Sunset Commission:

As someone who has worked with a number of experienced vendors providing staff augmentation services to public sector entities in Texas, I support the Department of Information Resources (DIR) continuing their mission and role in leading the state's technology strategies. Specifically, I support the Sunset Commission's recommendations for how staff augmentation services are priced and delivered to DIR customers (referenced within Issues 2 and 3 in Sunset's DIR *Executive Summary*) and allowing for the flexible use of DCS funding.

Vendors who provide staff augmentation services to the State of Texas, local government, and higher education entities periodically receive questions and feedback from DIR customers related to their challenges in utilizing the cooperative staffing contracts. In light of Sunset's key recommendations for DIR, I want to provide this input and highlight several areas of concern that have been expressed by DIR customers to vendors and that Sunset is addressing in the DIR report:

State agencies need more training to effectively use the staffing contracts that exist

- Smaller entities and/or those that use the statewide staffing contracts on an infrequent basis are often unfamiliar with or have a limited knowledge of how to choose the statewide cooperative contract that is best aligned with their needs and budget.

- Infrequent users of the cooperative staffing contracts are usually not well-versed in creating staffing requests. These entities could greatly benefit from focused training on using the Information Technology Staff Augmentation Contract (ITSAC), consistent with 'Issue 2' recommending the expansion of state agency procurement support ("better training and assistance"). DIR can immediately incorporate this training into the support they provide to customers using the ITSAC, ensuring agencies are educated on the costs savings, the broader range of resource categories available to them, and the ability to match their specific technology or technical environment to a resource's skills and experience.

State agencies need a clear understanding of the true costs between ITSAC and TSS

- State agencies that are Data Center Services (DCS) customers have difficulty comparing resource categories, technologies, and pricing between the ITSAC and the staffing services available under the Technology Solution Services (TSS) program. The pricing posted for these two cooperative contracts are not comparable, not "apples to apples," meaning it is very difficult for agencies to identify/confirm the appropriate labor category, technology type and the associated rate for staffing services under the TSS Rate Card.

- Regarding the DIR administrative costs associated with the two cooperative staffing contracts available to DIR/DCS customers, DIR's administrative fee for ITSAC is 1%, and DIR's fee for staffing services under Shared Technology Services (STS) is 2.75% as indicated on page 35 of Sunset's full report. However, and this is key, what is not provided in the report is the total

additional costs or overhead for temporary staffing services provided under Technology Solution Services (TSS). An agency utilizing services under TSS not only pays a higher DIR administrative fee (2.75% vs. 1%) but also pays a percentage mark-up charged by the Multi-sourcing Services Integrator (MSI) and the percentage mark-up charged by the TSS provider.

- When the total costs are considered (DIR fee, MSI and TSS mark-ups), it appears that DIR customers could be significantly overpaying for staff augmentation services when they use the TSS program instead of the ITSAC.

- Regarding the inclusion of "concierge-type assistance" available for agencies that use TSS for staffing services, this type of assistance is not applicable to staff augmentation services, as agencies are 100% responsible for management and oversight of work performed by staff augmentation resources. These services do not require or typically benefit from "concierge-type assistance" and therefore this overhead is unnecessary (increased cost for identical staffing services with no additional benefits).

State agencies need flexibility with DCS dollars

- ITSAC is a well-established contract vehicle. Agencies understand how it works and it is easier to use. Over the years DIR has done an excellent job at making the process more efficient for the agencies. Current restrictions on the use of DCS dollars make it difficult for agencies to access ITSAC, however. State agencies can use DCS dollars for TSS but not for ITSAC, effectively costing agencies more money for the same services when the total costs (all fees and mark-ups) are considered.

- Discretionary use of DCS dollars ensures a better deal for the state and the efficient use of funds. The current restriction forces agencies to pay more for staff augmentation services, driving IT budgets up unnecessarily. Enabling agencies to use DCS funds for ITSAC services will have a positive fiscal impact. ITSAC currently has 156 vendors and allows competitive bidding, resulting in more competitive pricing as the market drives the hourly rate (versus a single source with a contract that does not factor in changes in the market).

In summary, I believe that expanding Sunset's recommendations and incorporating these additional items in Sunset's recommendations will result in greater efficiencies and saving of taxpayer dollars (at a time when staffing services are increasingly expensive), ensuring that the State gets the "Best Deal" on IT staffing services.

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