HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1557 State Information Technology
SPONSOR(S): Government Efficiency & Accountability Council and Weatherford
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Committee on Audit & Performance	6 Y, 0 N	Ferguson	De La Paz
2) Government Efficiency & Accountability Council	13 Y, 0 N, As CS	Ferguson	Cooper
3) Policy & Budget Council	30 Y, 0 N	Leznoff	Hansen
4)			
5)			

SUMMARY ANALYSIS

CS/HB 1557 creates the Agency for Enterprise Information Technology (AEIT) within the Executive Office of the Governor. The executive director of the AEIT is the state chief information officer (SCIO) of the state and the executive sponsor for all IT projects. The AEIT will have the following responsibilities and duties:

- Develop and implement strategies for the design, delivery, and management of IT services for executive branch agencies.
- Make recommendations to the SCIO and Legislature concerning other IT services that should be designed, delivered, and managed.
- Develop a work plan describing the activities AEIT intends to undertake and the proposed outcomes.
- Develop policy recommendations and implementation plans for current and proposed IT services.
- Assess and recommend minimum operating procedures for ensuring an adequate level of security for all data and IT resources for executive branch agencies.

The bill also:

- Removes the Technology Resource Center (TRC) from the State Technology Office (STO)
- Establishes the TRC in the Department of Management Services (DMS).
- Requires AEIT to designate a chief information security officer.
- Provides for DMS to assume the duties and responsibilities of STO.
- Requires AEIT to publish annually, no later than September 30 each year, standards, templates, guidelines, and procedures to enable agencies to incorporate them in their planning the following fiscal year.
- Requires AEIT to develop implementation plans for up to three of the proposed enterprise IT services beginning fiscal year 2008-2009.
- Requires each agency head to develop written internal policies and procedures for notifying AEIT when an information security incident occurs or data is compromised.

The bill is estimated to require fifteen (15) positions and $1,681,921 from recurring General Revenue and $650,000 from non-recurring General Revenue. Currently, the proposed General Appropriations Act includes five positions and $581,751 from recurring General Revenue to fund the Office of Information Security in the Department of Management Services; however, the balance of the funding need is not provided in the bill or in the House of Representatives Proposal for the General Appropriations Act.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government—CS/HB 1557 expands government by creating AEIT which will act as the focal point for large-scale enterprise policy for state agencies, initially in four defined areas, and ultimately embracing the development of architecture standards and the consolidation of state agency data centers.

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.

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[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.

Present situation

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 <u>Enterprise Information Technology</u>. 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

CS/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.

The bill 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.

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

The bill 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.

The bill requires AEIT to develop policy recommendations and implementation plans for current and proposed IT services.

The bill requires AEIT, in consultation with each agency head, to asses 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.

The bill requires AEIT to designate a chief information security officer.

The bill requires AEIT to publish annually, no later than September 30 each year, standards, templates, guidelines, and procedures to enable agencies to incorporate them in their planning for the following fiscal year.

The bill 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 Sate 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 form 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. Amends s. 943.0313, F.S. to provide that the state chief information officer is a voting member of the Domestic Security Oversight Council.

Section 14. Provides that the Department of Management Services assumes the duties and responsibilities of the State Technology Office.

Section 15. Repeals ss. 186.022, 282.005, 282.101, 282.23, 282.3031, 282.3032, 282.3063, 282.310, 287.057 (24), 288.1092, and 288.1093, F.S.

Sections 16-27. 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 28. 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:

   Executive Office of the Governor
   Agency for Enterprise Information Technology

	FY 2007-08	FY 2008-09	FY 2007-08
Recurring:			
Positions 15 FTE			
Salary Rate 1,074,577			
Salaries & Benefits	$1,681,921	$1,681,921	$1,681,921
Non-Recurring:			
Contractual Services	650,000	0	0
Total – General Revenue	$2,331,921	$1,681,921	$1,681,921

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Required resources to start-up the new agency is estimated to total 10 full-time positions, associated salary rate of 732,000, and $1,100,160 from recurring General Revenue. This funding has not been provided in the bill.

Required resources for the Office of Information Security total 5 full-time positions, associated salary rate of 342,577, and $581,751 from recurring General Revenue. This funding is included in the proposed 2007-08 General Appropriations Act contingent on legislation authorizing the Office. The funding is provided in the Department of Management Services, where the Office currently exists through June 30, 2007. Therefore, the funding is not provided in this bill. If CS/HB 1557 or similar legislation is adopted authorizing the Office within the Agency for Enterprise information Technology, funding for the Office should be transferred from the Department of Management Services to the Agency for Enterprise Information Technology.

The Governor's Office has also indicated a need for $350,000 from non-recurring General Revenue to contract for a feasibility study for a customer relationship management system that defines and establishes all state agency requirement for receiving, managing, responding to, tracking, and reporting on telephone, email, personnel, and other communications received from the public. And the Governor's Office has also indicated a need for $300,000 from non-recurring General Revenue to contract for services to develop a process to review and analyze non-enterprise agency information technology requests. This funding has not been provided in the bill.

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:

CS/HB 1557 will allow AEIT to adopt rules under chapter 120 to administer the provisions of this act.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On April 18, 2007, the Government Efficiency & Accountability Council adopted a strike-all amendment. The amendment does the following:

- Requires the executive director of AEIT to have certain qualifications.
- Defines “Customer relationship management” and redefines “Project.”
- Requires AEIT to develop implementation plans for up to three of the proposed enterprise IT services beginning fiscal year 2008-2009.
- Requires each agency head to develop written internal policies and procedures for notifying AEIT when an information security incident occurs or data is compromised.
- Requires AEIT to publish annually, no later than September 30 each year, standards, templates, guidelines, and procedures to enable agencies to incorporate them in their planning for the following fiscal year.
- Removes appropriations.

The council reported HB 1557 favorably with a council substitute.