

**MINUTES OF THE MEETING OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND  
SENATE COMMITTEE ON FINANCE  
SUBCOMMITTEES ON GENERAL GOVERNMENT**

**Eighty-Second Session  
March 10, 2023**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on General Government was called to order by Chair Sarah Peters at 8:05 a.m. on Friday, March 10, 2023, in Room 2135 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Sarah Peters, Chair  
Assemblyman Cameron (C.H.) Miller, Vice Chair  
Assemblywoman Shea Backus  
Assemblywoman Heidi Kasama  
Assemblyman P.K. O'Neill

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Dina Neal, Chair  
Senator Pete Goicoechea  
Senator Dallas Harris

**SUBCOMMITTEE MEMBERS ABSENT:**

Assemblywoman Tracy Brown-May (excused)

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Wayne Thorley, Senate Fiscal Analyst  
Brody Leiser, Assembly Chief Principal Deputy Fiscal Analyst

Minutes ID: 361



Daniel Miller, Program Analyst  
Anna Freeman, Committee Secretary  
Janet Osalvo, Committee Assistant

**OTHERS PRESENT:**

Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration  
Daniel Marlow, Administrator, Administrative Services Division, Department of Administration  
Sean Montierth, Chief Information Technology Manager, Division of Enterprise Information Technology Services, Department of Administration  
Matthew Tuma, Deputy Director, Department of Administration

**Chair Peters:**

[Roll was called. Rules and protocols were reviewed.] Today we are going to hear budgets from the Division of Enterprise Information Technology Services (EITS), Department of Administration.

**Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration:**

If it pleases the Chair, I will begin with a brief overview and then move into each budget account. The purpose and statutory authority for EITS can be found in *Nevada Revised Statutes* (NRS) Chapter 242. The Division is necessary for the coordinated, orderly, and economical processing of information in state government to ensure economical use of information systems and to prevent the unnecessary proliferation of equipment and personnel amongst the various agencies.

The purpose and responsibilities of the Division are:

- To perform and provide information technology (IT) services for state agencies.
- To provide technical advice, but not administrative control, of the information systems within the state agencies and, as authorized, of local government agencies.
- To create and manage IT policies, standards, and procedures.
- To provide security validation, testing, and monitoring of information systems.
- To support the Information Technology Advisory Board.

If this sounds like an incredibly wide scope, it is because it is. We would not be able to accomplish all of this if it were not for the incredibly talented IT professionals, technicians, and support staff with whom I have the pleasure of serving, including the IT teams and leaders from partner agencies.

The Division's vision, mission, and goals were developed to accomplish the charge established in NRS Chapter 242 [page 2, [Exhibit C](#)]. The vision is for EITS to be a trusted collaborative partner, empowering the state by maximizing value, security, and availability of enterprise technology services.

The EITS mission has three tenets:

- To effectively support the technology needs of state agencies and the residents they serve.
- To plan, maintain, and evolve enterprise technologies and security to support the state.
- To foster trust through transparent collaboration and communication with our partners.

The four goals that guide the Division to achieve its mission and vision are:

- The Division of Enterprise Information Technology Services strengthens trust with partners.
- The Division of Enterprise Information Technology Services develops positive workplace culture.
- The Division of Enterprise Information Technology Services both invests in and obtains the resources that enable success.
- The Division of Enterprise Information Technology Services advances modern technologies to support the evolving requirements of the state.

You may notice a theme here—the focus on collaboration, communication, and support to Executive Branch partners is paramount for our ability to provide efficient and effective technology services, with the ultimate goal of being good stewards of taxpayer dollars.

The EITS leadership team has taken the vision, mission, and goals and created objectives to ensure that day-to-day activities, projects, and funding requests are aligned with that ultimate vision. Many of these items will see progress through the Governor's recommended budget presented today.

The Division has an authorized head count of 191, and is currently experiencing a vacancy rate of approximately 20 percent. You will continue to hear about challenges that Executive Branch agencies are facing regarding recruitment and retention, and this is doubly so for technology positions that require highly skilled workers. Despite the vacancy rate and the other challenges wrought by the pandemic, the collaboration, communication, and support offered by those people serving EITS and the state have been awe-inspiring through the last biennium. I could not be prouder to be a member of this organization.

Those 191 authorized staff members are organized into five operational units [page 5, [Exhibit C](#)]:

- Office of the Chief Information Officer (CIO), also known as EITS Administration.
- Agency IT Services, proposed to become the Client Services Unit.
- Computing Services Unit, sometimes synonymous with the State Computer Facility.
- Network Services Unit, formerly one half of the Communications and Computing Unit.
- Office of Information Security.

Also identified in the Division's organization chart is the Information Technology Advisory Board, which provides recommendations and advice to EITS regarding technology, strategy, and cybersecurity.

With historic grant funding opportunities through the American Rescue Plan Act and the Coronavirus Relief Fund, EITS was able to make significant investment in critical infrastructure and communications platforms [page 6, [Exhibit C](#)]. Capitalizing on these grant opportunities has saved partner agencies and their revenue sources millions of dollars. The Division was not required to fund these projects with General Fund loans needing to be repaid via agency rates in subsequent biennia.

Coronavirus Relief Fund funding allowed EITS to implement a technology platform that leverages the investment the state has already made in Office 365 to update conference rooms to utilize Microsoft Teams. This project called for a proof-of-concept of approximately 20 conference rooms within the Department of Administration and the Office of Finance, Office of the Governor. With the first installation in August 2021, today there are 56 deployments, 19 pending installations, and 61 additional sites across other agencies that have deployed their own rooms with the same technology. In all these cases, EITS provides technical assistance as needed or requested by partner agencies. This case is an incredible example of how EITS can implement a solution, collaborate with agency partners, and move toward standardization to gain efficiencies and economies of scale.

The statewide implementation of Office 365 had its final project closeouts from the Department of Corrections and the Department of Motor Vehicles in summer 2022. This project has spanned multiple biennia. I would like to express my appreciation to this body for your support, to the EITS implementation teams, and all the agency partners which helped us get across the finish line. This project has fundamentally changed the way all agencies conduct their work.

The Americans with Disabilities Act remediation and the content management system replacement are ongoing projects.

The Subcommittees have heard from nearly every agency that staffing is a significant challenge. I know that you have heard us and are working on solutions to this statewide issue and for that we are incredibly grateful. Information technology professionals pose a unique challenge. Not only is this a statewide issue, but an industrywide issue. According to the Bureau of Labor Statistics, the IT unemployment rate in 2023 is only 1.5 percent. This figure and the steady hiring activity by employers—seen in the state data—confirm a long-standing trend and an anticipated long-term demand for IT talent. Many reputable sources are reporting that a lack of qualified IT candidates has led to an increased demand for tech workers, raising overall salaries for all IT positions with which the State of Nevada is unable to compete.

The chart on page 7 demonstrates the disparity between the Executive Branch versus public sector IT organizations in Nevada [[Exhibit C](#)]. In this comparison, we are looking at the IT Professional IV, which is considered an advanced journey-level position, and some of the hardest in which to find qualified talent.

If anyone watching this presentation is interested in growing in their IT career, my contact information is on page 37 [[Exhibit C](#)].

We will now move into the units and budgets that make up EITS.

**FINANCE & ADMINISTRATION**  
**DEPARTMENT OF ADMINISTRATION**  
**ADMINISTRATION - EITS - OFFICE OF THE CIO (721-1373)**  
**BUDGET PAGE ADMIN-26**

**Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration:**

The Office of the Chief Information Officer (CIO) provides leadership, management, and direct support for the operational units in the Division. This Office is not only charged with the day-to-day management of the Division, but also supports interagency collaboration and communications. The Office of the CIO is responsible for the creation and management of statewide information technology (IT) strategy, IT governance committees, and statewide IT

policy. It is comprised of Enterprise Information Technology Services (EITS) executive leadership, direct support staff, and the Enterprise Architecture Group responsible for the management of the technology investment administration and review required in *Nevada Revised Statutes* 242.171, subsection 2. This review includes all proposed technology investments from Executive Branch agencies with an estimated value of \$50,000 or more. This enables the Division to review the technical implications to the infrastructure, to find opportunities for collaboration with agencies looking for similar solutions, to identify efficiencies, to find economies of scale, and to share knowledge.

The information collected from the Technology Investment Notification (TIN) and Cloud Investment Notification (CIN) processes for state agencies is key to this group's charter to create a statewide technology strategy and architecture. Hopefully, in the near future EITS will be able to provide statewide technology portfolio reporting and dashboards to stakeholders and business leaders to better inform decision making.

Accomplishments for the Enterprise Architecture Group and Office of the CIO are included on page 9 [[Exhibit C](#)]. The TIN process is iterative; each TIN submitted opens a conversation with the submitting agency and EITS provides direct assistance in completing the form and in refining the project description, business impact, and technological considerations before submission of the TIN to subject matter expert review.

Challenges that the Office of the CIO would like to highlight include the current rate-centric funding model, which often limits the ability to trial enterprise solutions and causes difficulty in partnering with agencies on proof-of-concept solutions [page 10, [Exhibit C](#)]. Again, there are staffing issues caused by a lack of tangible retention mechanisms and by recruitment difficulties. Staff spends a disproportionate amount of time on recruitment and training.

The Governor has recommended two one-shot appropriations for this budget [page 11, [Exhibit C](#)]. The first recommendation supports a new Technology Portfolio Management System to replace the state's home-built TIN platform. This platform has reached its functional limitation. The current system requires significant manual intervention and is beginning to become unreliable. The current platform also lacks robust reporting and dashboard functionality and contains multiple years of IT investment data currently not living up to its potential due to the manual interventions required to develop useful reportable information.

My vision for the future portfolio management system is to be able to add value to the TIN system so it no longer feels like bureaucratic overhead. We want to provide actionable data, metrics, and trends to decision makers and to provide a level of transparency that the current system cannot support.

We would like to use the data included in the portfolio management system to help identify opportunities to connect agencies investing in similar technologies to, in the very least, learn from each other, but in the best case, collaborate on a single platform and create efficiencies. Much of this is nearly impossible with the current system.

The Division has already done a request for information, and if this enhancement is approved, EITS would issue a request for proposals for a cloud-based, off-the-shelf, solution.

The second one-shot recommendation is the standard equipment replacement of end-of-life hardware.

I will pause here for any questions the Subcommittees may have either generally for the Division or for budget account 1373.

**Assemblyman Miller:**

My first question is regarding the rates. There appears to be some discrepancies between The Executive Budget and the rate workbooks provided by the agency. What rates will need adjustments to align with the agency's projections prior to closing the EITS budgets?

**Daniel Marlow, Administrator, Administrative Services Division, Department of Administration:**

Rates are complex processes. At a basic level, we determine the expense need, working with the Governor's recommended budget, and then determine the revenue need and calculate what the rate needs to be based on utilization. Essentially, rates will need to be adjusted throughout the process. This process begins with agency request budgets and continues with the Governor's recommendations all the way through the legislatively approved budget. Throughout that process, there are points in time where a line must be drawn to finish the balancing of the budget. For the Governor's recommended budget, there was a change in leadership with a new Governor elected. The initial rates were built using most of the decision units that agencies had included for both EITS-paying rates and EITS rates themselves. Decisions changed from that initial rate with rate balancing in December 2022. Decisions that include positions and expenditures were made later, which changed some decision units.

If you change, for example, personnel assessment, it changes the effect on EITS as well because they must pay those. It is a timing issue for the published rates in The Executive Budget versus the rate workbooks provided to Legislative Counsel Bureau (LCB) staff. The administrative services officer for the Administrative Services Division oversees that process and works very closely with the agencies, the Office of Finance, Office of the Governor, and with LCB staff to make adjustments throughout the process. They will all need some change.

**Assemblyman Miller:**

All of the rates will need some change. Is that correct?

**Daniel Marlow:**

That is correct.

**Chair Peters:**

Do you have an idea of the potential order of magnitude given the changes seen in the budget since this was initially drafted?

**Daniel Marlow:**

We do not look at one rate versus another because they are all-encompassing. We look at entire budget accounts through that process. Historically, we have worked with the LCB during the rate weekend to provide that support so that all internal service funds including EITS have that balancing and include that payment. There are particular rates that we might dive into a little bit more, but we address all of them concurrently.

**Chair Peters:**

What is the value in dollars that potentially could change? Is it expected to be relatively the same distribution?

**Daniel Marlow:**

Looking at the published rates in The Executive Budget and the Division's current rate workbook, most of the changes are less than 0.5 percent. They are not massive changes.

**Assemblyman Miller:**

My next question is related to the methodology change in the excess reserve distribution, specifically as it relates to the agency IT services budget and the computer facility budgets. Please give us some context of the benefits for each budget with these changes.

**Daniel Marlow:**

The 2021-2023 biennium rate development was a deviation from the past. At that time, we used the fiscal year (FY) 2022 budgeted beginning reserve number for the beginning reserve in the next biennium. In prior biennia, we used an operating statement that closely mirrored the cash reconciliation done at budget closing. The difficulty with the change last biennium is that it was not properly reflecting the operating results from the prior biennium. If we just used that budget amount, it does not reflect the actual operating costs in FY 2022 and FY 2023. The processed work programs will reduce that excess reserve. If we do not account for that, then rates will not properly increase to rebuild reserve or decrease to spend down excess reserve. It is an injustice to client agencies to not look at the most up-to-date and accurate information when setting the rate. Rates are a difficult process; we build the plan three years in advance, essentially by end of the biennium.

**Assemblyman Miller:**

How did EITS communicate with the agencies using advanced server hosting services about the significant rate increases resulting from the migration of the telecommunications budget off the service?

**Daniel Marlow:**

The advanced server hosting has two remaining customers. The Division has been in communication with those agencies, and both have said that they will likely not need those services in the 2023-2025 biennium. This has been a trend for advanced server hosting over the last couple of biennia. Like other rates within EITS and other agencies with internal service funds, technology changes. Advanced server hosting agencies have moved to other products, especially through cloud and virtual server hosting. For example, the Department of Education is moving to a ZeroCloud system. Through communication with them, we expect that to be switched over at the beginning of the next biennium.

**Assemblyman Miller:**

How did EITS communicate this rate increase to those agencies and ensure that they will be able to handle it?

**Chair Peters:**

This is particularly concerning when closing education budgets. If this increase is solely or significantly distributed to education budgets, that could have meaningful impact.

**Sean Montierth, Chief Information Technology Manager, Division of Enterprise Information Technology Services, Department of Administration:**

We reached out to both agencies via email and online calling. Both agencies have indicated that they will not be using those services. Those services are billed as actual usage. The agencies will not incur this rate increase because they will not be using the services.

**Assemblyman Miller:**

This service will be eliminated completely, correct?

**Timothy D. Galluzi:**

Yes, the service is intended to go away.

**Assemblyman Miller:**

What is the timeline for the migration of service? Has it already happened?

**Sean Montierth:**

The Department of Education has already moved to a cloud-based product; it will retire its system by June 30, 2023. The Public Utilities Commission moved to virtual machines or a similar product and just needs to pull the equipment out of the facility.

**Chair Peters:**

What will happen with the costs associated with the server hosting if no one is paying those rates?

**Timothy D. Galluzi:**

That cost pool will be absorbed by the other virtual hosting cost pool. It is effectively the same staff members, the same building, and the same power. It will be an adjustment of the effort of those staff members who are currently engaged in advanced server hosting. They will move to the other server hosting cost pool.

**Assemblywoman Kasama:**

My question is regarding the pay and benefits for the IT professionals. The minimum and maximum hourly rates were given [page 7, [Exhibit C](#)]. How does EITS compare with the private sector for benefits packages?

**Timothy D. Galluzi:**

The private sector has flexibility in 401(k)s and other benefits and opportunities that the classified employment system does not offer its employees. This comparison was made between the Executive Branch agencies and other public entities throughout the state because that is more of an apples-to-apples comparison. There is intrinsic value in serving the community in your state; it is hard to put a dollar value on that. The largest differentiator between the Executive Branch agencies and local governmental agencies is the ability to cover the entire Public Employees' Retirement System (PERS) contribution. This body has heard this repeatedly from other agencies. This already puts state employees in the Executive Branch at approximately 15 percent below other government pay.

**Chair Peters:**

Are Executive Branch employees on the Employee/Employer Pay Contribution Plan or the Employer Pay Contribution Plan in PERS?

**Timothy D. Galluzi:**

Individual employees choose their pay plans. The salary is significantly less when the employer covers the full contribution.

**Senator Harris:**

Why is the unit shifting the cost for SilverNet services to higher-tiered customers?

**Daniel Marlow:**

SilverNet is an interesting rate to build because of those tiers. Every biennium, those tiers shift and change. We work with the Office of Finance, Office of the Governor and LCB staff to develop the tiers and keep them in groups. In the 2015-2017 biennium, measurements were in gigabytes. Now they are in terabytes. Data continues to grow, and that usage continues to grow. Everyone in tier three today would have been in tier six then. It

continues to grow, specifically with tier nine. The proposal for the 2023-2025 biennium has a shift to pull out the two largest customers that are more data centers than actual using agencies. Administration for the Department of Public Safety and the Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS) use over three times more data than the other five or six customers in that same tier.

Grouping them all together—as was done in the past—makes agencies' budget accounts with less usage cover more cost. Pulling those two out makes them pay more of their fair share based on usage. That tier accounts for 39 percent of the total data transfer and usage of SilverNet, so this is more of a fair share.

SilverNet uses a backward-looking rate while most others use forward-looking rates. Utilization from the previous biennium is used to build the tiers for SilverNet. There are several ways to modify the SilverNet process. This has been the historical process and is open for discussion, but that is the intent of pulling those two customers and putting them in the highest tier.

**Senator Harris:**

My question is more about the much larger percent increases in the higher tiers compared to the decreases in the lower tiers. Is there a reason for an 87 percent decrease in tier one and a 109 percent increase in tier nine? Why is the burden shifting to the higher users?

**Daniel Marlow:**

This is because of the usage. It is shifting those costs to the highest users. The lowest end is still using a couple gigabytes; it does not cost much to provide that service and that backbone. The tier one rate is de minimus at approximately \$12 per month. It is based on the overall cost of roughly \$4.8 million for that service and distribution based on usage.

**Senator Harris:**

Would it be fair to say that previously some of these lower tiers may have been carrying more than they should have and the higher tiers were not carrying as much as they should have and that, although this is a large shift, it will now be distributed more fairly based on usage?

**Daniel Marlow:**

Yes, that is correct. That is overall between the tiers and also within the tiers—specifically with tier eight and tier nine. Those that have been essentially dropped to tier eight are seeing more of an equitable cost rather than having to cover more of those highest users.

**Chair Peters:**

You said that one of the highest user rates is with DHHS. With the public emergency, DHHS usage has been high due to the cost burden of COVID-19. My concern with this backward-looking expression is that they are already burdened with the cost of unwinding

the federal emergency, and this shifts additional cost to DHHS for the historic use over the last two years. That may be overburdening. Is there consideration of the additional cost on that department based on forward-looking or maybe looking back into 2019 prepandemic usage to better offset this significant cost burden shift?

**Daniel Marlow:**

We are happy to entertain and look at any possible solution for distribution of those costs. Again, these tiers have been historical and redistributed every biennium. I know the highest users have traditionally been these same users. We are happy to provide historical information on that if you would like to address distribution ideas regarding that.

**Chair Peters:**

Please work with staff to provide that historic information.

**Senator Harris:**

What cost reductions are associated with the elimination of the private branch exchange (PBX) network access service?

**Timothy D. Galluzi:**

This is more of a redistribution amongst the cost pools within that budget account. There was a slight reduction in category 22 expenditures.

**Senator Harris:**

To where was that reduction shifted?

**Daniel Marlow:**

For budget account 1387, Telecommunications, add-on services such as long-distance toll-free PBX still require the core service that is built and held within the phone line and voicemail rate. Most of that cost is labor. Traditionally, the associated overhead is distributed based on labor percentage. That labor does not change. Whether providing more long distance or more PBX, the staff to maintain the infrastructure still exists. With PBX going away because of modern technology, traditional communication trunk lines are no longer in use. Everyone has switched to cloud-based and voice over Internet protocol (VOIP) services, but that core infrastructure still needs maintenance, mostly labor. There has been a slight reduction in category 22 operational costs because EITS is not paying AT&T as much for those trunk lines. Phone lines are still needed to transfer out Teams calls and VOIP. For calls to another state or to mobile phones, it converts to those traditional copper phone lines and then goes out. The shift is in the cost pool to better account for that infrastructure.

**Senator Harris:**

What benefit, if any, does the unit hope to realize by merging the phone line and voicemail service with the long-distance service?

**Daniel Marlow:**

Essentially, the proposal is to roll long distance into the phone line as unlimited calling—like a mobile phone plan—because of the massive reduction of long-distance calls in FY 2022 and FY 2023. The previous trend of approximately 800,000 minutes dropped to approximately 200,000 minutes. The issue is the rate was built on 800,000 minutes. With the rate based on long distance minute dialed, EITS was not bringing in enough revenue to cover general operations. The benefit is that we can be self-sustaining. In FY 2023, EITS produced an all-agency memo in coordination with the Governor's Finance Office because it was not going to be profitable. The Division was not going to be in the black by the end of this fiscal year, which necessitated a move from an actual utilization basis to budgeted billing to be able to bring in enough revenue to close the year in a positive fashion. That situation continues to be monitored, but the benefit is that EITS can still provide telecommunication services to Executive Branch agencies and be operational.

**Senator Harris:**

Can you explain why there was not a corresponding decrease in costs to EITS with fewer calls being made?

**Daniel Marlow:**

Most of that decrease was in category 22, where those phone line bills are paid. That rate was previously built with a bill of approximately \$200,000 in category 22; the rest of the \$800,000 revenue need was direct labor allocated to service and overhead for all of that infrastructure. That cost is only the \$220,000 bill; the charge for long-distance from the phone company is minimal. However, the phone lines are still necessary to make all other calls.

**Senator Harris:**

What will happen when every state employee is back in their office on June 1, 2023?

**Timothy D. Galluzi:**

There has been an adoption of video calling technologies such as Microsoft Teams. Currently, EITS is working on a unified communications pilot that will attach telephone numbers within Teams. There has been a shift in the way the Executive Branch employees communicate with the outside world. The only time my desk phone rings now is when it is a vendor doing a cold call trying to sell stuff. There has been a shift in the way agencies communicate not only internally within the Executive Branch but with outside partners. With the rise in VOIP and cloud communications technologies, an increase in traditional long-distance calling is not expected even when employees are back in person. A vast majority of employees are back in the office now, and there has not been a corresponding increase in long-distance charges.

**Daniel Marlow:**

Another aspect to that, for long-distance specifically, is changing technology. Right now, a call from Carson City to Las Vegas goes through the telecommunications and computer facility, switches to VOIP, travels to Las Vegas, and then switches back to essentially a local call.

**Timothy D. Galluzi:**

That was work that the EITS telecommunications team did. I want to give them a shout out because they were looking for a way to save the state money. When changes made calls from Carson City to Las Vegas long-distance, that was a significant pain point. The telecommunications team implemented that technology, the session initiation protocol trunk between the two primary locations within the state to find those economies of scale, to leverage technology, to drive down the costs that were outside of our control. Costs from AT&T are outside of our control. However, with this technology, calls from Carson City to Las Vegas and back will be like calls to the next block over rather than long-distance calls.

**Senator Harris:**

The consumer advocate in me is nervous about this idea of EITS finding all these savings and not passing them on to consumers. Are any of these savings from new efficiencies being passed on to the customers, the state agencies?

**Daniel Marlow:**

Those cost savings, as they occur, are passed on through the rates. Usually, the difficulty is that it is in the future because EITS must realize those savings, look at reserve levels, and then build that into the next biennium's rates.

**Senator Harris:**

Generally, personnel is one of the largest costs for operation of an agency. At some point, will EITS need to be smaller to deliver more efficient services? I am not suggesting anybody lose a job; state agencies are running thin as it is. I am just trying to figure out how the pieces work with finding efficiencies and simultaneously needing to ensure that EITS collects enough money to continue to operate.

**Timothy D. Galluzi:**

We still have to move through the biennium in order to realize the savings of those technology shifts. One thing worth highlighting here, especially in the telecommunications unit, is that EITS has had the same staffing level for over 10 years. Within that period, the workload—the line count—has more than doubled. The staffing level now is more efficient than what it would have been if we were still relying on older technologies. If we did not advance the technologies and create efficiencies, more staff would be required to compensate for the increased caseload. Things at this point look more expensive, but it could be worse if we did not advance technologies.

**Senator Harris:**

Please discuss if EITS has worked with the Department of Transportation (NDOT) to migrate the agency away from the Microwave DS1 Circuit service to more advanced technology.

**Timothy D. Galluzi:**

We are actively working with NDOT; the project is ongoing.

**Chair Peters:**

These are important issues and things are changing dramatically. The COVID-19 pandemic has moved things significantly. These are important issues to talk about to make sure we are up to speed. Are there any other questions from the Subcommittees? [There were none.] We will move on to budget account 1365.

**FINANCE & ADMINISTRATION**

**DEPARTMENT OF ADMINISTRATION**

**ADMINISTRATION - EITS - AGENCY IT SERVICES (721-1365)**

**BUDGET PAGE ADMIN-30**

**Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration:**

The Agency IT Services Unit, proposed to become the Client Services Unit through Assembly Bill 18, consists of the Application Development and Support, Client Services and Infrastructure, and Continuous Quality Improvement groups. These groups provide direct information technology (IT) support for partner agencies in the areas of application development, state website platform management and accessibility initiatives under the Americans with Disabilities Act (ADA), database administration, development and hosting, telephone operators, and desktop support. This unit also operates an enterprise service desk with 24-hour emergency support and after-hours service for public safety agencies.

When law enforcement professionals in the field need after-hours IT support, these are the people who answer that call. This unit is home to the direct-support professionals who travel to partner agencies' offices and solve problems every day.

Over the past two biennia, this unit has made significant strides in remediation efforts regarding ADA accessibility efforts such as:

- Updating the State of Nevada content management system to include ADA-compliant smart forms.
- Procuring the enterprise version of Siteimprove to provide agency webmasters a tool to check for ADA compliance.

- Creating an ADA assistance website for users to request remediation of documents and assistance known as just-in-time remediation.
- Training nearly 1,000 staff members across 46 agencies on ADA remediation.
- Contracting with a vendor to perform an accessibility audit and compliance testing of a sample of state websites.

Mission-critical database systems were upgraded to improve security, functionality, and performance in support of public safety applications for the Department of Public Safety [page 13, [Exhibit C](#)]. This work required a high level of coordination between application developers, systems administrators, database administrators, and partner agencies who depend on these systems in their day-to-day work to provide direct services to Nevadans.

Major modifications to the protection order program system in support of Assembly Bill 19 of the 80th Session, Senate Bill 6 of the 81st Session, and Assembly Bill 291 of the 80th Session have been completed. Additional work in support of Senate Bill 147 of the 81st Session is underway, with enhancements related to Senate Bill 7 of the 81st Session planned next.

Field Support Services participated in the enterprisewide Microsoft 365 implementation, which involved agency coordination spanning nearly all branches of Enterprise Information Technology Services (EITS) and partner agencies. This was a multiyear project completed during the 2021-2023 biennium. The Microsoft 365 platform was instrumental in support of remote work during the pandemic, and has increased productivity in countless other ways for onsite and remote workers alike.

With much of the workforce shifting toward remote work during the COVID-19 pandemic, demand for IT services rose dramatically. The increase in demand was particularly impactful on agencies supporting public health and safety.

Challenges in the labor market led to unprecedented vacancy rates for technical staff. Recruitment challenges were exacerbated by state salaries below the industry average for IT workers. As a result, hard-to-fill positions remained vacant much longer than usual. During a time of exceptionally high vacancy rates, remaining employees responded by absorbing added workload. Over time, this led to burnout, increased absenteeism, and more turnover. While conditions are slowly improving, prepandemic productivity levels have not yet been reached.

Decision unit enhancement (E) 226 recommends the continuation of three software subscriptions [page 14, [Exhibit C](#)]. The first involves utilizing two Microsoft Visio licenses to assist staff with creating diagrams and charts. The second includes three Microsoft Teams Rooms licenses for the Nye Lane office and support staff to facilitate virtual meetings.

Lastly, the third recommendation encompasses payments to Quest Software for Toad for Oracle, which provides a suite of functionalities for database administrators such as code debugging, query optimization, schema comparison, data modeling, data extraction and manipulation, and automated database administration tasks.

Decision unit E-900 is a transfer of authority from the Nevada State Library, Archives and Public Records (NSLAPR) to budget account (BA) 1365 for support of a document management and workflow platform. This platform has grown to the point where approximately 10 agencies are now using this service, with more on the way. This is an example of a solution that has grown into an enterprise-level service. The intention is to refine this platform to develop a future rate and to continue to expand this offering to other agencies needing electronic document management and workflow technology.

The Governor has also recommended one-shot appropriations for this budget [page 15, [Exhibit C](#)]. The current Service Management application is an on-premises solution that requires the support of database administrators and the infrastructure team in addition to daily support by EITS service desk personnel. There is a backlog of changes that could be made to the current solution that would automate many of the manual processes performed by EITS personnel. However, a better solution is to procure a cloud-based software as a service (SaaS) solution that would transfer the upgrades and maintenance to a cloud service provider. Additionally, the current application is approaching end of life. This solution would be procured through one of the state's master service agreements for cloud services and would not require a request for proposals. The cost of this enhancement is partially offset by the elimination of the cost of the old solution in the second year of the biennium.

A cloud-hosted IT service management solution offers several benefits to organizations looking to improve their IT service management capabilities such as:

- Cost savings by reducing upfront costs associated with hardware, software, and implementation—these solutions operate on a subscription-based model, allowing organizations to pay only for what they need, when they need it.
- Scalability depending on an organization's needs—this makes it easy to add or remove users and to adjust service levels based on changes in demand.
- Flexibility whereby users could access the system from anywhere, at any time, using any device with an internet connection, making it easier for remote and distributed teams to collaborate and work together seamlessly.
- Security features such as data encryption, multifactor authentication, and backup and disaster recovery capabilities help organizations better protect their data and assets from potential threats.

- Continuous updates and maintenance by the provider mean agencies do not have to manage updates or upgrades themselves—this ensures that the system remains up-to-date with the latest features and security patches.
- Improved service delivery processes and overall efficiency can lead to faster resolution times, improved customer satisfaction, and better business outcomes.

Also recommended as a one-shot appropriation is standard end-of-life equipment replacement.

**Chair Peters:**

Why are General Fund appropriations being recommended to support OnBase costs in the Agency IT Service budget rather than charging using agencies for the OnBase services as is done under the current structure with the NSLAPR?

**Matthew Tuma, Deputy Director, Department of Administration:**

That General Fund appropriation is an error. The transfer from BA 1052 is the amount that has been transferred in by using agencies for this service. The functionality of this program leads to EITS utilization and would go over to the EITS budget. Those transfers would go from the using agencies to EITS, as opposed to NSLAPR.

**Chair Peters:**

I have a question regarding the move to Microsoft Suite, which also has a cloud-based file management system, SharePoint. What is the difference between OnBase and SharePoint, and what difference in utility might agencies have?

**Timothy D. Galluzi:**

There are key differences in the ability to index documents and push them through an automated workflow. That capability may exist within the Office 365 business productivity suite platform, but it takes a much higher degree of citizen development to build out. At this point, EITS is not staffed with the level of expertise necessary to provide that at a statewide level. The OnBase solution will complement the Office 365 solution well. There are also plugins that can be added to Microsoft Outlook, so if an email is received containing a record that needs to be preserved for a certain amount of time, there will be an easy way to index that document, and then the standard retention period would be applied to that individual document. There is another host of functionality with OnBase that some agencies have invested in regarding public meetings, agenda management, and minutes management. Those modules are available within this platform.

This has grown naturally. Agencies saw the value in the OnBase platform and have invested in it. We want to shepherd that and provide that service to more of the Executive Branch because document management retention is needed everywhere. As this platform expands, the time it takes to respond to public records requests should shorten.

**Chair Peters:**

It is amazing how much time used to be spent shuffling papers around that can now be spent doing higher-level work. You mentioned there is not the expertise to take on the Microsoft Suite application to this extent. I wonder about the capacity for OnBase and growing that capacity. There have been several IT-implemented projects where, after a 10- or 20-year lifespan, the institutional knowledge that made it work became defunct, which is concerning. That puts the state behind in other areas of tech development. What is the plan for ensuring that EITS has staff to manage OnBase in perpetuity?

**Timothy D. Galluzi:**

The 2023-2025 biennium is our opportunity to get a feel for it so that we can identify for future biennia what that ongoing support will look like. The Division is better equipped to provide the base level of service than the NSLAPR is. We have the technology professionals who can at least keep the status quo of this platform going for the next biennium while we conduct the evaluation. Agency partners that are currently using this platform are leveraging vendor support for a lot of the development of workflows, creating document indexes, and training on it. That is something that we would look to continue during the 2023-2025 biennium while we evaluate how to scale it and figure out how to take it to the next level.

**Chair Peters:**

Are there any other questions on this budget before we move on? [There were none.] We will proceed to the next budget.

**FINANCE & ADMINISTRATION**

**DEPARTMENT OF ADMINISTRATION**

**ADMINISTRATION - EITS - COMPUTER FACILITY (721-1385)**

**BUDGET PAGE ADMIN-34**

**Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration:**

Budget account (BA) 1385—the Computing Services Unit, also known as the Computer Facility—provides numerous computer processing services using a variety of systems and technologies and is responsible for managing, operating, and supporting the State Computer Facility and server environments [page 16, [Exhibit C](#)].

Staff tasks include enterprise software management—including the Business Productivity Suite, computer operations, production services, mainframe systems management, storage management, printing, web application hosting services, server maintenance and hosting, email management and maintenance, and associated business continuity functions.

This unit is an example of leveraging economies of scale and building platforms that create a more efficient and effective state government. Like Microsoft Teams, the private cloud, SilverCloud, is home to a multitude of agency servers that provide cost-effective solutions and services.

Highlights of Computer Facility accomplishments [page 17, [Exhibit C](#)] include:

- Statewide onboarding of Office 365 for the Department of Corrections and the Department of Motor Vehicles (DMV) has been completed.
- Computing hardware platforms were refreshed preventing end-of-life security and compatibility issues.
- Statewide identity was implemented for the Executive Branch.

Highlights of the Computer Facility challenges include:

- Retirement of staff within mainframe services creating technical skill deficiencies will be addressed with decision unit enhancement (E) 226.
- Agency inability to provision virtual machines through automation, reducing adoption in central resources, will be addressed with decision unit E-552.
- Inability to migrate on-premise solutions to cloud infrastructure easily will be addressed.

The purpose of decision unit E-226 is to ensure that Enterprise Information Technology Services (EITS) is right-sizing the mainframe cost pool to be responsive to the using agencies' modernization efforts that will move them to other platforms [page 18]. This group provides crucial processing and data storage capabilities that support various functions of the DMV and the Division of Welfare and Supportive Services (DWSS)—including Medicaid eligibility. Additionally, the mainframe serves as the official record-keeping system for child welfare activities within the State of Nevada. The Division of Child and Family Services relies on the mainframe as a core system component to comply with state and federal reporting requirements for case management.

The retirement of incumbents within the mainframe group will partially offset the cost of this enhancement. Two retirements are expected during fiscal year (FY) 2024 and one more is expected in FY 2025. The recommended budget does not eliminate any positions, and no changes to these position control numbers (PCNs) are being proposed. If this enhancement is approved, EITS would use managed services instead of filling vacant PCNs for mainframe services. Hiring mainframe staff has become difficult because many agencies are moving away from mainframe applications to other platforms. Getting other information

technology (IT) professionals to move to mainframe management takes a great deal of retraining. Since mainframe is an older technology, it is difficult to hire new staff experienced in mainframe programming. As experienced mainframe programmers retire out of the workforce, the agency has had to underfill authorized positions and invest in training incumbents. Though this strategy has helped, mainframe service levels remain suboptimal. Therefore, this enhancement recommends investing in a contract for staffing the mainframe unit within EITS.

Decision unit E-550 is the endpoint protection to maintain security in endpoint devices such as computers, laptops, and mobile phones connected to a larger network. The current vendor has provided the state's endpoint protection since 2014. However, the company was acquired in 2019, vendor support deteriorated, and security features related to Office 365 were not available. Therefore, EITS undertook a review of endpoint protection vendors with agency information security officers, and other vendors' products were rated higher. The cost of moving to another product was utilized for budgeting purposes, but EITS plans to issue a request for proposals (RFP) for a new endpoint protection vendor during FY 2024, and the new vendor would be implemented in FY 2025.

Decision unit E-552 includes funding to procure and implement hybrid cloud orchestration software licenses for the state. This software empowers agency IT staff, instead of EITS Open Systems Group staff, to provision its own resources in the hybrid cloud environment, thereby saving time and eliminating manual processes for both customer agencies and EITS staff utilizing virtual machines.

The Governor has also recommended a one-shot appropriation to fund standard end-of-life equipment replacement [page 19, [Exhibit C](#)].

**Senator Neal:**

Does the agency anticipate losing any mainframe customers in the 2023-2025 biennium?

**Timothy D. Galluzi:**

During the upcoming biennium, no. We have been working diligently with the tenant agencies utilizing the mainframe to ensure that we are staying on top of projects, modernizations, transformations, and migrations off of the mainframe. The overall intent with this enhancement is to ensure that, as agencies are moving off it, we are right-sizing it. We are making sure that the overhead is not so substantial that one agency at the end of everybody else's modernization and transformation projects is left holding the subsequent overhead. With this enhancement, we are managing and watching the scheduling and progress of those projects. There is a monthly status meeting with all these tenant agencies to make sure that we are staying on top of the timing.

**Senator Neal:**

What is the timeline to totally get off the mainframe?

**Timothy D. Galluzi:**

That timeline is dependent on the agency partners. The projects they are undertaking are quite complex. These are some of the largest modernization and transformation projects within the Executive Branch; the timing relies on them. The Division's job here in maintaining the platform is to be responsive to agency timelines. Based on the preliminary schedules, a massive drop off of utilization is expected during the 2023-2025 biennium.

**Senator Neal:**

Who do you anticipate being the contracted staff since there is such nuance with the mainframe?

**Timothy D. Galluzi:**

This will go out to RFP; there are vendors that specialize in this work. In both the public and private sectors, staff is difficult to find for these older mainframe technologies. Many programmers and developers in this environment have found lucrative careers in consulting to provide these managed services. This will go out to bid to ensure the state gets the best deal.

**Senator Neal:**

I picture the 1970s version of a big, tall, tan wall unit with buttons and turning tape. There is a specific age group that knows mainframe technology. What is the projected cost for the RFP?

**Timothy D. Galluzi:**

The Division has done some homework on this. The cost submitted in this enhancement of \$315,000 in year one and \$456,000 in year two is based off the timing of retirements and that potential offset. We believe that the Governor's recommendation on this enhancement is sufficient for that staffing.

**Senator Neal:**

You mentioned that child welfare activities are on the mainframe, and it is used for federal and state reporting compliance; is that rolled into this cost? There are significant compliance issues that happen quarterly and annually. How are you working with the agency to plan around the timeline for compliance and this shift?

**Timothy D. Galluzi:**

Most of those costs are already borne by the DWSS. It is that agency's responsibility to project and plan for that. The Division does significant printing and some other ancillary services for DWSS, but as that agency is moving off the mainframe technology, EITS will closely monitor to ensure that the cost pools are aligned with their project.

**Assemblyman Miller:**

Most of the drop off is expected to happen in the next biennium, and EITS will wait for other parties moving at different paces. Is there a definitive timeline of when this will be totally offline to ensure that they are being expeditious, and that cost does not essentially fall on one agency lagging or put them in a place of not being able to make the leap?

**Timothy D. Galluzi:**

This enhancement is critical so EITS can be responsive to those agency partners and their projects. Without this enhancement, the technologies currently supporting this platform could be lost with retirements. If staff is not there to support the mainframe, these critical services could be lost. If there were a major outage in the mainframe, the DWSS and the DMV could incur a significant impact to business. This enhancement is like an insurance policy to ensure that the necessary staff is on site, be it full-time equivalent state personnel or contracted managed services, to support this environment through this biennium and potentially into the next as agencies drop off. One of the benefits for managed services is that as agencies drop off, labor associated to that cost pool can be reduced. It is much easier to adjust the level of staffing when contracting through a managed services firm rather than having major swings in rates to keep personnel no longer needed.

I fear that the smallest agency using this could be the one holding the bag at the end; this enhancement protects that smaller agency from that potential.

**Assemblyman Miller:**

Is there an estimate of when it will be completely phased out so that the agencies holding on until the last minute know that they must be expeditious about the transition?

**Timothy D. Galluzi:**

The ballpark timeline of FY 2026 has been communicated to all the agencies that are current tenants in this environment. It is essentially a race because no one wants to be the last agency on the platform.

**Assemblywoman Backus:**

Regarding decision unit E-550: you mentioned an RFP in FY 2024. Will there be an enhancement unit later or will EITS be absorbing that cost?

**Timothy D. Galluzi:**

The intent is to have agency staff conduct that RFP, bringing in partners from other agencies with vested interest in endpoint protection—which should be everybody. The intent is to move forward with procurement in the following year. The RFP would be in FY 2024, and the procurement would be in FY 2025.

**Assemblywoman Backus:**

You expressed some of the challenges with the current endpoint protection vendor, but it looks like the new one will not be in place until probably the end of FY 2025. Will that impact the state's cyber liability insurance?

**Timothy D. Galluzi:**

When the State applies for excess liability coverage through the Division of Risk Management, there is a questionnaire that the chief information security officer must fill out that is a litmus test of the overall security health of the environment. Thus far, a lot of issues can be mitigated, and we are constantly seeing challenges with the excess liability coverage anyway. The Division of Risk Management can speak more on that specifically. The market is challenging right now to get that coverage, which is why there are substantial increases at each renewal. The hope is that as EITS' security posture increases, its ability to attain excess liability coverage will also increase. It is unknown if procuring coverage in FY 2025 will be a higher cost; it is up to the private companies that provide that insurance coverage.

**Assemblywoman Backus:**

What are the cybersecurity threats requiring additional cloud computing protection and mobile device protection?

**Timothy D. Galluzi:**

The landscape has been changing; there is mobility in the workforce, which is a good thing. It is a productive measure. Employees can go from office to office for in-person meetings and bring their devices. Going from one network to another is common across the Executive Branch. People are using more mobile devices. Every time one of those devices moves beyond the protections of SilverNet, there is additional risk. Many technologies, agencies, and business cases are moving toward more cloud-centric platforms and software as a service. It is a sign of the times, and our adversaries have more money and time. A ransomware attack would cripple an agency. Endpoints are the most common way that these ransom attacks enter this digital environment. This is investing in the technologies that will provide the best level of protection.

**Chair Peters:**

How long does it take to fulfill a server ticket request? How does that timing impact agencies submitting those ticket requests?

**Sean Montierth, Chief Information Technology Manager, Division of Enterprise Information Technology Services, Department of Administration:**

There is a process where someone puts in a ticket to a service desk, so there is a delay between the time when an individual puts in that ticket and when a server technician picks it up and starts work on that ticket. Some of these technologies, including the hybrid automation piece, will reduce time by making it automated the minute staff enters the

request. It could be anywhere between two days and a week. It depends on server administration staff, on how long it would take them to pick up, move on, and work with the staff that is requesting that virtual machine.

**Chair Peters:**

Has EITS performed a cost benefit analysis on the hybrid cloud orchestration software versus the current operation?

**Sean Montierth:**

There has not yet been a full cost benefit analysis. However, the reduced amount of staff that we have automating tasks for our own usage and the potential policies and templates we could push out to these machines to ensure we meet federal audit requirements are big enough reasons to move to this product. There are NIST [National Institute of Standards and Technology] and other requirements. This technology will put a template around those virtual machines (VMs) to ensure that they are meeting all state and federal requirements. Staff currently does not have time to ensure all the changes in requirements that occur on a regular basis are met. This tool will help with that, and it will help the agencies provision these VMs automatically without intervention from EITS.

**Chair Peters:**

Has the agency explored other options such as internal process improvements or additional staffing as an alternative to the hybrid cloud orchestration software?

**Sean Montierth:**

The Division is heavily invested in the VM product. This product is the solution to do automated processing and to reduce the amount of staff required for specific tasks. Unfortunately, as with any other improvement, there will be additional requirements. This will not necessarily reduce work, but will speed things up and allow staff to get to other threats and issues that they are unable to today.

**Chair Peters:**

Are there any other questions from the Subcommittees? [There were none.] We will move on to BA 1386.

**FINANCE & ADMINISTRATION**

**DEPARTMENT OF ADMINISTRATION**

**ADMINISTRATION - EITS - DATA COMM & NETWORK ENGR (721-1386)**

**BUDGET PAGE ADMIN-40**

**Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration:**

Data Communications and Network Engineering is one of three budget accounts in the Network Services Unit [page 20, [Exhibit C](#)]. This group is responsible for all tasks related to

developing, operating, and maintaining statewide data, voice over Internet protocol, and video-communications infrastructure. Most of this effort is focused on the Wide Area Network (WAN) called SilverNet and maintaining connectivity with the outside world and between agencies, such as Internet access for the state, and dedicated purpose circuits including federal program connections. Staff tasks include installing and troubleshooting data circuits; installing, operating, and maintaining routers, firewalls, event logs, and data switches that tie the circuits together; and engineering, analyzing, and troubleshooting the complex WAN itself. Staff supports over 8,500 network connections representing servers, and network devices—such as routers, firewalls, and switches—in more than 150 locations throughout the state. Customers include all Executive Branch agencies, constitutional offices, the Judicial Branch, and—to a limited extent—the Legislative Branch.

Some key accomplishments to highlight are the SilverNet core and distribution refresh utilizing American Rescue Plan Act funds—those orders are underway, and that project is moving forward—and the implementation of a new disparate path for fiber to avoid any other major network outages. Supply chain is a challenge yet to recover. Recruiting is also hindered from some slow processes.

For budget account (BA) 1386, the Governor has recommended the following enhancements [page 22, [Exhibit C](#)]:

- Decision unit enhancement (E) 225 continues an annual subscription for a network training tool.
- Decision unit E-226 continues funding for various types of technician training.
- Decision unit E-227 provides funding to continue training new network service unit staff.
- Decision unit E-228 funds continued training and certification of agencies' network security managers.

That sounds like a lot of training, but it is required. These individuals are responsible for maintaining the backbone of the statewide infrastructure. Everything runs on the network. If the most highly skilled and competent staff are not managing this, the risk for major outages goes up substantially. Training staff is a priority.

The Governor has also recommended the following one-shots [page 23]:

- The first one-shot replaces end-of-life components to the state's security firewalls. Failure to replace critical end-of-life equipment at the edge of the network will put statewide communications at risk and result in platforms that cannot be maintained as vendors will not offer service contracts on outdated equipment and operating system upgrades will no longer be available. Ultimately, aging hardware will fail, resulting in catastrophic and lengthy outages.
- The second one-shot funds standard end-of-life hardware replacements.

**Chair Peters:**

Are there any questions from the Subcommittees? [There were none.] There are budget accounts in the presentation that are not on the agenda. We will skip over those and move on to BA 1389.

**FINANCE & ADMINISTRATION  
DEPARTMENT OF ADMINISTRATION  
ADMINISTRATION - EITS - IT SECURITY (721-1389)  
BUDGET PAGE ADMIN-53**

**Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration:**

The primary mission of the Office of Information Security (OIS) is to act as a center of excellence for all information security matters within the Executive Branch through creating and managing enterprise information security programs, providing guidance on information and cybersecurity best practices, and assisting in the creation and maintenance of an internal information security technology infrastructure. The secondary mission of this unit is to provide enterprise-level security tools and services to Executive Branch agencies in support of their security programs—tools and services that are of a general benefit or are required for compliance to *Nevada Revised Statutes* and are best purchased and managed at this level to leverage economies of scale in licensing and platform management and to ensure equal access to all agencies. The Division wants to ensure that all agencies, regardless of size, has at least a standard baseline of security for their technology platforms.

The Chief Information Security Officer (CISO) directs responses to incidents, establishes appropriate standards and controls, manages security technologies, and directs the establishment and implementation of policies and procedures. The CISO chairs the State Information Security Committee and is on the Nevada Cybersecurity Task Force and the Governor's Commission on Homeland Security's Resilience Advisory Committee.

A key part of OIS work is response to reported or detected incidents. The OIS works directly with a managed security operation center (SOC) to continuously monitor the enterprise environment. The managed SOC collects log entries from devices and services across SilverNet and runs them through analytics and event correlation machine learning engines to detect activity that appears suspicious. These potential incidents are reviewed by SOC analysts to verify actual incidents or false positives. Actual incidents are categorized and forwarded to the OIS for follow-up. Emergency and critical incidents are reviewed by the OIS incident response analysts. These analysts assign the incidents to the appropriate agency information security officer for investigation and mitigation, track the incident through completion, and provide support and assistance. Warning incidents are reviewed, and action is taken as needed.

The chart on page 33 [\[Exhibit C\]](#) shows a breakdown of the most recent annual calendar year incident reports compared to the average client for a managed SOC. They describe a clean environment in the State of Nevada, with the ratio for severe incidents well below the industry average.

Accomplishments to highlight for this unit [page 34] are:

- Response to significant vulnerabilities in the environment with Log4j, and briefings on increased threat from aggressive nation-states.
- Increase in vulnerability scanning and management—this took a lot of collaboration with agency partners and added agency-based scanning and increased licenses via an Interim Finance Committee work program, providing an additional tool to ensure agency devices are secure.
- Updates to security governance, including improvements to border security, remote access, and vulnerability management standards.
- Implementation of an integrated risk management platform that supports multiple security functions including incident response tracking, governance, audits, and assessments.

Funding is a challenge. There are limited resources available for new initiatives. Adversaries do not have limited resources; they work 24/7 and have millions of dollars at their disposal to create vulnerabilities. Vulnerability management is a challenge; the OIS is not currently scanning to its full potential web applications or any cloud-based services at the level that we would like. The necessary resources to do that are not available. Agencies have limited resources for mitigating vulnerabilities that have been discovered. For incident identification and response, there has been an increased number of threat intelligence feeds. We need those feeds; we need to understand what is going on in the world so we can apply

mitigations specifically for each threat. There is a limited capability to perform internal threat hunts to retain and analyze logs. Once again, staffing is a challenge. All agencies are having issues with hiring and retaining highly trained staff.

The Governor has recommended decision unit enhancement (E) 551 [page 35], which allows the ability to assess cyber threats more completely with enhanced tools and web applications—this is an expansion of the state's investment in the Tenable contract to assess cyber threats more completely via enhanced reporting tools and a web application scanning functionality. Tenable Security Center is used by Enterprise Information Technology Services (EITS) and 15 other agencies at this point, but it lacks reporting tools and web application scanning capabilities. The Division's customers wish to have these tools to manage vulnerabilities in their own environments. If EITS purchases the licenses and distributes the cost via the security assessment, economies of scale are realized versus having agencies each purchase their own smaller number of licenses.

The Governor has also recommended a one-shot for standard equipment replacement.

**Senator Neal:**

Would EITS or the state agencies need additional resources to monitor the expanded reporting tools and web scanning capabilities as a result of the recommendation to expand the Tenable Security Center contract?

**Timothy D. Galluzi:**

The current position count should be able to manage that additional workload. There are enough efficiencies with the additional licenses that current staff would be able to support it.

**Senator Neal:**

Would the expansion of the Tenable Security Center contract result in additional action from state agencies to mitigate security vulnerabilities?

**Timothy D. Galluzi:**

This will provide additional intelligence and could potentially add to the number of vulnerabilities that are being assessed and mitigated, so there is a potential increase in workload. However, there may be other efficiencies that the agencies can leverage with this tool that would shift that workload. That would be up to the individual agencies to make that determination.

**Chair Peters:**

We previously heard that the state's cybersecurity insurance rate rose drastically. Does the adoption of this type of cybersecurity service impact the cost of insurance?

**Timothy D. Galluzi:**

I believe it helps. Every renewal for excess cyber liability insurance is an opportunity to prove hardening of the environment, active threat mitigation automation, and defenses such as partnering with the managed security operations center. The insurance community will hopefully see that these investments lower the state's risk.

**Chair Peters:**

Could you please clarify what border security means in this context?

**Timothy D. Galluzi:**

Border security, in this context, is the National Institute of Standards and Technology terminology for hardening the virtual perimeter against bad actors who want to wreak havoc, take advantage of systems, or exploit data.

**Chair Peters:**

Are there any other questions from the Subcommittees? [There were none.] Is there anyone wishing to make public comment? [There was no one.] This meeting is adjourned [at 10:01 a.m.].

RESPECTFULLY SUBMITTED:

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Anna Freeman  
Committee Secretary

APPROVED BY:

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Assemblywoman Sandra Jauregui, Majority Floor Leader

DATE: \_\_\_\_\_

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Senator Dina Neal, Chair

DATE: \_\_\_\_\_

## **EXHIBITS**

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of the PowerPoint presentation titled "Department of Administration Enterprise IT Services FY 2024-2025 Budget Overview," dated March 10, 2023, presented by Timothy D. Galluzi, State Chief Information Officer and Administrator, Division of Enterprise Information Technology Services, Department of Administration.