



ERNIE FLETCHER
GOVERNOR

EXECUTIVE ORDER

2007-502
June 21, 2007

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

Secretary of State

Frankfort
Kentucky

**RELATING TO THE REORGANIZATION OF THE FINANCE AND
ADMINISTRATION CABINET**

WHEREAS, the Commonwealth of Kentucky has always promoted effective and efficient management of state government operations and resources; and

WHEREAS, it is the duty of public officers to increase quality in the administration and management of state services; and

WHEREAS, Executive Orders 2006-379, 2006-683 and 2006-684 were not ratified by the General Assembly; and

WHEREAS, in accordance with KRS 11.501(4), the Commonwealth must provide information technology infrastructure, technical directions, and a proficient organizational management structure to facilitate the productive application of information technology and resources to accomplish programmatic missions and business goals; and

WHEREAS, in accordance with KRS 11.501(10), the sharing of information resources and technologies among executive branch state agencies is the most cost-effective method of providing the highest quality and most timely government services that would otherwise be cost-prohibitive; and

WHEREAS, in accordance with KRS 11.507(1)(c), the Commonwealth Office of Technology is charged with developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public; and

WHEREAS, in accordance with KRS 11.511(3)(a), the Executive Director of the Commonwealth Office of Technology is charged with assessing, recommending, and implementing information technology governance and organization design to include effective information technology personnel management practices; and

WHEREAS, this reorganization plan will provide a vehicle to efficiently and effectively carry out the statutory mission of the agency in the most cost efficient manner possible; and

WHEREAS, KRS 12.020(II,7.) Established the Governor's Office of Technology and the Revenue Cabinet within the Finance and Administration Cabinet; and

WHEREAS, the abolishment of inactive boards and commissions will save administrative time and expenses; and



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WHEREAS, the addition of the Executive Director of the Office of the Controller to the State Property and Buildings Commission, established in KRS 56.450, and to the Kentucky Asset/Liability Commission, established in KRS 56.861, will correct an oversight in the 2005 Executive Order; and

WHEREAS, the consolidation of the Commonwealth's fleet would promote greater efficiency and eliminate duplicative services; and

WHEREAS, the Department of Revenue is in need of a unit to investigate and prosecute alleged violations of the revenue and tax laws; and

WHEREAS, House Bill 549, from the 2007 Session of the General Assembly, establishes the Division of Tax Increment Financing within the Office of the Commissioner in the Department of Revenue within the Finance and Administration Cabinet; and

WHEREAS, it is more efficient to have the Taxpayer Ombudsman located within the Revenue Commissioner's Office; and

WHEREAS, having a separate Division of Legislative Services within the Department of Revenue is a duplication of efforts with the Office of the Secretary within the Finance and Administration Cabinet; and

WHEREAS, it is deemed advisable at this time to reorganize entities within the Office of the Controller in order to allow the Office of Procurement Services within the Office of the Controller to operate in an efficient and effective way;

WHEREAS, the Governor of the Commonwealth of Kentucky is empowered by the General Assembly under KRS 12.028 with authority to reaffirm, establish, rename, or delete the organization of any agency or statutory administrative department;

NOW, THEREFORE, I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by the Constitution and KRS 12.028, do hereby **ORDER** and **DIRECT** the following:

- I. The Secretary of the Finance and Administration Cabinet is directed to review each executive branch agency's IT infrastructure and to consolidate operational control under the Commonwealth Office of Technology when it is found to be in the best interests of the Commonwealth.
- II. The Telehealth Board administratively attached to the Commonwealth Office of Technology is hereby transferred to the Cabinet for Health and Family Services. The Telehealth Board administratively attached to the Commonwealth Office of Technology is hereby abolished.
- III. The Kentucky Geospatial Board (KyGB) is hereby established to promote a more effective, streamlined body better aligned to the advancements in geospatial



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technology. In addition, the KyGB shall advise the executive director of the Commonwealth Office of Technology on issues relating to geographic information and geographic information systems. The Geographic Information Advisory Council administratively attached to the Commonwealth Office of Technology is hereby abolished.

IV. The Office of Administrative Services within the Finance and Administration Cabinet shall have the following changes in organizational structure:

A. The Division of Printing within the Office of Administrative Services is hereby transferred to the Office of Infrastructure Services within the Commonwealth Office of Technology within the Finance and Administration Cabinet. The Division of Printing within the Office of Administrative Services is hereby abolished.

V. The Commonwealth Office of Technology within the Finance and Administration Cabinet shall have the following change in organizational structure:

A. The Office of Enterprise IT Policy and Planning within the Commonwealth Office of Technology within the Finance and Administration Cabinet is hereby renamed the Office of Enterprise Policy and Project Management.

1. The Division of Enterprise Architecture under the former Office of Enterprise IT Policy and Planning within the Commonwealth Office of Technology is hereby renamed the Division of Enterprise Project Management within the Office of Enterprise Policy and Project Management.

2. The Division of IT Contract & Asset Management under the former Office of Enterprise IT Policy and Planning within the Commonwealth Office of Technology is hereby abolished. Personnel, records, files, etc. within this Division are hereby assigned to the Office of Administrative Services within the Finance and Administration Cabinet.

3. The Division of Relationship and Service Management under the former Office of Enterprise IT Policy and Planning within the Commonwealth Office of Technology is hereby abolished.

B. The Office of Infrastructure Services will have the following changes:

1. The Division of Security Services under the Office of Infrastructure Services within the Commonwealth Office of Technology is hereby renamed the Division of Communications.

2. The Division of Computing Services under the Office of Infrastructure Services within the Commonwealth Office of Technology is hereby renamed the Division of IT Operations.

3. The Division of Communications Services under the Office of Infrastructure Services within the Commonwealth Office of Technology is hereby renamed the Division of Client Services.



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4. The Division of Infrastructure Support under the Office of Infrastructure Services within the within the Commonwealth Office of Technology is hereby renamed the Division of Technical Services.
 5. The Division of Printing Services under the Office of Infrastructure Services within the Commonwealth Office of Technology is hereby established. The Division of Printing Services shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050.
- C. The Office of Consulting and Project Management within the Commonwealth Office of Technology within the Finance and Administration Cabinet is hereby renamed the Office of Application Development.
1. The Division of Centers of Expertise under the former Office of Consulting and Project Management within the Commonwealth Office of Technology is hereby renamed the Division of Portfolio Management under the Office of Application Development.
 2. The Division of Human Services Systems under the former Office of Consulting and Project Management within the Commonwealth Office of Technology is hereby renamed the Division of Data Architecture under the Office of Application Development.
 3. The Division of Transportation Systems under the former Office of Consulting and Project Management within the Commonwealth Office of Technology is hereby renamed the Division of Support Services under the Office of Application Development.
 4. The Division of General Government under the former Office of Consulting and Project Management within the Commonwealth Office of Technology is hereby abolished.
 5. The Division of Financial Systems under the former Office of Consulting and Project Management within the Commonwealth Office of Technology is hereby renamed the Division of Consulting & Project Management under the Office of Application Development.
- VI. The following inactive boards and Commissions are hereby abolished:
- A. The Kentucky Savings Bond Authority established in KRS 12.020. The duties of this board are performed by the Office of Financial Management within the Finance and Administration Cabinet.
 - B. The County Officials Compensation Board established in KRS 12.020. The duties of this board are performed by the Governor's Office for Local Development.
 - C. The Procurement Advisory Council established in KRS 45A.065. The duties of this board are performed by the Office of Material and Procurement Services within the Finance and Administration Cabinet.



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- D. The Kentucky Pollution Abatement Authority established in KRS 224A.030. The duties of this board are performed by the Kentucky Infrastructure Authority.
- E. The Water Resources Finance Authority established in KRS 224A.030. The duties of this board are performed by the Kentucky Infrastructure Authority.
- F. The Central State Hospital Recovery Authority established in KRS 56.600. This project has been completed.
- G. The Governor's Advisory Committee on Intergovernmental Relations established in KRS 8.030.
- H. The Red Fox Tri-County Cooperative Corporation established in KRS 154.33-601. This project has been completed.
- VII. The Kentucky River Authority shall have the following changes in its membership structure:
 - A. Any member whose term has expired may continue to serve and vote until his or her successor is appointed and qualified.
 - B. A quorum will be comprised of seven (7) members.
- VIII. The State Property and Buildings Commission established in KRS 56.450 shall have the following change:
 - A. The Executive Director of the Office of the Controller the Office of State Budget Director shall be added as a board member.
- IX. The Kentucky Asset/Liability Commission established in KRS 56.861 shall have the following change:
 - A. The Executive Director of the Office of the Controller shall be added as a board member.
- X. The Division of Fleet Management is hereby created and established within the Office of Administrative Services within the Finance and Administration Cabinet. The Division of Fleet Management shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050. The Division shall be composed of such organizational entities as deemed appropriate by the Secretary of the Finance and Administration Cabinet and set forth by Administrative Order.
- XI. All funds, functions, powers, duties, responsibilities, personnel and equipment associated with the Division of Fleet Management will be transferred from the Transportation Cabinet to the Office of Administrative Services within the Finance and Administration Cabinet.
- XII. The Division of Special Investigations is hereby created and established under the Revenue Commissioner's Office within the Department of Revenue within the Finance and Administration Cabinet. The Division of Special Investigations shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant



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to KRS 12.050. The Division shall be composed of such organizational entities as deemed appropriate by the Secretary of the Finance and Administration Cabinet and set forth by Administrative Order.

XIII. The Division of Tax Increment Financing is hereby created and established under the Revenue Commissioner's Office within the Department of Revenue within the Finance and Administration Cabinet. The Division of Tax Increment Financing shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050. The Division shall be composed of such organizational entities as deemed appropriate by the Secretary of the Finance and Administration Cabinet and set forth by Administrative Order.

XIV. The Office of the Taxpayer Ombudsman is hereby abolished. The duties of the Taxpayer Ombudsman are hereby transferred to the Commissioner's Office within the Department of Revenue.

XV. The Division of Legislative Services is hereby abolished. The duties of this division are hereby transferred to the Office of the Secretary within the Finance and Administration Cabinet.

XVI. The Office of Material and Procurement Services under the Office of the Controller within the Finance and Administration Cabinet is hereby renamed the Office of Procurement Services.

A. The Division of Technology Services Procurement is hereby created and established within the Office of Procurement Services under the Office of the Controller within the Finance and Administration Cabinet. The Division of Technology Services Procurement shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050.

B. The Division of Goods and Services Procurement is hereby created and established within the Office of Procurement Services under the Office of the

Controller within the Finance and Administration Cabinet. The Division of Goods and Services Procurement shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050.

XVII. To the extent that the provisions of this Executive Order enlarge upon, detract from, or otherwise conflict with any provisions of any previous Executive Orders relating to the organization of the internal structure of the Finance and Administration Cabinet, including but not limited to titles or designations, the previous Executive Orders are hereby rescinded and abolished.

XVIII. All personnel, records, files, equipment and funds heretofore assigned to organizational entities in previous organizational structures are hereby correspondingly transferred to the recipient cabinets.



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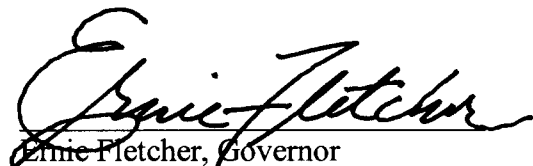
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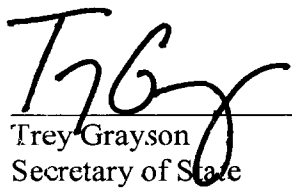
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- XIX. The Finance and Administration Cabinet, the Cabinet for Health and Family Services, the Transportation Cabinet, the Personnel Cabinet, the Office of the State Budget Director and all other affected agencies shall take all necessary action to effectuate this Order.

This Order is effective June 16, 2007.


Ernie Fletcher, Governor
Commonwealth of Kentucky


Trey Grayson
Secretary of State

REORGANIZATION PLAN

FINANCE AND ADMINISTRATION CABINET

**EXECUTIVE ORDER 2007-502 and
ADMINISTRATIVE ORDER 2007-03**
John Farris, Secretary

INTRODUCTION

It is the policy of this Administration to derive maximum benefit from the streamlining of state government structures, thereby reducing management costs and attaining a more efficiently operated government. In KRS 12.028, the General Assembly acknowledges that there is a need for the Governor to group related functions of organizational units and administrative bodies to garner greater economy, efficiency and improved administration.

The goal of this Executive Order is to accomplish the aforementioned goals by abolishing inactive boards and commissions, clarifying language pertaining to the Kentucky River Authority, adding the Executive Director to the Kentucky Property and Buildings Commission, transferring the Division of Fleet Management from the Transportation Cabinet to the Finance and Administration Cabinet, and streamlining the branches and sections within the Division of Fleet Management, the Department of Revenue, The Department of Facilities and Support Services and the Office of the Controller, as well as the following organizational changes:

1. COT will study IT operations in all cabinets and will consolidate those functions into COT where deemed in the best interests of the Commonwealth.
2. COT will transfer the Telehealth Board to the Cabinet for Health and Family Services because that cabinet is in a better position to oversee its functions.
3. COT will receive the Division of Printing in order to eliminate duplicate processes.
4. COT will reorganize its internal offices and divisions in a way that will prove more efficient, economical and transparent, and which will enable COT to better execute its enterprise-wide IT responsibilities.

This Executive Order will create a state government environment that better supports Governor Fletcher's "Prescription for Innovation: Delivering Broadband Technology for a 21st Century Kentucky."

SUMMARY OF PLAN

According to the Kentucky Revised Statutes, COT has the sole responsibility for IT operations in the Executive Branch. COT must ensure that these operations are conducted in the most efficient and effective way. The statutory authority for this Executive Order is contained in KRS 11.501-11.511. In particular, the most pertinent statutes are KRS 11.501(4), 11.501(10), 11.504(1)(c), and 11.511(3)(a). To begin with, KRS 11.501(4) states that the Commonwealth must provide information technology infrastructure, technical directions and a proficient organizational management structure to facilitate the productive application of information technology and resources to accomplish programmatic missions and business goals.

In addition, the statutes charge COT with ensuring that Kentucky IT operations are efficient. In KRS 11.507(1)(c), COT is charged with developing strategies and policies to support and to promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public.

The Executive Director of COT is charged with supervising IT personnel. KRS 11.511(3)(a) states that COT shall assess, recommend, and implement information technology governance and organization design to include effective information technology personnel management practices. It has been determined by the Governor, the Secretary of the Finance and Administration Cabinet and the Executive Director of COT that in order to carry out these statutory missions, it is necessary for the executive branch agencies to share information resources and technologies. Sharing of information resources will result in a cost effective means to provide the highest quality and most timely government services that would otherwise be cost prohibitive.

I. Consolidation of Executive Branch IT Operations

The first step toward the consolidation of IT operations is to evaluate the IT operations of each cabinet. Once the evaluations are complete, IT functions from each cabinet can be transferred to COT when appropriate. Information technology consolidation remains an unrealized opportunity for the Commonwealth of Kentucky to reduce costs of operations, to eliminate waste and to create efficiencies in state government operations.

A current trend in the public sector is to consolidate information technology operations and services to produce both cost savings and service improvements. Currently the states of Michigan, Delaware, Virginia, Indiana, Ohio, Texas, Missouri, California, Oregon, and others are engaged in significant IT consolidation efforts. For example, Michigan recently reported that the consolidation efforts that began in 2002 have resulted in \$97 Million dollars in savings.

COT has statutory authority and responsibility for the management of the state's information technology as is clearly established in KRS 11.505 to 11.511. Historically, COT has recommended standards for agencies in regard to equipment, software and information technology planning, budgeting, and spending. The state's current IT organization operates as an informal delegation of authority from COT, and is not effectively managed nor monitored by COT.

To accomplish the objective of consolidation, it is directed that all IT personnel and organizations be aligned to report to the Executive Director of COT. This alignment will continue until such time as there is consolidation directly under COT or delegated authority to the agency to provide these functions within the agency. All IT contracts and purchases will be transferred to COT with this directive and will be subject to COT review and approval going forward.

Net Benefits

Information technology consolidation will allow the state's technology planning, investment, implementation, and operation to be centrally organized and managed in concert with the Governor's goals for the state. Consolidation will transform the way the Commonwealth provides technology goods and services by centralizing the provision of state agency computers, networks, storage systems, servers, help desk, telecommunications equipment, and other technology resources within COT.

The consolidation of information technology in state government will reduce annual information technology costs. Similar efforts in the public and private sectors have consistently demonstrated savings of 10% to 20% in the areas of consulting, contract labor, supplies, hardware and software purchases, maintenance, rent, and other categories. Because of duplicate spending, the state has failed to achieve economies of scale and realize its true buying power.

II. The Transfer of a Board from COT to Another Agency

In one situation, a board administratively attached to COT would be more appropriately served by abolishing it within COT and transferring it to the agency that performs similar functions for the Commonwealth.

Net Benefits

The Board addressed in this Executive Order is the Telehealth Board. The Telehealth Board, established in KRS 11.550 and attached to the Commonwealth Office of Technology (COT), will be transferred to the Cabinet for Health and Family Services. KRS 216.265(16) states that the Governor "may reorganize the Kentucky Telehealth Board under the Cabinet for Health Services." Since the Telehealth Board's mission directly supports the missions of the Cabinet for Health and Family Services, in particular the E-Health arena, it has been deemed appropriate to undergo such reorganization. The Telehealth Board will provide a model for the E-Health network while COT will retain a seat on the board. COT will continue to provide Telecom assistance to the Board as well as all efforts necessary to support the Board in its statutory mission.

III. The Transfer of the Division of Printing to COT

The Division of Printing is transferred from the Office of Administrative Services within the Finance and Administration Cabinet to COT.

Net Benefits

Currently, there is a duplication of efforts between the two entities. Much of the infrastructure in the Division of Printing is in need of replacement. Instead of retaining two production facilities and spending funds to replace old equipment, the Division of Printing will share print capability with COT's production services. During the nighttime, COT completes the mainframe production for state businesses. The Division of Printing will use these computers during the day which will result in the best use of resources. In addition, as a corollary to the Governor's Prescription for Kentucky, this administration is striving to reduce any existing mechanisms for forms production and to rely instead on electronic means when possible. Further, with the merging of printing and network technology, COT can benefit from the consulting expertise of the Division of Printing as it undertakes IT consolidation. As a result of this transfer, two (2) employees, who assist with the maintenance of the printing facility will be transferred to the Division of Building Services within the Office of Building and Mechanical Services, Department for Facilities and Support Services.

IV. Changes within COT's Internal Organizational Structure

Within the current framework of COT there are opportunities to provide for more efficient and effective governance of IT operations.

Net Benefits

The proposed Executive Order supports Executive Order 2003-064 and Governor Fletcher's plan to streamline state government to ensure that the taxpaying public receives the best value for their tax dollar. The proposed organization will better align COT's resources and personnel with their functions, leading to better service at lower cost. It also creates an organization that can easily meet new requirements while minimizing overhead costs.

Under this new organizational structure, the divisions are aligned by functions, which are based on skill sets and system applications. As a result, the Commonwealth can benefit from sharing resources, mentoring new developers and cross training among agencies. This newly organized COT is composed of three (3) functional units reporting to the Commissioner. COT will be responsible for establishing performance measures and benchmarking policies and procedures as well as assessing, recommending and implementing IT governance and organization design to include effective IT personnel management practices. COT will also oversee shared IT resources and services, establish partnerships and alliances for effective implementation of IT projects and identify IT applications that should be statewide in scope. COT will ensure that these applications are not developed independently or duplicated by individual agencies within the Executive Branch. The offices organized under COT will provide services throughout state government and coordinate the IT work of all state agencies. COT will have eleven (11) divisions with Division Directors, which two (2) will report to the Executive Director of the Office of Enterprise Policy and Project Management, five (5) will report directly to the Office of Infrastructure Services and four (4) will report directly to the Executive Director of the Office of Application Development.

A. The Office of Enterprise Policy and Project Management

The Office of Enterprise IT Policy and Planning is renamed the Office of Enterprise Policy and Project Management. The Office of Enterprise Policy and Project Management will be responsible for long-term capital IT planning and project management within the entire Executive Branch. The current structure of

the Office of Enterprise Policy and Project Management does not allow for a focused approach to tracking and completing IT projects. As a result, many projects go over budget or simply fail. The proposed reorganization would create a more disciplined approach to how projects are undertaken and result in greater efficiency and return on investment by ensuring projects are linked to business strategy via enterprise project portfolio management.

The Office of Enterprise Policy and Project Management will consist of two (2) divisions. First, the former Division of Enterprise Architecture is renamed the Division of Enterprise Project Management. The Division of Enterprise Project Management will support the greater project management community within Executive Branch procurement, provide and mentor training, and other resources or services pertinent to this skill-set.

Secondly, the former Division of IT Contract and Asset Management is abolished under this Executive Order. Operations previously preformed by this Division will be centrally administered from the Office of Administrative Services within the Finance and Administration Cabinet.

Third, the Division of Relationship and Service Management is abolished under this Executive Order.

Fourth, the Geographic Information Advisory Council (GIAC) is abolished and the Kentucky Geospatial Board (KyGB) is created to assume its functions in order to promote a more effective, streamlined body better aligned to the advancements in geospatial technology.

Finally, the current Division of Geographic Information will collect, compile and facilitate the production of geospatial data for the Commonwealth. It will be this division's responsibility to be an active voice in leading the direction of GIS across state government through cabinet and agency engagements as well as participation in the KyGB.

B. The Office of Infrastructure Services

The Office of Infrastructure Services will be responsible for the day-to-day operations of executive branch IT resources. The majority of changes within this office consist of name changes for existing divisions. The former Division of Security Services is renamed the Division of Communications. The Division of Communications will maintain network and security services. The former Division of Computing Services is renamed the Division of IT Operations. The Division of Operations will coordinate management and maintenance of pre-existing infrastructure services. The former Division of Communications Services is renamed the Division of Client Services. The Division of Client Services will operate the help desk and manage enterprise-wide customer support. Finally, the former Division of Infrastructure Support is renamed the Division of Technical Services. The Division of Technical Services will be responsible for software and data maintenance.

Two divisions are created within the Office of Infrastructure Services as a result of this Executive Order. The Division of Field Services will consolidate the planning functions of Telephony support for state agencies and the Kentucky Wireless Interoperability Network Systems (KYWINS). In addition, the division will support KYWINS in the field and support IT operations where appropriate. The Division of Field Services will include network administration and on-site PC maintenance and repair throughout the Commonwealth. This approach will result in efficiencies derived by the maintenance support for remote state agencies with pre-existing microwave support elements on site.

The other division created within the Office of Infrastructure Services is the Division of Printing Services. The Division of Printing Services is the result of the

transfer of responsibilities from the previous Division of Printing within the Office of Administrative Services.

The Security Administrative Branch, within the Division of Communications, will be abolished as result of the establishment of the newly created Security Administrative Branch within the Division of Technical Services. Two (2) employees that perform facilities maintenance functions will be transferred to the Division of Building Services within the Office of Building and Mechanical Services, Department for Facilities and Support Services.

The Division of Field Services will be abolished as a result of this Executive Order, due to the realignment of duties within the Office of Infrastructure Services.

C. The Office of Application Development

The former Office of Consulting and Project Management is renamed the Office of Application Development. The Office of Application Development will be responsible for IT project management, consulting and development for the Executive Branch. There are four name changes to pre-existing divisions and an abolishment of one division. This Executive Order replaces the Office's vertical management structure with an industry standard horizontal structure. Under the previous vertical structure, the Divisions were organized as functional groups of analysts, project managers and developers who focused solely on application development for designated cabinets. Divisions that previously focused on a fixed group of clients will now be organized into a skill-specific structure.

The former Division of Centers of Expertise is renamed the Division of Portfolio Management. The Division of Portfolio Management will be responsible for the Commonwealth's application development. The Division of Human Services Systems is renamed the Division of Data Architecture. The Division of Data Architecture will be responsible for the development and support of data integration and data warehouse environments. The Division of Transportation Systems is renamed the Division of Support Services. The Division of Support Services will be responsible for quality control and testing. Finally, the Division of Financial Systems is renamed the Division of Consulting and Project Management. The Division of Consulting & Project Management will develop the requirements, the business and technical analysis as well as prioritization, coordination and management of system application projects.

The Division of General Government is abolished under this Executive Order.

This Executive Order will result in a pooling of resources, which will provide the ability to achieve higher productivity from workers as well as cross-training workers to meet the challenges of maintaining legacy systems.

V. The Abolishment of Inactive Boards and Commissions

The Boards and Commissions abolished in this reorganization plan were created for a legitimate purpose but their duties have been transferred to a different agency or their project has been completed. The following boards have had their duties transferred to another agency:

1. The duties of the County Officials' Compensation Board have been transferred to the Governor's Office of Local Development.
2. The duties of the Kentucky Savings Bond Authority have been transferred to the Office of Financial Management within the Finance and Administration Cabinet.
3. The duties of the Kentucky Pollution Abatement Authority have been transferred to the Kentucky Infrastructure Authority.

The following boards have completed their project or their services have never been utilized:

1. The Central State Hospital Recovery Authority.
2. The Governor's Advisory Committee on International Relations.
3. The Procurement Advisory Council.
4. The Red Fox Tri-County Cooperative Authority

VI. Clarifications within Other Boards and Commissions

There have been changes to some active boards and commissions in order to promote efficiency and to ensure all interested agencies are fairly represented. Clarifying, clarifying language is needed to ensure that a quorum is always present to vote on important business pertaining to the Kentucky River Authority. The Executive Director of the Office of the Controller has been added back into the Kentucky Property and Buildings Commission and to the Kentucky Asset/Liability Commission and the State Budget Director joins the State Property and Buildings Commission.

VII. Transfer of Fleet Management from the Department of Transportation to the Finance and Administration Cabinet

Currently, the Finance and Administration Cabinet purchases and surpluses the Commonwealth's vehicles. In order to further the Administration's mission to group related functions of organizational units to promote greater efficiencies, it is necessary to transfer to the Finance and Administration Cabinet the remaining duties related to Fleet Management.

VIII. Reorganization of Agencies within the Division of Fleet Management

The Administrative Order streamlines the branches and sections within the Division of Fleet Management. First of all, the Motor Pool Branch is abolished and its duties and personnel are transferred to the newly created Fleet Support Services Branch. The other changes are merely renaming of sections to more accurately portray the functions they perform.

VIX. The creation of new structures to specialize in current revenue functions or assume new ones resulting from recent legislation

- A. The Division of Special Investigations is created.
- B. The Division of Tax Increment Financing is created as a result of House Bill 549 from the 2007 Session of the General Assembly.
- C. The Division of Registration and Data Integrity within the Office of Processing and Enforcement has the following changes:
 1. The Program Improvement/Data Quality Branch is created within the Division of Registration and Data Integrity within the Office of Processing and Enforcement.
 - a. The Program Improvement and Analysis Section is established within the Program Improvement/Data Quality Branch.
 - b. The Data Integrity Section is established within the Program Improvement/Data Quality Branch.
 2. The Registration Branch is created within the Division of Registration and Data Integrity within the Office of Processing and Enforcement.
 - a. The Taxpayer Registration Section is established within the Registration Branch.

- b. The Registration Compliance Section is established within the Registration Branch.
- D. The Division of Collections within the Office of Processing and Enforcement has the following changes:
 - 1. The Contact Section 2 within the Contact Branch is established.
 - 2. The Contact Section within the Contact Branch is renamed Contact Section 1.
 - 3. The Taxpayer Response Section 3 within the Contact Branch is established.
 - 4. The Corporation/LLC Section 6 within the Corporation/LLC Branch is established.
 - 5. The Individual Collections Section 3 within the Individual Collections Branch is established.
 - 6. The Property Tax Section within the Individual Collections Branch is established.
 - 7. The Enterprise Collections Section 4 within the Enterprise Collections Branch is established.
- E. The Motor Vehicle Branch within the Division of State Valuation shall transfer one position to the Office of the Commissioner.

X. The renaming of structures to more accurately describe functions assigned to them by KRS 12.020(II,7.)

- A. The Tax Roll Information Management Branch within the Division of Local Valuation within the Office of Property Valuation is renamed the Technical Support Branch.
- B. The Data Warehouse/Methodology Analysis Section within the Systems Administration Branch within the Division of Collections within the Office of Processing and Enforcement shall be renamed the Methodology/Analysis and Collection Support Section.
- C. The Remittance/CARS Taxpayer Registration Section within the Document Preparation and Miscellaneous Processing Branch within the Division of Operations within the Office of Processing and Enforcement is renamed the Miscellaneous Processing Section.
- D. The Mineral Assessment Compliance Branch within the Division of Minerals Taxation and GIS Services shall be renamed the Minerals Severance Tax Branch.

XI. The abolishment of structures which no longer fit the Department's needs

- A. The Office of Taxpayer Ombudsman is abolished.
- B. The Division of Legislative Services is abolished.
- C. The Certification, Equalization and Collection Branch within the Division of Local Valuation within the Office of Property Valuation is abolished.
- D. The Mapping Services Branch within the Division of Local Valuation within the Office of Property Valuation is abolished.
- E. The Disclosure Branch within the Office of the Commissioner of Revenue is abolished.
- F. The Training Section within the Audit Support and Training Branch within the Office of Field Operations is abolished.

G. The Research Section within the Division of Registration and Data Integrity within the Office of Processing and Enforcement is abolished.

a. The Lien Enforcement Section within the Legal Support Branch is abolished.

I. The Division of Legislative Services is hereby abolished. The duties of this division will be transferred to the Office of the Secretary within the Finance and Administration Cabinet.

XII. The renaming of structures within the Office of the Controller to more accurately describe functions assigned to them

A. The Office of Material and Procurement Services within the Office of the Controller is renamed the Office of Procurement Services.

1. The Division of Technology Services Procurement is created within the Office of Procurement Services within the Office of the Controller.

2. The Division of Goods and Services Procurement is created within the Office of Procurement Services within the Office of the Controller.

XIII. The reorganization of agencies within the Department for Facilities and Support Services

A. The Inventory Compliance Branch within the Division of Real Properties is renamed to the Inventory and Property Utilization Branch to more accurately describe the functions assigned to them.

B. The Planning and Utilization Branch within the Division of Real Properties is abolished, as this is a vacant branch that is no longer needed within the Division.

C. The Work Order Section is created within the Office of Building and Mechanical Services to maintain and monitor workflow process within the Office. As a result of this establishment, one (1) employee and one (1) cap will be transferred from the Division of Occupations and Professions within the Office of Administrative Services to the Office of Building and Mechanical Services.

FISCAL IMPACT

While it is difficult to provide an exact dollar reduction or increase in expenditures that will result from the reorganization, there will likely be a reduction in expenses in the following areas:

1. IT consolidation will result in significant cost savings over several years through reductions in software licenses, dependence on staff augmentation contracts and redundant equipment.
2. Relocation and consolidation of staff will eventually result in lower operating expenses, i.e., salaries, rent, utilities, janitorial services, and office equipment.
3. Improved service and better co-coordinated use of resources will lead to significant cost savings and increased services to customer agencies.

Initially, there will be increased costs to COT due to their receipt of the Division of Printing from the Office of Administrative Services. There will be significant long-term

savings for the Commonwealth due to the elimination of duplicative efforts for the same services.

Additional monetary benefits will be incurred due to the establishment of the Division of Field Services and the abolishment of the Division of General Government. The establishment of the Division of Field Services will provide a basis for servicing state agencies on an area basis rather than an agency basis. This will require fewer resources and improve response time.

There will be a fiscal impact resulting from the transfer of divisions from agencies to COT within this Executive Order and the transfer of one board from COT to another agency.

- 1. The Office of Administrative Services will transfer all remaining funds with the Division of Printing to COT.
- 2. COT will transfer all remaining restricted funds and all appropriated general funds along with the Telehealth Board to the Cabinet for Health and Family Services.
- 3. The abolishment of inactive boards and commissions will result in a reduction of administrative time and expense.
- 4. The transfer of the Division of Fleet Management from the Transportation Cabinet to the Finance and Administration Cabinet will result in cost savings over several years due to the elimination duplicative efforts.
 - a. Relocation and consolidation of staff will eventually result in lower operating expenses, i.e. salaries, rent, utilities, janitorial services and office equipment.
 - b. Improved service and better-coordinated use of resources will lead to cost savings and improved services to customer agencies.

The changes within the Department of Revenue do not reduce or increase personnel costs but instead shift personnel to more productive areas. The exception would be in the Division of Collections, which is creating six (6) new sections and the Division of Registration and Data Integrity, which is creating two (2) new branches and two (2) new sections with an eye toward future hiring. As best practices from each organizational unit are implemented, savings should be realized in processing and response time, procurement efficiencies, information technology administration and enhanced services.

PERSONNEL IMPACT

The number of management positions within COT will decrease as a result of this Executive Order.

Position	Before	After
Office/Department Heads	4	4
Division Directors	13	12
Total	17	16

Prior to this Executive Order, COT had 429 full time employees. After this Executive Order, COT will have 424 full time employees, 7 interim employees and 1 part time employee. Although there will be increased personnel costs to the Commonwealth Office of Technology, there will be long term cost savings to the Commonwealth as a result of more efficient operations.

The number of management positions within the Division of Fleet Management will remain as is as a result of this Executive Order.

Position	Before	After
Division Directors	1	1
Total	1	1

Prior to this Executive Order, the Office of Administrative Services within the Finance and Administration Cabinet had 137 full time employees. After this Executive Order, the Office of Administrative Services will have 179 full time employees. Although there will be increased personnel costs to the Office of Administrative Services, there will be long term cost savings to the Commonwealth as a result of more efficient operations.

The number of management positions within the Department of Revenue will decrease as a result of this Executive Order. Primarily, shifts or transfers of personnel will occur within the Department of Revenue. All employees who are replaced as a result of the Reorganization Plan will be reclassified or transferred to other positions without a decrease in compensation. Promotions will occur in other areas of the Department. No layoffs are scheduled as a result of this Executive Order. Managerial changes will create:

Position	Before	After
Executive Directors	6	5
Division Directors	12	11
Total	18	16

The number of management position within the Office of the Controller, as well as the Department of Facilities and Support Services will be unchanged as a result of this Executive Order.