

**AGENDA**  
**ASSEMBLY BUDGET SUBCOMMITTEE NO. 5**  
**ON INFORMATION TECHNOLOGY AND TRANSPORTATION**

**ASSEMBLYMEMBER DEAN FLOREZ, CHAIR**

**WEDNESDAY, MARCH 17, 1999**  
**STATE CAPITOL, ROOM 127**  
**4:00 P.M.**

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## **0505 DEPARTMENT OF INFORMATION TECHNOLOGY**

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The Department of Information Technology is responsible for planning and overseeing the State's uses of information technology. The department is responsible for ensuring that appropriate plans, policies, and procedures are in place to assure successful implementation of information technology projects.

The Governor's budget includes \$8.3 million for support of the department, a slight decrease from current year expenditures.

### **ISSUE 1: YEAR 2000 UPDATE – INFORMATIONAL**

On February 17, 1999 Governor Davis and the Department of Information Technology released the latest Year 2000 quarterly report which included an outline of the new Administration's plan for addressing the State's Year 2000 efforts.

A primary purpose of the Administrations Year 2000 plan is to make certain that all state agencies and departments become Year 2000 compliant. The DOIT is currently reevaluating the status of all departments to establish a clear understanding of how much work must be done prior to the arrival of Year 2000 failure dates.

In addition, the Administration's plan provides a framework for how the State will attack a wide range of potential consequences of the Year 2000 problems that go beyond the remediation of the State's computer systems. This includes such issues as:

- The coordination of Year 2000 efforts that go beyond control of state government. The Administration has established the Statewide Business Continuity Task Force to address delivery of services relying on coordination and cooperation of multiple jurisdictions. The Year 2000 Executive Committee will address issues that are shared with federal, local, regulatory, and private entities. In order to overcome the potential problems posed by the Year 2000 problem, California's business partners must also be Year 2000 compliant.
- The determination of the State's potential economic consequences. Due to California's position in the Global Marketplace, the State's economy could be negatively affected by Year 2000 failures throughout the world.
- The assessment of potential legal consequences resulting from the Year 2000 problem. The Administration has established a Legal Task Force to identify to coordinate legal review of Year 2000 issues. There has been discussion within the Legislature that liability issues for both the State and small businesses will need to be addressed.
- The preparation for potential need for emergency services. The Administration has established the Emergency Preparedness Task Force and will direct the Governor's

Office of Emergency Services to guide other departments and work with federal, county, and municipal governments in assessing Year 2000 risks and developing worst case scenarios that might cause significant interruptions to government services and constitute public emergencies.

**COMMENTS:**

The DOIT should provide updates to the subcommittee regarding progress of the issues outlined above.

In addition, the DOIT may be able to provide the subcommittee with potential dates for when the Legislature will be notified of state departments that are not on track for becoming Year 2000 compliant.

## **2780 STEPHAN P. TEALE DATA CENTER**

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The Stephen P. Teale Data Center is one of the State's two general purpose data centers. The Data Center provides a variety of information technology services to over 250 clients, primarily state agencies and county governments. The Governor's budget proposes \$85.4 million for the Data Center.

### **ISSUE 1: BUDGET AUGMENTATIONS**

The Governor's budget includes the following budget augmentations:

- \$1.2 million to acquire additional Central Processing Unit capacity. This is requested to meet projected existing customer workload capacity increases, provide required capacity for proposed new customer projects, and replace existing obsolete equipment.
- \$620,000 to purchase additional direct access storage device equipment to provide storage capacity required due to new and increased customer workload.
- \$614,000 and two positions to provide increased capacity for the UNIX/open system environment.
- \$2.2 million to allow for maintenance of two facilities for a 90-day period while the Data Center relocates to a new facility.

### **COMMENTS:**

Each of these augmentation should ultimately be approved by the subcommittee. However, the information technology requests should be held open until the Legislature receives confirmation from the Department of Information Technology that the Data Center is on track in becoming Year 2000 compliant.

**ISSUE 2: CONTROL SECTION 15**

Control Section 15 of the Governor's budget enable the Director of Finance to transfer excess funds from the Stephan P. Teale Data Center Revolving Account to the General Fund and appropriate special funds. The Control Section is included in the budget to address the finding of a Department of Finance audit of the Data Center's billing rate structure that revealed billing rates were higher than the Data Center's actual costs.

The Legislative Analyst Office has concerns that the proposed transfer will leave the accounts reserve too low to meet cash flow needs throughout the year.

**BACKGROUND:**

The audit conducted by the Department of Finance was funded in the 1997-98 State Budget Act. The audit was completed in mid-1998.

As proposed, Control Section 15 reduces the accounts balance of \$26.4 million at the end of the current year to \$5 million at the end of the budget year.

**COMMENTS:**

To Department of Finance proposes the following Trailer Bill language to ensure that the Data Center does not experience cash flow problems as a result of Control Section 15.

An act to add Section 11754.1 to the Government Code, related to the Stephen P. Teale Data Center.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SEC. 1. Section 11754.1 is added to the Government Code, to read:

11754.1 (a) The Stephen P. Teale Data Center may establish rates and collect from state agencies for providing services to those agencies. The methodology for computing costs and billing rates shall be subject to the approval of the Director of Finance.

(b) All money received by the Stephen P. Teale Data Center pursuant to this section shall be deposited in the Stephen P. Teale Data Center Fund. In order to assure that there is adequate cash in the fund, the Stephen P. Teale Data Center may require monthly payments in advance by client agencies, based on estimated billings. Otherwise, by mutual agreement with the Stephen P. Teale Data Center, state agencies may provide for the monthly, quarterly or annual advancing or payments in arrears of funds.

(c) Consistent with agreements arising from subsection (b) of this section, and pursuant to Section 11255 of the Government Code, the State Controller shall transfer any amounts so authorized by the Stephen P. Teale Data Center. The Stephen P. Teale Data Center shall notify affected state agencies upon requesting the State Controller to make such transfers.