Chief Information Officer (CIO) of the State of Hawaiʻi. For example, the bill consolidates information technology (IT) functions within ETS under the direction of the CIO, including the development and implementation of statewide IT governance and standards relating, but not limited to, public access to public information.

Chair Nacapuy stated that a CIO memo will be developed following the effective date of SB 2807 SD2, assuming it is signed, to provide direction with regard to State web accessibility standards and training for State web managers.

Mr. Fritz noted that he recently assisted a large private entity to develop a policy on websites and how to handle information posted on them.

V.   **Chief Information Officer's Report**

    a.   **Consolidation of Office of Information Management & Technology (OIMT) and the Information & Communication Services Division (ICSD)**
As noted, SB 2807 SD2 has passed. Pending its enactment, the Office of Enterprise Technology Services (ETS) will be formally established within the Department of Accounting and General Services (DAGS), effective July 2, 2016. In addition to combining and moving the IT functions performed by OIMT and ICSD to ETS, the bill includes language added by the State Senate (Ways & Means) that strengthens comprehensive IT governance as well as cybersecurity governance. Currently, the CIO has approval authority over IT expenditures by departments over $100,000, with very limited visibility over departments' budget requests. The bill will establish new authority for the CIO to work with departments as part of the budget request process, and new processes are being developed in anticipation of this authority to require departments to submit IT budgets to ETS.

This will also help address issues raised in State Auditor's Report on Selected Executive Branch Departments' IT Expenditures. The report is available online: http://files.hawaii.gov/auditor/Reports/2016/16-01.pdf

When the Auditor's report came out, ETS agreed with the report's recommendations and looks forward to working with the DAGS Accounting Division to implement consistent accounting codes and criteria to ensure improved accountability with regard to departmental IT expenditures. The result will be true cost transparency and coordination. From departments' perspective, it will align IT projects. Chair Nacapuy noted that he has identified Technology Based Management (TBM) as the model for this effort.

b. **Supplemental Budget Request**
Chair Nacapuy explained that when ETS put its budget request together prior to the 2016 legislative session, the new CIO team was just a few months on the job. The request included 31 new positions, which was not approved by the legislature. Over the past year, ETS was able to hire additional 19 personnel, but due to retirements and attrition, vacancies remain at more than 20. Some legislators were hesitant to approve new positions when vacancies remained.

As it relates to ETS, the final State Budget Bill (House Bill 1700) was passed by the Legislature:

- adds (3) security positions, including a chief information security officer;
- places in ETS' budget a grant-in-aid for Office of Planning; and
- reduces ETS' operating budget by a total of $267,514 less than that required for operations (factoring in all general funds, including new funds for the security positons and GIA mentioned above).

For the third year in the State's three-year license agreement with Microsoft, ETS will be paying for Office 365 centrally for the state but will be working out with the Department of Budget and Finance the payback or showback structure. ETS will also be negotiating with Microsoft to reduce cost of the pre-existing license agreement for future years. ITSC members acknowledged that demonstrating cost savings annually versus over a longer time period can be a challenge, since department requirements and software updates are not typically on consistent annual timeframes. However, the Legislature's actions in the Budget Bill do appear to represent recognition of the value of leveraging the entire enterprise and the benefit of having most departments on same platform.

c. **Civil Service IT Broadbanding Pilot Project**
Chair Nacapuy reported that ETS, in partnership with the Department of Human Resources Development (DHRD), will soon launch an innovative, six-month pilot project to develop and retain its IT workforce across all state departments. The

Civil Service IT Broadbanding Pilot Project aims to transition the state from a traditional classification system for IT positions to a system of "broadbanding" — a term referring to wider salary bands more encompassing than those within traditional salary structures.

The return on investment will be the State's improved ability to retain current, skilled employees by providing opportunities to grow as we keep pace with ever-evolving modern technologies. As part of the pilot project, state IT positions will be assigned to a single "IT Career Group" and, in turn, to one of four broadband levels: entry/independent worker, journey worker/subject matter expert, supervisor, or excluded manager. This will provide for employer-initiated, discretionary and employee-focused compensation adjustments. At the same time, collective bargaining will continue to provide for across-the-board negotiated pay adjustments, step movements and compensation applicable to all IT professionals.

DHRD and ETS considered working models and lessons learned in other similar programs. Similar to the University of Hawai'i's broadbanding system for administrative, professional and technical personnel, the State's pilot project will reflect the negotiated Bargaining Unit 13 salary schedule and step movement plan and incorporate significant revisions identified in the review of the university's system.

After six months, the pilot project will be evaluated. ETS has committed to $75,000 for its own in-band position adjustments.

d. IT Governance
In December 2015, ETS launched via an executive administrative directive a new, mandatory governance process to ensure success for State of Hawai'i IT programs and projects. Under the IT governance process, projects must pass several review "gates" during four key phases: pre-initiation (concept); initiating; planning; and contract execution and implementation. At each gate, prerequisite documentation will be required for an investment or project to be approved, denied or deferred by a reviewing body before proceeding to the next phase.

The process will also require that state-executed contracts include all necessary functional and technical requirements, including measurable performance delivery metrics in order to approve and remit contract payments. Initially, projects subject to the new governance requirements will include:

- IT development and modernization projects identified under Section 41 of Act 119, SLH 2015 (the 2015 State Budget Act), or any future related legislation or budget bills;
- IT projects that require technology resources estimated at $1 million or greater; and

- Enterprise modernization projects identified by the CIO, typically those that will leverage business and operational efficiencies and benefits for multiple departments or agencies.

All projects are on time and on budget. A key component is contract governance to ensure language in favor of the State. In addition, as part of this process, ETS' role in the Department of Taxation's Tax System Modernization project is overseeing Independent Verification and Validation (IV&V).

e. **Data Center Colocation Agreement with the University of Hawai'i**
On March 15, 2016, ETS and UH Information Technology Services formalized a colocation agreement under which some IT systems currently housed at that state's primary data center in the downtown Kalanimoku Building are migrating to the UH IT Center, to the extent possible, to provide resilient backup.

Benefits are already apparent. For example, last month, Oceanic Time Warner Cable fiber in Honolulu became compromised. But thanks to the State's investments in network redundancy and logistical advantages provided under the colocation agreement, no impacts to users were reported. In previous years, when there were no redundant circuits or "rings," a similar situation would have put the entire network at risk. The fiber was repaired within the week, restoring full redundancy.

f. **Enterprise Payroll and Time & Attendance Modernization**
Employees representing virtually every State of Hawai'i department and jurisdiction are collaborating in the evaluation of vendor proposals to modernize the state government payroll and time and attendance systems.

On February 16, 2016, DAGS and ETS issued a request for proposal (RFP), with vendor proposals due April 4. This was followed by the ongoing formal review and evaluation period, which includes the assessment of offeror references and viability, cost realism, technology review, functional review, and final scoring based on RFP requirements.

In recognition of the multitude of internal payroll processes that have evolved under the current payroll system, which is more than 40 years old, the team has reached out to the departments and across branches of government to identify subject matter experts to review applicable sections of proposals. Award of a contract is anticipated no sooner than June 2016. The system replacement is expected to occur between nine and 18 months after the contract is awarded.

VI. **Legislative Updates**
An update was provided on several bills with the potential to impact State IT, in some cases reaffirming items already discussed:

      a. **Senate Bill 2541, Relating to Information Technology**
      Authorizes the State CIO to use or transfer funds, appropriated in the 2015 State Budget Act, to executive departments and agencies for projects that have been approved by the governor. This bill (now Act 11, SLH 2016) was enacted on April 21, 2016.

      a. **Senate Bill 2807, Relating to Enterprise Technology Services**
      Consolidates OIMT and ICSD, including all related information technology functions, in ETS under the direction of the CIO. The bill was passed by the Legislature. If enacted, it takes effect on July 2, 2016.

      b. **House Bill 1739, Relating to Employment**
      Prohibits employers from requiring, requesting, or coercing employees or potential employees to provide access to their personal social media accounts, subject to certain exemptions. HB 1739 CD1 passed with critical amendments recommended by ETS to avoid adverse impact to State government operations.

      c. **House Bill 2755, Relating to Incident Response**
      Requires the CIO to develop and maintain an incident response plan to cyber-attacks for each Executive Branch department in the State. Establishes the scope of an incident response plan. This bill did not pass.

VII. **Report by the Permitted Interaction Group on Recommendations to Operationalize IT Steering Committee Mandates**
Chair Nacapuy summarized action taken by the ITSC at its last meeting to form a Permitted Interaction Group to make recommendations regarding the operationalization of its statutory mandates, public outreach, and accountability. He reported that the group has met twice and anticipates meeting once more to finalize its report. Pursuant to HRS §92-2.5, the report will be formally submitted at a future ITSC meeting and then discussed at the subsequent meeting after that.

It was mentioned that the chair could call a special meeting in July or early August to accept the report so that the full ITSC could discuss and take any appropriate action at the regularly scheduled quarter meeting on August 25 meeting.

VIII. **Unfinished Business**
It was reported the ITSC is anticipating that its remaining two vacancies will be filled by the next quarterly meeting. Appointments from the Senate President and Governor's Offices are expected shortly.

IX. **New Business**
None.

X. **Good of the Order**
Chair Nacapuy mentioned that CIO Council members (the IT leads within the State's various departments) have been invited to attend ITSC meetings rather than meet separately. This is being done to reduce redundancy.

The next regularly scheduled (quarterly) meeting is August 25, 2016, from 1:30 to 3 p.m. Before then, a special meeting may be scheduled to accept the Permitted Interaction Group report.

XI.   Adjournment
The meeting was adjourned at 2:25 p.m.

Respectfully Submitted,

Sep 12, 2016

Date

Keith A. DeMello
Senior Communications Manager
Office of Enterprise Technology Services
State of Hawaiʻi