

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Governmental Oversight and Accountability Committee

BILL: SB 102

INTRODUCER: Senator Ring

SUBJECT: Office of the Chief Technology Officer

DATE: March 25, 2011 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McKay	Roberts	GO	Pre-meeting
2.			BC	
3.				
4.				
5.				
6.				

I. Summary:

The bill creates an Office of the Chief Technology Officer (“Office”) in the Department of Financial Services. The Office is comprised of three principal operating units, and charged with creating a multi-year operating plan on the transformation of state agency information technology procurement, policy, and execution practices. The bill specifies that the Chief Technology Officer, appointed by the Governor and the Cabinet, leads the Office.

The bill takes effect July 1, 2011.

This bill creates undesignated sections of the Florida Statutes.

II. Present Situation:

The operations and organizational configuration of information technology itself reflects the state’s traditional avoidance of concentration of authority in any one constitutional or statutory office. This dispersion complemented the separation of powers among the three governmental branches in its early history but as the reach of state government became greater over the years it also permitted the development of separately funded enclaves of technology operations within departments and their subordinate units.

Following the adjournment of the 2006 Regular Session of the Florida Legislature the then 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.¹ 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 a poor understanding of operational expectations, or personnel and operational practices were insufficient for the proper and timely execution of responsibilities. In its 2007 report, 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:

- A management-directed imperative to execute faster than the agency had capacity;
- 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;
- Unwritten understandings accompanied by longer term financial liabilities;
- A rush to the procurement market with a poor understanding of expectations; and,
- Vendor systems that could not deliver the service or product on time, on-task, or on budget.

Limitations on the ability to execute system-wide changes are not confined to information technology. The Department of Management Services' human resources outsourcing initiative fell more than one year behind schedule as its contract vendor, Convergys Customer Management Group, had to contend with a difficult technology migration from the predecessor state personnel system to its successor one.² As a consequence there were missed or delayed employee payrolls, benefit coverage interruptions, incorrect benefit premium calculations, and ineffective implementation of electronic time and attendance reports. All of these resulted in increased management attention to these. Shortly after the department renegotiated the contract in late 2009, Convergys announced it was selling this line of business entirely to the English firm NorthgateArinso.

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 report³ 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.

¹ *Enterprise Information Technology: Senate Review and Study*, Report No. 2007-140. Tallahassee, FL: January 2007.

² The proprietary state legacy system was **COPES** (**CO**operative **P**ersonnel and **E**mployment **S**ystem).

³ Florida Department of Financial Services, *Outsourcing Human Resource Management*, undated.

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 Agency for Enterprise Information Technology

The 2007 Legislature enacted CS/CS/SB 1974 to bring particular focus on information technology as an enterprise responsibility that links all of the state's separate business and jurisdictional entities. The head of the Agency for Enterprise Information Technology (agency or AEIT) is the Governor and Cabinet, and the agency is a separate budget entity and is not subject to control, supervision, or direction by the Executive Office of the Governor. The agency has an executive director who is the state's Chief Information Officer, who must have a degree from an accredited postsecondary institution, and at least 7 years of executive-level experience in managing information technology organizations. The Chief Information officer is appointed by the Governor and confirmed by the Cabinet, subject to confirmation by the Senate, and serves at the pleasure of the Governor and Cabinet.⁴

The agency has the following duties and responsibilities:⁵

- Develop strategies for the design, delivery, and management of the enterprise information technology services established in law.
- Monitor the delivery and management of the enterprise information technology services as established in law.
- Make recommendations to the agency head and the Legislature concerning other information technology services that should be designed, delivered, and managed as enterprise information technology services.
- Plan and establish policies for managing proposed statutorily authorized enterprise information technology services, which includes:
 - Developing business cases that, when applicable, include the components required in business cases to outsource;⁶
 - Establishing and coordinating project-management teams;
 - Establishing formal risk-assessment and mitigation processes; and
 - Providing for independent monitoring of projects for recommended corrective actions.
- Develop, publish, and biennially update a long-term strategic enterprise information technology plan that identifies and recommends strategies and opportunities to improve the delivery of cost-effective and efficient enterprise information technology services to be proposed for establishment.
- Perform duties related to the state data center system as provided in s. 282.201, F.S.
- Coordinate acquisition planning and procurement negotiations for hardware and software products and services.
- In consultation with the Division of Purchasing in the Department of Management Services (DMS), coordinate procurement negotiations for information technology products as which will be used by multiple agencies.
- In coordination with DMS, establish best practices for the procurement of information technology products.

⁴ Section 14.204(1), (2), and (3), F.S.

⁵ Section 14.204(4), F.S.

⁶ The requirements for business cases to outsource are specified in s. 287.0571, F.S.

- Develop information technology standards for enterprise information technology services.
- Provide yearly recommendations to the Legislature relating to techniques for consolidating the purchase of information technology commodities and services, and for establishing a process to achieve savings through consolidated purchases.

The Office of Information Security is created within the agency, which designates a state Chief Information Security Officer to oversee the office and report directly to the executive director. The agency must operate in a manner that ensures the participation and representation of state agencies and the Agency Chief Information Officers Council, and the agency may adopt rules to carry out its statutory duties.⁷

Pursuant to legislative direction, AEIT organizes the required consolidation of agency data centers, and is working on a solicitation, business case analysis, and implementation plan for the provision of an enterprise-wide email system.

III. Effect of Proposed Changes:

The bill creates within the Department of Financial Services the Office of the Chief Technology Officer. It is comprised of three divisions: Strategic Procurement; Policy Formulation, Development and Standards; and Implementation.

The Office is charged with developing a multi-year execution plan for state agency information technology with specific tasks and benchmarks, as follows:

- Consolidation of state agency data centers by the year 2014;
- By the end of Calendar Year 2011, initiating a revised financial management infrastructure encompassing the legislative appropriations system; cash management; accounting; purchasing; and human resources subsystems;
- By the start of the year 2012, a reconfiguration of the roles and responsibilities associated with strategic information technology practices affecting the Department of Financial Services, the Agency for Enterprise Information Technology, and the Department of Management Services; and,
- By a date to be determined, the creating of state agency-wide customer relationship management systems embracing all licensure, certification, and regulatory inspections systems now managed by separate state agencies.

The effective date of the bill is July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

⁷ Section 14.204(5),(6), and (7), F.S.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The 2007 Legislature created the Agency for Enterprise Information Technology and gave it a systemic mission in state information technology. The Office embraces this mission implicitly but also extends the expectations into more tactical and operational responsibilities not now assigned to the AEIT. Attempting to gauge the appropriations impact of this bill is imprecise at present as it both supplements and supplants the role of AEIT. The funding considerations associated with this bill will also be affected by the 2011 Legislature's decisions on addressing management of state financial management systems, as in SB 1738.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.