



STEVEN L. BESHEAR
GOVERNOR

EXECUTIVE ORDER

RECEIVED AND FILED
DATE October 23, 2012
10:43 am

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

Secretary of State
Frankfort
Kentucky

2012-880
October 23, 2012

**REGARDING THE CENTRALIZATION OF INFORMATION TECHNOLOGY
INFRASTRUCTURE RESOURCES ACROSS THE COMMONWEALTH**

WHEREAS, the Commonwealth of Kentucky promotes effective and efficient management of state government operations and resources; and

WHEREAS, pursuant to KRS Chapter 42, the Commonwealth Office of Technology is charged with developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public as well as developing, implementing and maintaining the technology infrastructure of the Commonwealth; and

WHEREAS, after much study and review of the existing state of the provision of Information Technology Services across the agencies of the Commonwealth, it has been determined that the Commonwealth will greatly benefit by departing from the decentralized model of providing Information Technology infrastructure services to a centralized model; and

WHEREAS, the adoption of a centralized model will improve security, promote information sharing and assist agencies in focusing on their mission rather than operational issues; and

WHEREAS, streamlining IT service delivery is estimated to yield significant savings upon full implementation:

NOW, THEREFORE, I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by the Constitution of Kentucky and KRS 12.028 do hereby Order and Direct the following:



STEVEN L. BESHEAR
GOVERNOR

EXECUTIVE ORDER

2012-880
October 23, 2012

Secretary of State
Frankfort
Kentucky

- I. The operational control of all executive branch information technology infrastructure services shall hereafter be the responsibility of the Commonwealth Office of Technology residing in the Finance and Administration Cabinet.
- II. There is hereby created the position of Chief Information Officer ("CIO") of the Commonwealth Office of Technology ("COT"). The CIO will be the top official at COT. The CIO shall report directly to the Secretary of the Finance and Administration Cabinet. The CIO shall be a member of the Governor's Executive Cabinet.
- III. The CIO of COT shall be responsible for management of all executive branch information technology infrastructure services. These duties include, but are not limited to the following: information technology infrastructure, computing equipment, support staff, servers, networks, storage, desktop support, telephony, enterprise shared systems, information technology security, disaster recovery, business continuity, database administration, software licensing, and all related planning, administration, asset management and procurement.
- IV. Executive branch agency personnel whose primary job duties include the duties set out in paragraph III shall have their positions detailed to COT when it is in the best interests of the Commonwealth. The detail will provide an immediate reporting change for impacted personnel on a temporary basis. Impacted personnel shall receive notice of a permanent transfer to COT at a later date.
- V. This Order applies to all Executive Branch Cabinets and all agencies within the Executive Branch except as follows: agencies led by any other statewide elected official; the nine postsecondary education institutions; the Department of Education's services provided to local school districts; the agencies administering the retirement systems; the Kentucky Housing Corporation; the Kentucky Lottery Corporation; the Kentucky Higher Education Student Loan Corporation; and the Kentucky Higher Education Assistance Authority.
- VI. All personnel, funds, records, files, and equipment associated with the subject matter of this Order are hereby assigned to the Commonwealth Office of Technology within the Finance and Administration Cabinet. This assignment shall be managed on a schedule created by the Secretary of the Finance and Administration Cabinet or her designee.
- VII. No agency within or attached to an Executive Branch Cabinet shall expend any funds on any information technology infrastructure service or component without the prior approval of the Secretary of the Finance and Administration Cabinet or her designee.



STEVEN L. BESHEAR
GOVERNOR

EXECUTIVE ORDER

2012-880
October 23, 2012

Secretary of State
Frankfort
Kentucky

- VIII. All agencies affected by the transfer of duties and responsibilities shall take any and all action(s) necessary to implement and effectuate the provisions of this Order and shall take direction from the Secretary of the Finance and Administration Cabinet to ensure a smooth transition in effectuating the provisions of this Order.
- IX. Any provision of any prior Executive Order, Memorandum, agreement, policy statement or the equivalent that conflicts with the provisions of this Order shall be and hereby is rescinded and abolished.
- X. This Order shall be effective as of November 1, 2012.


STEVEN L. BESHEAR, GOVERNOR
Commonwealth of Kentucky


ALISON LUNDERGAN GRIMES
Secretary of State

REORGANIZATION PLAN

INTRODUCTION

It is the policy of the Beshear Administration to gain efficiencies in state government to best serve the citizens of the Commonwealth. In keeping with this policy the Executive Branch Cabinets and agencies realize the need to group related functions and streamline processes to garner greater economy and improved administration.

The goal of this reorganization is to accomplish the aforementioned efficiencies through a partnership between and among executive branch agencies for the delivery and maintenance of infrastructure technology (IT) services. The Finance and Administration Cabinet will be the lead organizational entity for this effort through the Commonwealth Office of Technology. This Executive Order will create a state government environment that better supports Governor Beshear's initiatives.

SUMMARY OF PLAN

As a part of Governor Beshear's Smart Government Initiative, the Information Technology work group recommended that an assessment be conducted by an outside consulting firm of the Commonwealth's information technology management practices, organization and costs. That recommendation was carried out and a comprehensive assessment was performed. The key findings of that assessment were that the Commonwealth's decentralized delivery of IT infrastructure services: resulted in costly redundancy of IT assets and personnel, subjected some IT infrastructure to undue risk, and positioned Kentucky poorly to take advantage of emerging trends in IT service delivery.

After a full analysis of the consultant's findings with the Governor's Executive Cabinet and a thorough review of the positive impacts of implementing a number of the report's recommendations, the Governor, through this reorganization is taking actions to consolidate IT infrastructure services under a chief information officer that will be a member of the Governor's Executive Cabinet.

The primary benefits of this action are: cost savings, reduced risk, better positioning for the future, and improved services. The consulting firm's report estimated that consolidated IT infrastructure services will yield annual net savings that range from \$16.7 million to \$27.8 million, once fully implemented. This action will significantly reduce the Commonwealth's risks associated with system failure and privacy or security breaches. The consolidation will position the Commonwealth to take advantage of emerging technologies and sourcing alternatives in the future. This reorganization will result in the delivery of improved IT infrastructure services to state agencies, and enable those state agencies to focus their IT efforts on their business operations and improving the public services they provide.

Create the position of Chief Information Officer and Elevate the Position to be a Member of the Governor's Executive Cabinet

A chief information officer (CIO) position will be created, and the CIO will be a member of the Governor's Executive Cabinet. The CIO will be the Executive Director of COT and assume all roles and responsibilities as defined by KRS 42.730 and a member of the Governor's Executive Cabinet as defined by KRS 11.065. This action will emphasize an enterprise-wide perspective, underline the importance to state government of managing IT infrastructure, and ensure regular interaction between the CIO and the Governor's cabinet members. The CIO will manage the Commonwealth Office of Technology and report to the secretary of the Finance and Administration Cabinet.

Consolidate IT Infrastructure Services under the Chief Information Officer

The CIO will have operational and budgetary control of the Commonwealth's IT infrastructure services, computing equipment, and associated support staff. Application development and application support for business processes will remain in cabinets and agencies. This Executive Order will transfer responsibility for IT infrastructure from most executive branch agencies to the Commonwealth Office of Technology to be provided as a shared service. Exceptions to this transfer include agencies led by another statewide elected official, the nine postsecondary education institutions, the Department of Education's services provided to local school districts, the agencies administering retirement systems, and the Kentucky Housing Corporation, the Kentucky Higher Education Student Loan Corporation, the Kentucky Higher Education Assistance Authority, and the Kentucky Lottery Corporation.

IT infrastructure services are defined as: computing equipment, server, storage, network, desktop support, telephony, IT facilities and enterprise-level shared systems, IT security, disaster recovery and business continuity, database administration, software licensing, and related planning, administration, asset management, and procurement.

With this significant change, agencies will see a shift in their information technology responsibilities. Agencies will no longer be responsible for IT infrastructure operations, but will coordinate the delivery of those services with COT and target a sharper focus on the applications that automate agency business functions to support direct public services.

IT infrastructure services are better suited to economies of scale of a single provider. This consolidation will provide a platform to enable a more efficient and standardized delivery of IT infrastructure services. The consolidation will first target end-of-life, high-risk and high-cost platforms. Some of the opportunities that will be implemented to achieve these goals are consolidation of commodity infrastructure by moving servers, storage, and network equipment to the Commonwealth Data Center, reduction of excess equipment capacity, lowering of the risk to IT infrastructure equipment, closing or converting space used for duplicative or unnecessary IT facilities to productive use and standardization of infrastructure for ease of maintenance.

FISCAL / PERSONNEL IMPACT

Personnel Impact: Executive branch agency personnel whose primary job duties involve IT infrastructure services duties as set out in the Executive Order will have their positions detailed to COT. The detail will provide an immediate reporting change for impacted personnel on a temporary basis. Impacted personnel will receive notice of a permanent transfer to COT at a later date. Contractors that are performing IT infrastructure services will also be placed under the control of COT. It is estimated that approximately 240 to 260 employees will be detailed from other state agencies to COT. The final number will not be known until a full assessment of every state agency has been completed.

Employees and contractors whose primary job duties support IT applications and application development will remain with their agency. This includes employees who perform application development activities including the analysis, design, development and maintenance of application software.

Fiscal Impact: The consulting firm's report estimated savings of \$16.7 to \$27.8 million annually from all fund sources, once fully implemented. That estimate assumed a transition period of about two to three years to achieve that level of savings. One part of the implementation of this consolidation will be to reaffirm the existing costs of providing IT infrastructure services to be able to fully compare those costs to the costs in the future once fully consolidated under COT. For the remainder of fiscal year 2012-13, state agencies will pay to COT the costs of the employees and contractors who are shifted from the state agencies to COT. The plans for fiscal year 2013-14 and beyond are to fold the consolidated IT infrastructure services into the existing billing system for COT provided IT infrastructure services.