SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: General Government Appropriations Committee

BILL: CS/CS/SB 1494

SPONSOR: General Government Appropriations Committee, Governmental Oversight and Productivity Committee, and Senator Argenziano

SUBJECT: Information Technology Management

DATE: April 4, 2005 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	**Fav/CS**
2.	Kynoch	Hayes	GA	**Fav/CS**
3.			WM	**Withdrawn**
4.				
5.				
6.				

I. Summary:

The committee substitute establishes a series of policy goals and objectives for the organization and delivery of state technology resources.

It transfers the operational responsibilities of the Technology Program within the State Technology Office to the Department of Management Services and creates a Florida Technology Council as a successor entity to the State Technology Office.

This bill creates an unnumbered section of the Florida Statutes and further amends the following existing sections: 20.22; 282.0041; 282.005; 282.102; 282.103; 282.104; 282.105; 282.106; 282.107; 282.1095; 282.111; 282.20; 282.21; 282.22; 282.3031; 282.315; 282.318; 287.042; and 445.049.

The bill creates sections 282.0055 and 282.3025, F.S.

The bill also repeals ss. 110.205 (2)(e) and (w); 186.022; 216.292 (1)(c); 282.005; 282.23; 282.3055; 282.3063; 282.310; 282.322(2) and 287.057(24), F.S.

The bill appropriates $1.2 million and authorizes ten positions for support of the newly created council.

II. Present Situation:

Information technology governance for the Executive Branch of state government is largely centered in a State Technology Office created in ch. 282, F.S. That office is directed to provide leadership activities on behalf of state agencies although its principal activities have been focused on serving the requirements of those agencies reporting directly to the Governor. The cumulative annual investment of state funds in technology infrastructure for state agencies is in excess of $2.1 billion.[1] Only seven major information technology initiatives command one-third of the total spending for state agencies. Even these numbers, however, may mask the full financial commitments for activities and processes that are indirectly influenced by technology.

The State of Florida and its executive branch agencies have had a checkered experience in the organization, management and operation of technology. Several Auditor General reports have examined government management structures and operations over recent years and reported significant financial commitments made in excess of reasonable expectations of need. A total of twenty state agencies have had one or more technology financial post-audits completed in the past three years. Fifteen additional audits have been completed on technology operations in educational entities while three additional ones covered multijurisdictional public organizations.[2]

Common themes have arisen in the audit commentaries on these agencies. Many projects were found to be off-task and off-budget, there was a poor understanding of operational expectations, or personnel and operational practices were insufficient for the proper and timely execution of responsibilities. Most recently, the Senate Governmental Oversight and Productivity Committee identified several common attributes of state agency contractual procurements in which actual performance demonstrated a significant departure from expectations. All of those procurement underperformances had significant technology components and were found to be the result of one or more of the following conditions:

1. A management-directed imperative to execute faster than the agency had capacity;
2. Loss of knowledge capital through a strategic disinvestment in agency capacity or over reliance upon contract vendors;
3. Decision-making based upon price rather than product or service effectiveness;
4. Decision-making motivated by minimizing state investment and maximizing shared federal revenues;
5. Claimed tangible savings that were speculative;
6. Unwritten understandings accompanied by longer term financial liabilities;
7. A rush to the procurement market with a poor understanding of expectations; and
8. Vendor systems that could not deliver the service or product on time, on-task, or on budget.

Recent actions by the Department of Management Services have focused increased attention on its contractual activities in the areas of purchasing and personnel management. Its human resources outsourcing initiative is more than one year behind schedule and its contract vendor, Convergys Customer Management Group, has had to contend with a difficult technology migration from the predecessor state personnel system to its successor one.[3] As a consequence there have been missed or delayed employee payrolls, benefit coverage interruptions, incorrect

[1] Technology Review Workgroup, *Technology Spending,* Presentation Before the Senate Governmental Oversight and Productivity Committee, December 13, 2004.
[2] State of Florida, Office of the Auditor General, www.state.fl.us/audgen/pages/subjects/infotech/htm.
[3] The proprietary state legacy system was **COPES** (**CO**perative **P**ersonnel and **E**mployment **S**ubsystem)and was replaced by independent commercial business software developed by the German firm **SAP** (**S**ysteme **A**nwendungen **P**rodukte).

benefit premium calculations, and ineffective implementation of electronic time and attendance reports. All of these have resulted in increased management attention to these difficulties as they have produced widespread employee dissatisfaction.

In a March 11, 2005, presentation to the National Association of State Comptrollers, the Department of Financial Services reported to the Nation's other state chief financial officers on Florida's experience to date with Convergys. The report[4] described the history of the procurement and the many performance expectations that the service provider had not executed well into the early implementation of its nine-year contract with the Department of Management Services.

III. Effect of Proposed Changes:

Section 1. The bill provides a statement of legislative intent of the importance of establishing a management governance process that aligns state agency information technology needs with their individual jurisdictional requirements.

This section also provides definitions of the terms "agency information technology investment management ," information technology investment," "information technology portfolio management," information technology services catalog," "non-strategic information technology service," "project management," "service level agreement," and "strategic information technology service."

The bill describes the linkage of the above, defined components into a management process designed to integrate state agency activities with their specific jurisdictional businesses. The aggregation of all of these components produces an information technology portfolio that will comply with the budget instructions issued state agencies through the operation of s. 216.023, F.S.

This section requires each affected agency to develop an internal technology governance process to discipline the execution of its technology investment. The process of governance and accountability applies to agency technology activities and is scaled in sophistication based upon increasing state budgetary investment.

Sections 2 amends s. 20.22, F.S., to delete reference to a specific State Technology Office and create a Technology Program similar to the other entities in the Department of Management Services.

Sections 3 repeals s. 110.205 (2) (e) and(w), F.S., to provide cross reference conformity and remove the Career Service exemption of positions assigned to the State Technology Office.

Section 4 repeals s. 186.022., F.S., relating to information technology strategic plans.

Section 5 repeals s. 216.292(1)(c), F.S., that dealt with the transfer of positions and funds for a prior fiscal year, FY 2002, affecting the State Technology Office.

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[4] Florida Department of Financial Services, *Outsourcing Human Resource Management*, undated.

Section 6 amends s**.** 282.0041, F.S. to delete provisions unneeded relative to the changed organizations structure of the State Technology Office and the Department of Management Services.

Section 7 repeals s. 282.005, F.S., relating to legislative findings and intent on information technology.

Section 8 creates s. 282.0055, F.S., to not compromise any constitutional powers given the Cabinet officers

Sections 9 amends s. 282.102, F.S., to delete responsibilities assigned the State Technology Office in long-range program plans and review of information management needs. Also, makes terminology changes to reflect the transfer of powers and duties from the STO to DMS.

Sections 10 through 19 make terminology changes to reflect the transfer of powers and duties for the operational responsibilities of the Technology Program from the State Technology Office to the Department of Management Services.

Section 20 repeals s. 282.23, F.S., relating to strategic information alliances.

Section 21 creates s.282.3025, F.S., to provide for a Florida Technology Council to succeed to the duties assigned the State Technology office and to provide a strategic integration of state agency technology activities that are consistent with the state budget.

Section 22 amends s. 282.3031, F.S., to conform responsibilities assigned the former State Technology Office.

Sections 23, 24, and 25 repeal ss. 282.3055, 282.3063, and 282.310, F.S., relating to personnel in the State Technology Office and two separate information technology reports.

Section 26 amends s. 282.315, F.S., to make conforming nomenclature changes.

Section 27 amends s. 282.318, F.S., to substitute each agency head for the State Technology Office, in consultation with the Department of Law Enforcement, as responsible for information technology security.

Section 28 repeals s. 282.322 (2), F.S., to delete the role of the State Technology Office in the identification of high risk information technology projects.

Section 29 amends s. 287.042, F.S., to delete reference to the State Technology Office in state procurement statutes.

Section 30 repeals s. 287.057 (24), F.S., on the authority given to the State Technology Office to develop strategic information alliances.

Section 31 amends s. 445.049, F.S., to substitute the Department of Management Services for the State Technology Office as the technical support entity for the Digital Divide Council.

Section 32 appropriates $1.2 million and authorizes ten positions to fund the revised responsibilities assigned the Florida Technology Council.

Section 33 provides an effective date of July 1, 2005.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill appropriates $1.2 million and authorizes ten positions for support of the newly created Council.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.