

STATEMENT OF
RICHARD MCKINNEY
CHIEF INFORMATION OFFICER
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEES ON INFORMATION TECHNOLOGY AND
ON GOVERNMENT OPERATIONS OF THE COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

HEARING ON

The Federal Information Technology Acquisition Reform Act's Role in Reducing Acquisition Risk, Part II

NOVEMBER 4, 2015

Thank you for the invitation to appear before you today to discuss the Department of Transportation's (DOT) implementation of the Federal Information Technology Acquisition Reform Act (FITARA). I would also like to thank the committee and your predecessors for tasking agencies with strengthening the role of the Chief Information Officer (CIO). FITARA provides both the necessary accountability and authority to be a successful CIO. I would like to share with you today where DOT is in the process of implementing this important legislation.

I came to DOT a little over two years ago after having worked in Information Technology (IT) in the state and local government environment for over 28 years. When I arrived at DOT, I recognized a very familiar situation. Like most State and local governments, the Federal government is extremely federated and decentralized. This is the same situation I was confronted with from 1999-2005 when I served as the CIO of the city of Nashville, TN. I immediately recognized the challenge the Department faced, and I had a number of ideas for how we could respond.

Throughout my career, I have seen the IT field struggle with centralization of IT resources. In the late 1970s and early 1980s, I witnessed the impact of attempting to centralize all IT. Then, I watched IT struggle through the decentralized model that emerged in the 1990s. I am convinced our challenge as CIOs is to find the right balance between those two extremes.

In order to find the right balance, we must convince organizations to create a strong, enterprise shared services environment. This shared services model should manage the 60-70 percent of our current IT landscape that is commodity IT, and services should be provided as a utility to each of the business units.

If you study closely the IT investments DOT has been making over the past 10 years, the Operations and Maintenance (or O&M) costs are going up. Conversely, the investments in modernization are on the decline. This is an unsustainable course to be on. Striking the right balance for centralization will not only strengthen operational IT as an enterprise service, but it

will also drive down the cost of providing these commodity IT services. Gaining efficiency in O&M means more resources can be redirected to modernization and improving the way DOT achieves mission goals through IT. That is the balance point we need to find.

As the Departmental CIO, I am responsible for creating an enterprise IT shared services organization worthy of the business of the components, one that DOT's Operating Administrations (OAs) can confidently trust to be the foundation of their unique mission solutions. The OAs must also have confidence that the shared services organization is focused on continued improvement and optimization to reduce costs.

Centralization doesn't only provide financial benefits. It's also required to ensure we are doing all we can to meet the security threats we face. Even if we managed a perfectly constructed IT infrastructure, securing against our enemies would be difficult. In a decentralized model, where visibility is inconsistent across the enterprise, we do not stand a chance of meeting the attacks we face every day. Nothing short of re-imagining and re-architecting our IT infrastructure will position us to respond adequately. We must create an architecture at DOT that is secure by design.

Meeting these challenges around security and efficiency begins with a good governance model. Re-architecting the way we manage IT through a strong, centralized IT shared services model requires not only adept CIOs at the Department level, but we also must have knowledgeable CIOs at the business unit level. Managing commodity IT as a shared service will allow CIOs at the OA level to apply a renewed focus on using IT to advance the mission of the business.

FITARA provides the tools we need to complete this transformation in how we manage IT. As the lead CIO on the FITARA executive working group, I joined several colleagues from DOT in helping to shape the implementation strategy and guidance. DOT had the best representation on the working group; our Departmental Budget Officer as well as the Chief Human Capital Officer (CHOC) for the Department joined me. We also worked closely with our Senior Procurement Executive (SPE) as the guidance was developed.

Through this coordination, the relationship between my office and the Office of Budget and Programs, SPE, and HR has strengthened. In this age where IT is embedded in everything we do, it is imperative that our four offices work together. IT is no longer just the business of the Office of the CIO (OCIO). Rather, IT is everybody's business. The unity in our approach was recognized across the Department. We did not have any debates about whether we were going to implement FITARA; all discussions were around how to implement FITARA.

Participating in the interagency working group gave DOT a running start on FITARA implementation. We formed two working groups made up of representatives from across the Department. This process ensured everyone had a voice through the process, and it gave us an opportunity to work out any issues before finalizing the DOT implementation plan. Every OA participated as my office walked through the components of OMB's guidance and helped draft DOT's response to the three pillars of FITARA: HR, Budget, and Purchasing.

DOT is taking a transformative approach to the HR authorities contained in FITARA, focusing on redefining the role of the CIOs at the component level. The current DOT model is inconsistent and does not provide the necessary visibility into mission and business goals. In many cases, the CIO position at the OAs is a “dual-hatted” responsibility, where the CIO holds multiple roles and responsibilities. These additional roles are unrelated to IT. Together with the Office of Human Resources, my office is reviewing all positions that hold the CIO title. DOT will move to an updated model that includes full-time, single-hatted, dedicated CIOs whose sole responsibility is to make sure technology aligns with and amplifies critical business needs. In an agency as large as DOT, with as many business units as we have, one of the key ingredients to good IT is a strong IT governance model. At an enterprise level, we must form a council of CIOs who represent individual OAs and come together to implement strategies for the good of the entire Department.

While the Budget authority contained in FITARA is a simple concept to understand, it is more complicated to put into practice. As part of the FY 2017 budget formulation process, for the first time, my office and the Office of Budget and Programs held joint meetings with the OAs to better understand how current and planned IT resources support modal program objectives, review proposed increases and decreases in IT resources, and to approve IT budget requests. We continue to instill rigor and ensure greater visibility to improve planning, identify cost savings opportunities and deliver IT projects within established cost, schedule and performance parameters. My office completes a monthly IT Dashboard update to assess risk. As part of this review, we provide a summary of findings and recommendations associated with the DOT IT Portfolio. This includes continuing to assess and implement the agile development methodology where it is appropriate. While we are pleased with the progress we have made to date, significant work lies ahead.

In our current structure, it is very difficult for the business units to determine with any exactitude what they spend on IT. Our initial insights tell us IT budgets are decentralized and woven all the way down to the program level. Further, IT spending is not accounted for in a uniform way. This is a major challenge, so OCIO and the Office of Budget and Programs are working jointly to form a tiger team that will work with each OA to extract the IT portions of their budget. This initiative will produce an as-is, enterprise view into the IT landscape at DOT. This snapshot will help us understand exactly how we are spending our IT dollars. Even more importantly, we will use this information to begin to map out the future environment. Having a true understanding of the current environment will allow us to make smarter decisions about how we budget for IT in the future.

A true picture into our IT spend also opens the door to IT acquisition reform. To this end, my office is working with Contracting Offices from across the Department to identify the best way to achieve a better outcome through purchasing. As technologists, we cannot fault acquisition professionals for failing to fully understand the technical ramifications of individual purchases without providing a broad view. It is our responsibility to communicate our goals, vision, and strategy for the future of IT and to work together closely to be sure IT acquisitions support our objective.

There are concerns that this kind of coordination could slow down the procurement process, but I think it actually presents an opportunity for gaining efficiencies. First, acquiring IT in a siloed manner creates a heavy workload throughout the procurement offices across the Department. Secondly, standards and foundational models at an enterprise level can act as a reference throughout the acquisition process. Enterprise Architecture, for example, is a tool that can be leveraged to ensure all purchases are mapped to the plans and goals at the component level.

Through the implementation of the authorities contained in FITARA, CIOs will also be more accountable for government-wide goals. The Federal Data Center Consolidation Initiative (FDCCI) is an example of this. For FDCCI to be successful, we must fully understand our current environment as well as the projected future state. A comprehensive inventory and enterprise strategy is the first step to the efficient management of the infrastructure layer of the Department. Reforming HR, Budget, and Procurement is the only way to effectively achieve those goals.

Thank you again for the invitation to appear before you today on behalf of DOT to discuss our implementation of FITARA. The CIO community thanks you. We appreciate the trust you've put in us. We understand you expect to hold us accountable. Thank you for giving us this important responsibility. I will be pleased to answer any questions you may have.

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