



## Written Testimony to the Joint Oversight Committee on Investment in Information Technology Improvement

August 30<sup>th</sup>, 2022

### Key Takeaways:

- The \$200 million invested into the Technology Improvement and Modernization (TIM) Fund in 2021 is an important down-payment toward a long-term problem.
- The 5-year IT Modernization plans state agencies are now required to complete will help scope the real challenges faced by agencies instead of only immediate needs or reactions to crises.
- The additional \$44 billion budget projection for the 88th Legislative Session provides a great opportunity to increase money to TIM fund, either through General Revenue, unused federal dollars, the Economic Stabilization Fund (ESF), or a long-term funding vehicle.

### Background:

Texas 2036 commends Chairman Capriglione's leadership and the 87th Legislature for passing House Bill (HB) 4018 and appropriating \$200 million in American Rescue Plan Act (ARPA) funds to the TIM Fund created by HB 4018. Additionally, the 2022-23 General Appropriations Act appropriated over \$800 million in IT funding that addressed priority projects identified in the Priority Cybersecurity and Legacy Systems (PCLS) report.

With the incoming Legislature having the largest surplus in history – an additional \$44 billion from General Revenue, the ESF, and unused ARPA funds – to write next biennium's budget, there is an opportunity to make long-lasting changes that would ensure long-term investment solutions for IT modernization and cybersecurity. In past years before the establishment of this committee, the Legislature had an ad hoc approach of appropriating funding for IT modernization and cybersecurity projects. Historically, the Legislature has relied on Agency Legislative Appropriations Requests (LARs) and the PCLS report to determine the projects that are prioritized for funding. Each technological request that took longer than two years to implement was subject to mid-project halted funding if the Legislature did not renew funding every biennium. Or if an unexpected crisis or cyberattack occurred that needed state funding to remedy, they would have to wait until a legislative session to address those funding needs.

Some of this will be alleviated with a focus on future versus reactive planning, with HB 4018 ensuring that state agencies provide five-year plans for IT modernization if they have over 150 Full-Time Employees. HB 4018 also created this committee, which was based off another Joint Oversight Committee created in the 84th Legislative session to address the deferred maintenance backlog. During that session, nearly \$400 million was transferred from General Revenue and deposited into a newly created fund

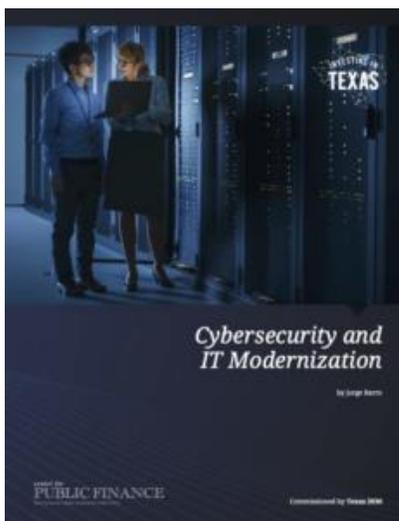


specifically for deferred maintenance. The Legislature then appropriated this funding to selected agencies and created an Oversight Committee on Government Facilities to monitor the projects and make recommendations for future appropriations.

While the investments made last session into IT modernization and cybersecurity were substantial and desperately needed, they were not a one-time solution. Whether it is dedicated General Revenue Funding, funding from the \$14 billion in the Economic Stabilization Fund, or usage of the approximately \$3 billion left of ARPA funding, Texas 2036 supports continued dedication into the TIM fund to ensure that each state agency has the technology they need to fight off cyber criminals and efficiently provide services to the citizens of Texas.

With the emphasis shifting to future planning from crisis responses, the committee has the opportunity to rethink what were thought of as previously unattainable solutions, like an overhaul of the Department of Family and Protective Services' data system called "IMPACT." IMPACT is no longer in line with federal standards, is no longer able to receive federal funding, and requires several staffers to input the same data because it is not interoperable. Instead of continuing to put band aids on a broken system, the committee could consider an overhaul of IMPACT that would ultimately save the state time, money, and better track vulnerable children.

While we await the five-year plans from state agencies and the 88th Session LARs, Texas 2036 looks forward to supporting this Committee and the Legislature with continuing to identify long-term funding solutions for state IT and Cybersecurity projects. For additional references, Texas 2036 co-authored a report called "Investing in Texas: Cybersecurity and IT Modernization," with the Baker Institute for Public Policy at Rice University and wrote a series of blogs on both the creation of HB 4018 and general IT modernization efforts:



<https://texas2036.org/posts/texas-cybersecurity-it-modernization-baker-report/>

<https://texas2036.org/posts/texas-it-systems-need-an-upgrade/>

<https://texas2036.org/posts/modernizing-state-information-systems/>