

The Florida Senate
PROFESSIONAL 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 1974

INTRODUCER: General Government Appropriations Committee, Governmental Operations Committee,
and Governmental Operations Committee

SUBJECT: Information Technology Management

DATE: April 17, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	Fav/CS
2.	Pigott	DeLoach	GA	Fav/CS
3.				
4.				
5.				
6.				

I. Summary:

The bill establishes a series of policy goals and objectives for the organization and delivery of state technology resources. It creates the Agency for Enterprise Information Technology as the successor organization to the State Technology Office. The agency head is the Governor and Cabinet. The agency 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. The bill requires the new agency to develop and publish a strategic enterprise information technology plan to ensure effective and efficient government services. The bill provides an appropriation of \$2.3 million from the General Revenue Fund and 15 full-time equivalent positions to staff both the new agency and the Office of Information Security.

The bill creates the following sections of the Florida Statutes: 14.204, 282.0055, and 282.0056.

The bill amends the following sections of the Florida Statutes: 20.22, 216.0446, 282.0041, 282.20, 282.3055, 282.315, 282.318, 282.322, 216.023, 215.95, 215.96, 282.103, 282.107, 339.155, 381.90, 403.973, 408.05, 420.0003, 420.511, 943.08, and 1001.26.

The bill repeals the following sections of the Florida Statutes: 186.022, 282.005, 282.101, 282.102, 282.23, 282.3031, 282.3032, 282.3063, 282.310, and 287.057(24).

II. Present Situation:

Information technology governance for the executive branch of state government has been 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 20 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 multi-jurisdictional public organizations.²

Following the adjournment of the 2006 Legislative Session, the Senate Ways and Means Committee was commissioned to undertake a comprehensive review of information technology in state government. That commission resulted in the publication of a wide-ranging study that catalogued all of the state's historical and structural efforts at identifying, operating, and funding information technology.³ The report discussed the statutory attempts at making programmatic sense of such an evolving technology and the contractual difficulties associated with failed attempts. The complex decision-making environments characteristic of the Florida state government federated executive system of management also played a role in attempting to achieve focus and accountability in this area.

Common themes soon presented themselves in both successful and unsuccessful ventures. Many projects were found to be off-task and off-budget. There was found to be 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 reviewed had significant technology components and were found to be beset of one or more of the following conditions:

- Loss of knowledge capital through a strategic disinvestment in agency capacity or over-reliance upon contract vendors.
- Decision-making based upon price rather than product or service effectiveness.
- Decision-making motivated by minimizing state investment and maximizing shared federal revenues.
- Claimed tangible savings that were speculative.

¹ Technology Review Workgroup, *Technology Spending*, presentation before the Senate Governmental Oversight and Productivity Committee, Dec. 13, 2004.

² State of Florida, Office of the Auditor General, www.state.fl.us/audgen/pages/subjects/infotech/htm.

³ *Enterprise Information Technology: Senate Review and Study*, Report No. 2007-140. Tallahassee, FL: January 2007.

- Unwritten understandings accompanied by longer term financial liabilities.
 - A rush to the procurement market with a poor understanding of expectations.
 - 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 (DMS) have focused increased attention on its contractual activities in the areas of purchasing, infrastructure technology operations, 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.⁴ This has resulted in missed or delayed employee payrolls, benefit coverage interruptions, incorrect benefit premium calculations, and ineffective implementation of electronic time and attendance reports. These occurrences have led to increased management attention, 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 report⁵ 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 DMS.

The 2006 Legislature terminated funding for the State Technology Office in partial response to these cumulative difficulties. It funded an interim Enterprise Information Technology Services unit in the DMS pending a more significant restructuring of state agency relationships. The actions taken by the DMS preserve existing interagency relationships but are not recognized by statute.

III. Effect of Proposed Changes:

Sections 1 through 4 create s. 14.04, F.S., and the Agency for Enterprise Information Technology in the Executive Office of the Governor, and designate the Governor and Cabinet as the agency head. The agency is charged with the development of strategies for the design, delivery, and management of enterprise information technology services as established in law. The bill defines enterprise information technology service to include services that are used in all agencies or a subset of agencies and established in law to be designed, delivered, and managed at the enterprise level.

Section 5 creates s. 282.0055, F.S., to reserve enterprise authority for the new agency and continue the assignment and operation of strategic services to the individual state agencies charged by law with the execution of their specific business missions.

Section 6 creates s. 282.0056, F.S., to develop a multi-year operational work plan to be approved by the Governor and Cabinet and submitted to the Legislature. The work plan requires the new agency to develop policies and implementation plans for up to three of the five named projects: data center consolidation, enterprise e-mail, information security, customer relationship

⁴ The proprietary state legacy system was the Cooperative Personnel and Employment System (COPES) and was replaced by independent commercial business software developed by the German firm Systeme Anwendungen Produkte (SAP).

⁵ Florida Department of Financial Services, *Outsourcing Human Resource Management*, undated.

management, and consideration of a replacement cycle for computer equipment. Individual state agencies affected by the work plan are to provide the new agency with information to complete the necessary cost analysis and equipment inventories.

Section 7 amends s. 282.20, F.S., to substitute the DMS for the former State Technology Office as the successor entity to manage the Technology Resource Center. That center shall submit to the new agency for review a copy of its service rates and cost allocation plan along with comments from the Agency Chief Information Officers Council.

Sections 8 and 9 amend ss. 282.3055 and 282.315, F.S., to require each agency head to appoint an agency chief information officer. It also requires the state agency and the Agency Chief Information Officers Council to assist the Agency for Enterprise Information Technology on developing and implementing enterprise information technology policy.

Section 10 amends s. 282.318, F.S., to make conforming changes relating to the security of data and information technology infrastructure. This section requires the new agency to assess and recommend minimum operating procedures for ensuring security of all data. This section provides for the new agency to: develop standards and templates for conducting risk analyses and information security audits, pursue funding, establish guidelines for recovery of information technology following a disaster, and provide training for agency information security managers. This section also provides a delegation of rule-making authority to the agency. It deletes more lengthy text in existing law on the same subject matter.

Section 11 amends s. 282.322, F.S., to provide for the legislative designation of high-risk information technology projects to receive special project monitoring reports.

Section 12 amends s. 216.023, F.S., to require that instructions for the submission of legislative budget requests for information technology projects in excess of \$10 million must include a statement of specific statutory authority, governance structure, and expected business objectives.

Section 13 amends s. 943.0313, F.S., to remove the chief information officer of the DMS from the membership of the Domestic Security Oversight Council and adds the state chief information officer.

Section 14 states that the DMS shall assume the duties and responsibilities of the State Technology Office as set forth in said sections.

Section 15 repeals sections made obsolete by the termination of the State Technology Office.

Sections 16 through 27 provide conforming terminology changes and delete obsolete cross references.

Sections 28 and 29 appropriate funds, positions, and authorized salary rate for the operation of the agency and designated functions, such as information security.

Section 30 reappropriates the unexpended balance of funds to provide for the consolidation of data center operations or for offsetting any revenue shortfalls at the Technology Resource Center.

Section 31 appropriates funds to conduct a feasibility study for a customer relationship management system.

Section 32 appropriates funds for the Executive Office of the Governor to contract for services pertaining to the review and analysis of nonenterprise information technology requests.

Section 33 provides an effective date of July 1, 2007.

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 provides an appropriation of \$1,100,160 in general revenue and ten positions to staff the new agency.

The bill provides an appropriation of \$581,751 in general revenue and five positions to carry out the duties of information security as provided in the bill.

The bill reappropriates the unexpended balance of funds in Specific Appropriation 2243A of chapter 2006-25, Laws of Florida, for data center consolidation or for the purpose of offsetting any temporary revenue shortfalls in the Technology Resource Center.

The bill provides an appropriation of \$350,000 in general revenue to contract for a feasibility study for a customer relationship management system.

The bill provides an appropriation of \$300,000 in general revenue to the Executive Office of the Governor to review and analyze nonenterprise agency information technology requests.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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