

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government—HB 1557 expands government by creating AEIT which will be responsible for strategies, planning, policies, standards, oversight, purchasing/contracting, operations/management and project management for enterprise information technology.

B. EFFECT OF PROPOSED CHANGES:

Background

More than half of all Americans contact the government in a given year. Of those, almost 75% are internet-connected.¹ Online connectivity has many appeals. It offers expanded information flow between government and citizen, it helps citizens conduct business with government, and it makes it possible for citizens to fire off a missive to express their views about policies or problems.²

Florida, like other states, has responded to the demand for technology service venues. Information technology (IT) has fueled improved government service delivery and efficiency. It has also been scrutinized for its part in major business process reengineering (BPR) projects and outsourcing. A major portion of a BPR project's cost stems from investment in IT infrastructure, products, and services. However, IT remains an essential tool for government to meet citizens' demand for electronic business transactions, services, and information.

During the 2000 Session, the Legislature adopted SB 1334 (Ch. 2000-164, LOF), establishing the foundation for many online or electronic government transactions. The State Technology Office (STO) was also created to foster a centralized and coordinated approach to e-government implementation. Responsibility for operating statewide communications systems and services, wireless communications systems and services, and the Shared Resource Center were transferred from DMS to the STO.

The following session, the Legislature adopted HB 1811 (Ch. 2001-261, LOF), expanding the authority and responsibility of the STO. The bill established a central framework for IT governance, provided for establishment of standards, management, and system deployment. IT resources, such as staff, hardware, and system development, remained within the agencies with agency heads directed to complete technology transactions in consultation with the STO. Full implementation of the bill required submission of a budget amendment to the Legislative Budget Commission. An amendment was submitted and later withdrawn, leaving the structure partially implemented. The statute has remained unchanged since that time.

Florida spends almost \$2.0 billion a year on IT infrastructure, products, systems, and services.³ The magnitude of IT expenditures warrants accountability of its performance and value. In current frameworks, IT costs are explicit, but value can be elusive to define and quantify.⁴ Additionally, inadequate visibility into IT funding drives the perception of IT as a large, expensive cost center that can be easily cut.⁵ A governance framework which provides clear objectives, best practices, and clearly assigned duties can bridge this disconnect.

Present situation

¹ John B. Horrigan, "How Americans Get in Touch with Government," Pew Internet & American Life, May 24, 2004.

² Ibid.

³ Pew Internet & American Life and estimate based on actual expenditures for FY 2003-2004.

⁴ John Roberts, "Find the 'Sweet Spot' for IT Governance, Strategy, and Value," Gartner, Inc., August 25, 2005.

⁵ John Kost, "Meeting IT Leadership Challenges in Government," Gartner, Inc., April 8, 2004.

Florida Government agencies use divergent resources and standards to meet their Information Technology needs. As a result, the potential cost savings through economies of scale, compatibility between information technology systems and effective implementation of large systems that affect multiple government entities are not being realized. An Enterprise approach to Florida's executive branch agencies information technology could reap significant cost savings and enhanced technological effectiveness by eliminating inconsistent and wasteful practices that result from decentralized technology policies and a dearth of statewide standards.

Prior attempts to achieve an enterprise approach are widely viewed as failures. These were described in a January 2007 Technology Review Workgroup report on Enterprise Information Technology. The most recent attempt was the formation of the State Technology Office (STO). With appointment of a State (wide) Chief Information Officer (CIO) as its head (with enterprise information technology oversight and policy making authorities), STO was formed by renaming a subcomponent of the Department of Management Services (DMS) known as the Technology Program Area. The formation of STO combined information technology services, policy, and oversight into one organization.

In spite of being granted broad authority in Florida Statutes, STO's initial strategy deemed all other major Florida State government information technology entities under the Governor's purview (with a total annual fiscal budget of approximately \$750 million) as a part of a single "virtual" technology agency. STO intended to ultimately codify this agency in Statutes and have all of these resources appropriated to it. Finally, STO "outsourced" all of the information technology services directly under its purview (approximately \$16 million annually). These outsource contracts were prematurely terminated thus requiring settlement agreements that were funded in the 2006 General Appropriations Act. Much of STO's authority has been officially removed, but remnants remain in statutes.

Against a backdrop of recent difficulties with three new major State wide information systems; purchasing (MyFlorida Marketplace), human resource management (PeopleFirst), accounting (Aspire), several large agency specific systems, and the ongoing existence of approximately 30 data centers and unknown number of server rooms, this legislation is designed to fill a need for centralized enterprise information technology coordination, policies and standards.

Proposed change

HB 1557 creates the Agency for Enterprise Information Technology (AEIT) within the Executive Office of the Governor. AEIT will be a separate budget entity that is not subject to control, supervision, or direction by the Executive Office of the Governor in any manner. The executive director of AEIT is appointed by the Governor and Cabinet and subject to confirmation by the Senate. The executive director is designated as the chief information officer and the executive sponsor for all IT projects.

HB 1557 requires AEIT to develop and implement strategies for the design, delivery, and management (which includes, service-level agreements, procurement of IT resources, and contracts with IT service providers) of IT services for executive branch agencies.

HB 1557 requires AEIT to make recommendations to the SCIO and Legislature concerning other IT services that should be designed, delivered, and managed.

HB 1557 requires AEIT to develop a work plan describing the activities AEIT intends to undertake and the proposed outcomes. Each state agency is required to provide AEIT its cost, service requirements, and equipment inventory.

HB 1557 requires AEIT to develop policy recommendations and implementation plans for current and proposed IT services.

HB 1557 requires AEIT, in consultation with each agency head, to assess and recommends minimum operating procedures for ensuring an adequate level of security for all data and IT resources for executive branch agencies. Each agency head is required, at a minimum to:

- Designate an information security manager to administer its security program.
- Conduct a risk analysis to determine the security threats to IT resources.
- Develop written internal policies and procedures that are consistent with the standard operating procedures adopted by AEIT.
- Implement cost-effective safeguards to reduce, eliminate, or recover from the identified risk to IT resources.
- Ensure periodic internal audits and evaluations of its IT resources.
- Include appropriate security requirements for the solicitation of IT resources which are consistent with AEIT.

HB 1557 requires AEIT to designate a chief information security officer.

HB 1557 requires AEIT to develop standards and templates for conducting comprehensive risk analyses and information security audits by state agencies, assist agencies in their compliance, pursue appropriate funding to enhance domestic security, establish guidelines and procedures for the recovery of IT following a disaster, and provide training for agency information security managers.

HB 1557 also removes the Technology Resource Center (TRC) from the State Technology Office (STO) and establishes the TRC in the Department of Management Services (DMS). TRC will be required to submit, annually, to AEIT a copy of its service rates and cost-allocation plan.

C. SECTION DIRECTORY:

Section 1. Creates s. 14.204, F.S., the Agency for Enterprise Information Technology within the Executive Office of the Governor.

Section 2. Amends s. 20.22, F.S., to remove the State Technology Office within the Department of Management Services.

Section 3. Amends s. 216.0446, F.S., to revise the duties of the Technology Review Workgroup with the Legislature to conform to the transfer of duties concerning the management of information technology for state agencies.

Section 4. Amends s. 282.0041, F.S., to revise and provide definitions.

Section 5. Creates s. 282.0055, F.S., to provide for the Agency for Enterprise Information Technology to oversee information technology services that are common to all executive branch agencies and for agency information technology services to be responsible for information technology within an individual state agency.

Section 6. Creates s. 282.0056, F.S., to require the Agency for Enterprise Information Technology to develop a work plan.

Section 7. Amends s. 282.20, F.S., to transfer management of the Technology Resource Center from the State Technology Office to the Department of Management Services.

Section 8. Amends s. 282.3055, F.S., to revise the duties of state agencies with respect to providing assistance to the Agency for Enterprise Information Technology.

Section 9. Amends s. 282.315, F.S., to revise the duties of the Agency Chief Information Officers Council.

Section 10. Amends s. 282.318, F.S., to provide duties of the Agency for Enterprise Information Technology with respect to the security of data and information technology resources.

Section 11. Amends s. 282.322, F.S., to require that the Agency for Enterprise Information Technology perform contract monitoring duties formerly performed by the Enterprise Project Management Office of the Stat Technology Office.

Section 12. Amends s. 216.023, F.S. to require that certain legislative budget requests include the statutory reference to the policy requiring a new information technology project.

Section 13. Provides that the Department of Management Services shall assume the responsibilities of the State Technology Office.

Section 14. Repeals ss. 186.022, 282.005, 282.101m 282.102, 282.23, 282.3031, 282.3032, 282.3063, 282.310, 287.057 (24), 288.1092, and 288.1093, F.S.

Sections 15-27. Amends ss. 215.95, 215.96, 282.103, 282.107, 288.0655, 339.155, 381.90, 403.973, 408.05, 420.0003, 420.511, 943.08, and 1001.26, F.S., to conform cross-references and other references to provisions repealed by the act.

Section 31. Provides and effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

DMS has a budget request for 5 FTE's and \$581,751 to continue the Office of Information Security currently in existence within DMS. The fiscal impact of this bill is indeterminate at this time.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties

2. Other:

None.

B. RULE-MAKING AUTHORITY:

HB 1557 will require AEIT to have rule-making authority under chapter 120 since AEIT will have a wide scope of duties and responsibilities some of which will have a statewide impact.

C. DRAFTING ISSUES OR OTHER COMMENTS:

By combining policy IT and operations IT, DMS feels this will lead to financial improprieties as proceeds paid for IT services are directed towards Enterprise initiatives having no relationship with the purpose of customer payments. In a service organization, revenues from customers fund the operations, infrastructure or new revenue generating services that fill a need. If those revenues are redirected to enterprise studies, consulting, oversight, policy setting and administration, services will atrophy which will diminish the credibility of both the operational and policy making sides of the organization. Paying customers also view this as an inequitable subsidization of enterprise initiatives. While IT service providers should develop services that meet the enterprise requirements of the policy body (AEIT), they should do so as separate entities focusing on customer service and financial solvency.

Section 8 of HB 1557 makes reference to "STO" and should be "SCIO."

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES