

State of Montana

**Montana Department
of Labor & Industry**

**Information Technology Strategic Plan
2014**

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1. Executive Summary

The Montana Department of Labor and Industry's (DLI) mission is to promote the well-being and opportunities of Montana's workers, employers, and citizens. Information Technology (IT) plays a large role in helping the Department promote and meet its mission.

The challenges facing public sector IT continue to grow. Recent trends in decreasing federal funding and a weakened economy, along with state and federal mandates and legislative changes have resulted in the need for the Department to more aggressively assess and reassess how IT can evolve and be improved to do more with less while still meeting the ever-increasing demands of its business users. The ability to maintain a highly skilled IT workforce in spite of the loss of staff due to retirement and to jobs in the private sector present challenges that must be met in new and innovative ways. Additionally, IT itself has entered a new age where technology changes at such a rapid pace that the Department must endeavor to stay ahead of the IT growth curve.

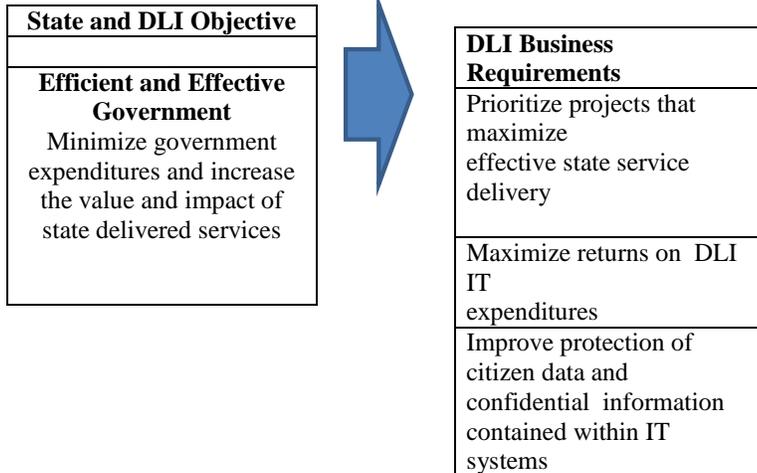
The Department of Labor and Industry has created a centralized organizational structure for Information Technology that focuses on improving efficiencies and service, while reducing duplicative costs and improving coordination across the entire Department and the Enterprise. This Technology Services Division (TSD) has been empowered to focus on three key goals:

- **Standardize or integrate IT applications and resources** across the Department that reduces duplication, creates better integration and streamlines applications and software
- **Develop and train IT staff** within a unified organizational structure that allows for mentoring, collaboration and cross-pollination
- **Provide IT focused career pathways** within the Department to enhance professional development and mentoring of IT staff

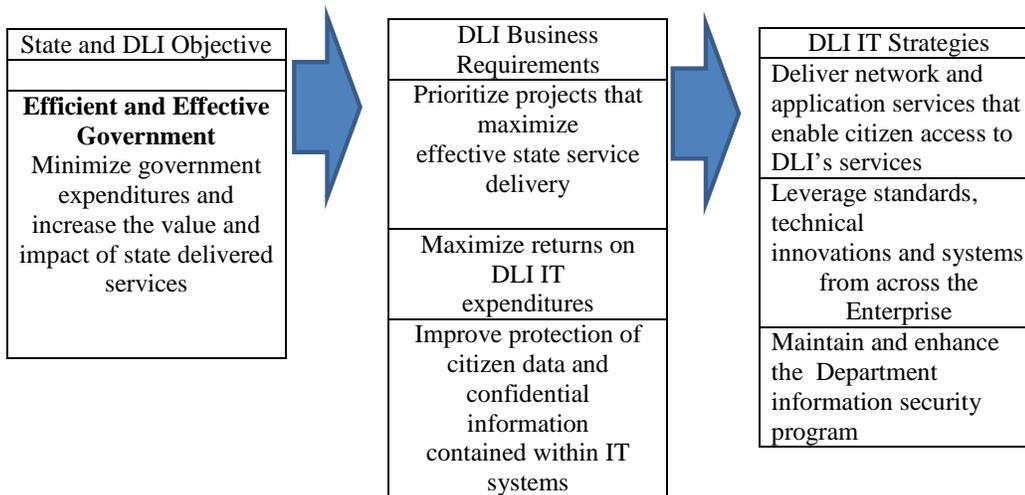
2. Environment, Success, and Capabilities

The Technology Services Division of the Department of Labor & Industry works with the state Chief Information Officer (CIO) and the State Information Technology Services Division (SITSD) of the Department of Administration (DOA) to uphold the Montana Information Technology Act (MITA) in moving the Department forward. We accept the challenges presented and will continue to pursue determined approaches that support the Department's mission to promote and protect the well-being of Montana's workers, employers and citizens, and to uphold their rights and responsibilities.

DLI has focused on the State of Montana's IT Objective for Efficient and Effective Government which aims to minimize government expenditures and increase the value and impact of state-delivered services.



3. IT Contributions and Strategies



4. IT Principles

The Technology Services Division (TSD) functions as a service provider to our customers which include the Department of Labor & Industry, the State of Montana and its citizens. Our guiding principle is to provide to reliable and timely technical and professional services to support the ongoing business needs of our customers. The principle focus of our Department's IT efforts should be on our customer.

The Department of Labor & Industry has adopted a number of the State of Montana's IT principles:

- Resources and funding will be allocated to Department IT projects that contribute the greatest net value and benefit to the Department's stakeholders.
- Unwarranted duplication will be minimized by sharing data, IT infrastructure, systems, applications and IT services within the Department and with the Enterprise.
- The Department will where cost effective and relevant use shared systems to minimize IT expenditures, improve service delivery and accelerate service implementation.
- IT resources will be used in an organized, deliberative and cost-effective manner.
- IT systems will provide delivery channels that allow citizens to determine when, where, and how they interact with state agencies.
- Mitigation of risks is a priority for protecting individual privacy and the privacy of IT systems information.

5. IT Governance

The Department of Labor and Industry has transitioned to a centralized IT organizational structure. This transition has resulted in the creation of the Technology Services Division (TSD). The new division will be headed by the department's Chief Information Officer (CIO) and will include all IT staff formerly found in the Office of Information Technology (OIT, primarily network and infrastructure staff) as well as other development and programming IT staff formerly found in the various divisions of the department.

One of the many challenges facing the new division is ensuring all of DLI's IT projects are aligned with the strategic IT and business goals of the department. This is not an easy task and requires careful coordination among the divisions, the Commissioner's office and the State of Montana. A related challenge is the prioritization of IT projects across all divisions when there may not be sufficient resources to execute several projects simultaneously. Both of these challenges are going to be met through the governance structure established for IT within the department. The following diagram graphically depicts that governance structure and the duties each group within that structure has.

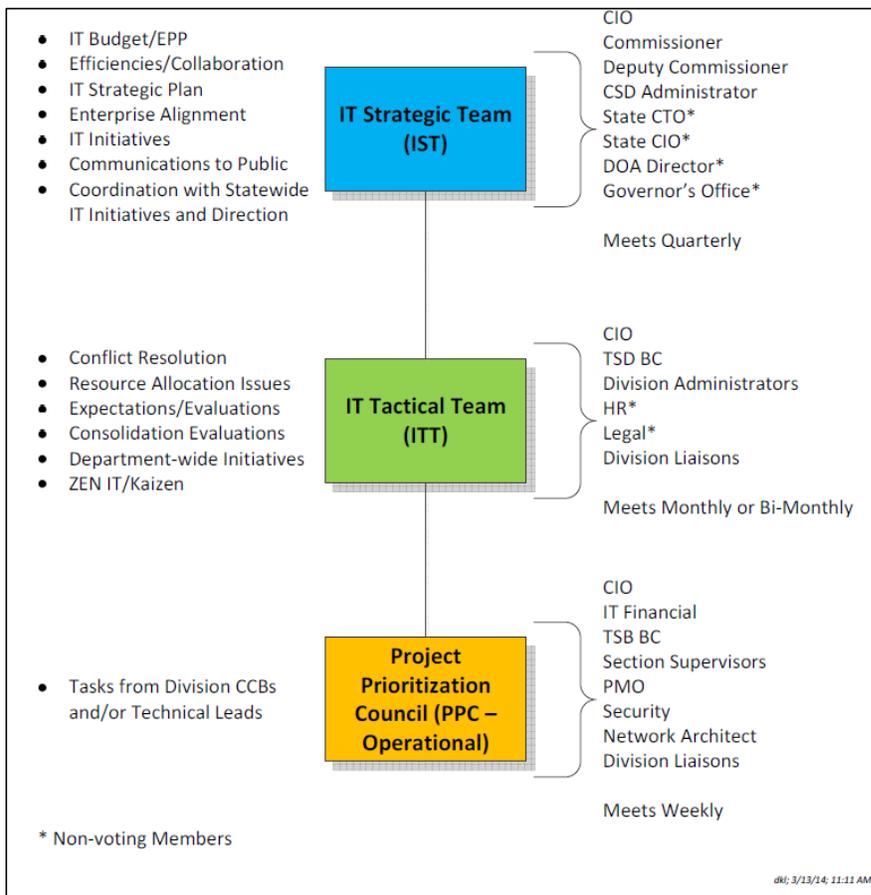


Figure 1 – DLI Technology Services Division Governance Structure

Not shown on this diagram are the various divisional Change Control Boards or committees (CCBs). It is anticipated that each division in the department will have at least one CCB whose function will be to review the IT needs and requirements of all sections within each division, decide which ones will go forward, prioritize them, and present them to the Project Prioritization Council (PPC) through each division's Division Liaison(s).

A core principle held by the TSD is that, first and foremost, the focus of IT should be on the customer. To the extent IT meets the needs of the customer, to that extent it is successful. Consequently, customer input, direction and feedback are critical aspects of the governance structure and processes. Therefore, within the department, the team anticipates a robust set of advisory and request prioritization committees, as needed, not only prioritizing their own IT request, but also guiding the various process owners (administrators, bureau chiefs and supervisors), and in turn, the TSD itself in the establishment of goals and priorities, the evaluation of its performance, and future direction of IT in DLI.

6. IT Financial Management

The Department of Labor and Industry has centralized the department's IT functions into the Technology Services Division and has transferred the base budget to this new Division. The management of IT expenditures resides with this new Division's management who are the CIO and Bureau Chief. In conjunction, the Department has a Financial Manager in the Centralized Services Division that is assigned the responsibility of reviewing, analyzing and monitoring the IT budget.

The Technical Services Section of the Division (formerly OIT) continues to charge back the Division via a rate by FTE as approved by the legislature. The Department also submits a cost allocation plan to our cognizant federal agency for approval. This rate structure will continue for SFY16 and SFY17.

For the Application Services Section in SFY14 and SFY15, cost centers for the different systems have been set-up to charge to the correct funding sources for each department system.

In the 2017 biennium the department is approaching the legislature to approve a working capital rate structure that will charge rates by direct and indirect activity or system (i.e. programmer, project management, ITSD costs etc.) to each of the Divisions.

7. IT Services and Processes

TSD provides system development and technical support for systems and applications that provide Unemployment and Employment, Occupational Licensing and Permitting and Regulation services.

This includes application development, process automation, and server, desktop and infrastructure support for approximately 875 staff and 1500 devices statewide, including resources for the public to access on-line services.

- **STAARS** - (Status, Tax Accounting, Audit, & Rating System) - COTS system that was put into production February 2014. The system allows employers (or their authorized representatives) to register (apply) for a new Unemployment Insurance (UI) account, view and make changes to UI account information and demographics, file quarterly reports (including importing files and bulk electronic filing), make payments via ACH debit or Credit Card and set up payment plans, view and print reports, vouchers, letters, and notices, view account history for payments, reports, and other activities, view rating history for the current and previous years, and enables enhanced web communications methods. This system consolidated three applications (UIT, WOW, and UI4Employers).
- **MISTICS** - (Montana's Integrated System to Improve Customer Service) - Custom application has been in production for 13 years. This is the State of Montana's Unemployment Insurance (UI) benefits system that establishes and tracks unemployment insurance claims and creates payments for the state's workers who become unemployed through no fault of their own. MISTICS was developed to consolidate 22 legacy systems into one integrated environment and to eliminate manual, paper processes. The fully integrated system replaced all legacy UI benefits systems and encompasses Unemployment Insurance (UI), Disaster Unemployment Assistance (DUA), Emergency Unemployment Compensation (EUC), Extended Benefits (EB), and Trade Readjustment Assistance (TRA), among other unemployment programs. Other features of MISTICS include benefit charging, issue adjudication, extensive notice generation, claim adjustment, overpayment creation, tracking, and collection, and claims investigation. MISTICS also interfaces to many external systems, including the State of Montana's SABHRS system for the automatic creation of benefit payments via either paper check or electronic deposit. The system also interfaces to the State's centralized Imaging and Workflow solutions.
- **UI4U** - On-line claims filing service. Claimants can file a claim for unemployment benefits, reactivate their claim, file a request for payment, request direct deposit of their unemployment benefits, request a redetermination or appeal of a decision regarding their claim, update personal information (such as address, phone number, e-mail address, etc.), review information and status of their claim, and view and print their IRS Form 1099-G.

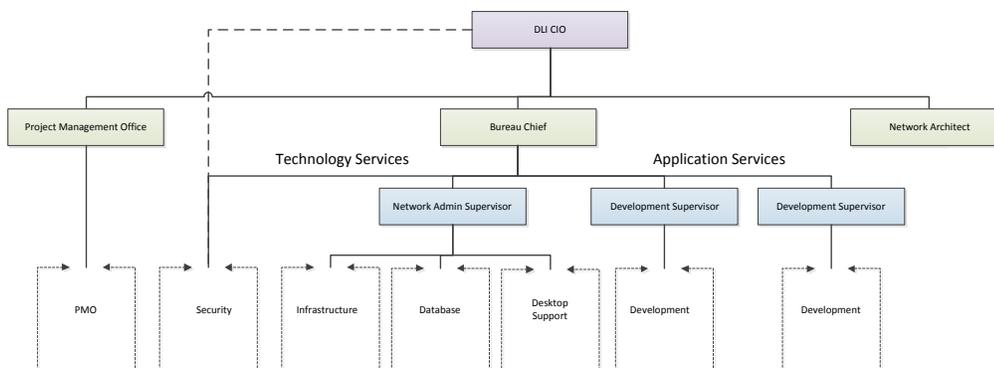
- **eBiz** - COTS system that has been in production for 2 years. Apply, Search, pay fees, schedule inspections and view inspection results of building, construction-related and professional permits, licenses, and reports.
- **MWorks** - Custom application has been in production for 9 years. This system is based on Utah's system used for a statewide labor exchange system. Employers can post jobs and search for job seekers. Job seekers can search and apply for jobs, schedule appointments with the local job services and browse useful job seeking information. Staff uses Mworks to input jobs for employers, match job seekers to jobs, determine eligibility for various programs, provide case management services, manage apprentice's. Mworks also has an accounting piece that allows staff to pay job seekers and vendors receiving training.
- **CRICET** - Custom Java application replaces various manual and older automated processes for Montana Contractors in the Construction industry. Supports the licensing aspect for all Construction Contractors including registration, issuing Independent Contractor Exemption Certificates, determination of worker status.
- **WCAN** - Custom Java application replaces various manual and older automated processes for Workers' Comp Claims Assistance and Regulations bureaus. Collects and compiles information from insurers, employers, medical providers, claimants, adjusters, rehabilitation providers, and the Uninsured Employers Fund.

8. IT Infrastructure, Staffing and Resources

The Department of Labor & Industry maintain our IT server infrastructure in two primary data centers: the State of Montana Data Center (SMDC) in Helena and the Miles City Data Center (MCDC). MCDC operates as a backup and recovery site for the Department's data.

The Technology Services Division of DLI has 55 IT positions providing network, desktop customer service, database and development services for the Department. This structure is outlined below in the TSD organizational chart.

IT org Chart



9. Risks and Issues

| Primary Risk | Probability | Impact | Mitigation Strategy |
|--|-------------|--------|--|
| Staff retirements | High | Medium | Develop a succession planning program that creates a list of staff eligible to retire and forecast an estimated retirement date and replacement plan when possible. Positions/skills rated as critical will have individual plans for skills transfer, replacement, documented procedures, etc. for mitigating the impact. |
| Security breach | Medium | High | Continue an active security program including, but not limited to, staff training and awareness, data encryption, and security policies. |
| Challenges of hiring qualified technical staff | High | High | Increase pay for positions most affected by this issue within department pay plan structure. |
| Rapid changes in Technologies (obsolescence) | High | High | Plan to meet timelines and budget constraints for declining technologies |
| Declining Federal funding and support | High | High | Reprioritize projects, workload and resources |

10. IT Goals and Objectives

The Department of Labor and Industry has created a centralized organizational structure for Information Technology that focuses on improving efficiencies and service, while reducing duplicative costs and improving coordination across the entire Department and the State enterprise.

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11. IT Projects

| Item | Description |
|--|--|
| Project name | WCAN (Worker's Compensation Administration Network) |
| Project/program purpose and objectives | The Workers' Compensation Administration Project (WCAP) system is currently used to collect and compile information from insurers, employers, medical providers, claimants, adjusters, rehabilitation providers, and the legal profession. This information is used to provide management information to the legislative and executive branches of the Montana State government, for the purpose of making policy and management decisions. The current WCAP system is an outdated legacy PowerBuilder application which is experiencing instability and has reached the point where it needs to be replaced. The WCAN project will replace WCAP with a 3-Tier Java application to handle the departments EDI, Claims and Mediation units. |
| Estimated start date | Ongoing |
| Estimated cost | \$2,155,000 |
| Funding source – 1 | State Special Funding |
| Funding source – 2 | |
| Funding source – 3 | |
| Annual Costs upon completion | |

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12. Security and Business Continuity Programs

The Department of Labor & Industry has implemented a department-wide information security program in compliance with MCA 2-15-114 and the State of Montana's Information Security Program Policy in accordance with the Nation Institute of Standards and Technology (NIST). The NIST Special Publications are used as the foundation for developing the security program and its essential functions. This is in alignment with State of Montana Information Technology Service division's approach to secure and protect sensitive information stored and shared on DLI systems.

The department has implemented the Risk Management Framework SP 800-39 and Security Life cycle which is a 6 step cycle which categorizes the data and systems, identifies and implements necessary security controls, and assesses and monitors the information systems. This process provides an approach to mitigate the risk to the data stored on these systems.

DLI's security program consists of the following:

1. Policy Management
2. Security Awareness and Training
3. Physical security of data
4. Risk Management
5. Incident Management
6. Continuity Program
7. Disaster Recovery
8. Database Security

Policy management—the office develops security policies and procedures to protect the employees, information systems, and the data. Security has created and developed security policies, procedures, advisories to protect the data and systems.

Security Awareness and Training and Education—the security program has implemented several methods for awareness and training such as:

1. Securing The Human Training
2. New Employee security presentations over best practices
3. Security Web page
4. Posters and Handouts
5. Distribution of monthly security tips newsletter

Physical security— Security will be examining threats, risks, and countermeasures to protect hardware and data. This proactive measure will assist in protecting DLI data from being altered, compromised, destroyed, and or damaged.

Risk Management—identifies the vulnerabilities and risks to information systems and the data that resides on those systems.

1. Process developed to provide risk assessment for information and the systems
2. System Security plans—provides an overview of the security requirements of the system and describes the controls in place or planned, and the responsibilities and expected behavior of all individuals who access the system.
3. Audits – planned and documented activity performed by security to determine by investigation or assessment, examination, or evaluation of evidence, the measure and compliance with established procedures, or documents, and the effectiveness of implementation.

Incident Management— is the process of identifying, respond to, and managing information security incidents. Proactive measures need to be put into place so that incidents can actually be detected in a controllable manner, and reactive measures need to be put into place so those incidents are then dealt with properly.

1. Incident Response process that includes procedure and form for tracking all DLI incidents through its entirety.
2. SCCM is used to track infections found on the network in conjunction with and Excel Incident tracking spreadsheet.

Disaster Recovery (DR) — the continuity process that is currently being developed is a part of disaster recovery. Templates have been created for the divisions to identify their system recovery plans in the event of a disaster.

Database Security

DLI has purchased Oracle products to secure and track sensitive personally identifiable information (PII). All Oracle databases have been updated to a newer version of Oracle with encryption enabled.

Security Future Plans

Security is working to finalize system security plans in conjunction with providing assessments and audits on current safeguards, controls, policies, procedures, and processes. This will ensure current controls are working to mitigate risks and if new controls need to be implemented. Incident management process has been implemented to identify and track department incidents. Securing the Human Training is currently being conducted and will continue annually. Oracle database products will be implemented to audit and monitor database data. A new process is in the works to mask SQL data from the eBiz database. This will provide secure transfer of sensitive PII.

Continuity of Operations (COOP) Capability Program Description:

Continuity—DLI is in compliance with State of Montana’s Continuity policies and is working close with the Department of Administration’s Continuity Office. Business continuity plans are being developed and stored in the Living Disaster Recovery Planning System (LDRPS). Continuity plans will provide the plans and structure to facilitate response and recovery capabilities to ensure the continued performance of the State Essential Functions of Government. This program involves two phases of focus; the first is to complete the Business Continuity Plans (BCP) involving two phases, the second Block works on the specific business processes or activity plans such as EAPs, Information Contingency Plan, Communications Plans and Incident Management Plans. DLI will have completed Phase I and starting Phase II the year of 2014. Some division plans have been put on hold due reorganization.

Future Continuity plans

The department’s future plans are to complete Phase I and Phase II of the continuity process once al reorgs have been completed. Continuity plans will be assessed annually to determine what needs to be changed or updated. DR plans will be the next focal point to identify the plans for the recovery of information and the systems.

13. Planned IT Expenditures

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|-----------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| IT personal services | \$3,850,333 | \$4,307,443 | \$4,393,592 | \$4,481,464 | \$4,571,093 | \$4,662,515 |
| IT operating expenses | \$5,877,354 | \$4,904,879 | \$4,865,777 | \$4,855,636 | \$5,007,697 | \$5,161,799 |
| IT initiatives | <i>\$5,802,000</i> | <i>\$1,335,000</i> | | <i>\$450,000</i> | | |
| Other | | | | | | |
| Total | <i>\$15,529,687</i> | <i>\$10,547,322</i> | <i>\$9,259,369</i> | <i>\$9,787,100</i> | <i>\$9,578,790</i> | <i>\$9,824,314</i> |

14. Administrative Information

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