

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

INFORMATIONAL HEARING

Assemblymember Pedro Nava, Chair

JUNE 29, 2005, 5 PM
STATE CAPITOL, ROOM 127

ITEM TO BE HEARD

ITEM1955 DEPARTMENT OF TECHNOLOGY SERVICES

The Governor's Budget proposes the establishment of a Department of Technology Services through the consolidation of the Stephen P. Teale Data Center (Teale), The Health & Human Services Data Center (HHDSC) and the Office of Network Services of the Department of General Services (Item 1955).

The Governor's Budget proposal includes a total of \$235,446 and 776.1 positions for the created Department.

ISSUE 1: GOVERNOR'S REORGANIZATION PLAN
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The Department of Technology Services (DTS) would consolidate the state's two largest data centers, Stephen P. Teale Data Center (Teale) and the Health & Human Services Agency Data Center (HHSDC). The consolidation would also include a portion of the Department of General Services' Telecommunications Division (TD). As proposed, DTS would provide information technology and telecommunication services to most state agencies and various local jurisdictions. Operational costs for the department would be fully reimbursed by its client agencies.

Over the last two years, the legislature and administration have taken steps towards organizational consolidation for the state's data centers. AB 1752 (Oropeza, chapter 225, statutes of 2003) required the Department of Finance (DOF) to submit a conceptual plan to the Legislature for data center consolidation. In May 2004, DOF submitted a plan that identified the goals, organizational structure, and areas of potential savings that a consolidated data center could provide to the state.

In September of 2004, the Governor issued an executive order directing Teale's director to prepare a plan to implement the data center consolidation. The director's

reorganization plan contains three major components – services, governance and funding – and seeks to begin consolidating in 2005-06.

On May 9, 2005, the administration formally submitted the Governor's Reorganization Plan 2 (GRP2) for the creation of DTS. The purpose of DTS will be to improve and coordinate the use of technology and to coordinate and cooperate with all public agencies in the state in order to eliminate duplication and to bring about economies that could not otherwise be obtained. Specifically, this GRP will organizationally consolidate the functions at Teale and HHSDC and the telecommunication network function at DGS; enact an advisory Technology Services Board comprised of the largest consumers of data center services; create the "Department of Technology Services Revolving Fund" which is continuously appropriated; provide that the Director of DTS must be confirmed by the Senate; and that this GRP will become effective July 8, 2005.

The Technology Services Board will consist of 12 members from the Governor's administration and the Controller (for a total of thirteen members). The Board duties consist of conducting an annual financial audit and serve as the policymaking body for the department. Likewise, the Director will serve as the executive officer to the Technology Service Body as well as be responsible for managing the affairs of the department.

The 2004-05 budget assumes the consolidation and required DOF to transfer \$3.5 million from the Teale Data Center Revolving Funding to the General Fund to reflect savings for the consolidation. Furthermore, the Governor estimates that the consolidation will result in an annual savings of \$2 million.

LEGISLATIVE ACTION

As noted above, the Legislature has historically supported the concept of consolidating the state technology services into a single department. However, the Legislature was concerned about the administration's proposal to create a continuously appropriated fund to support DTS' operations, because it decreases the Legislature's oversight authority, as well as reduces public transparency because the DTS budget would no longer be included in the Governor's annual budget.

During the Subcommittee process, both the Senate and Assembly approved trailer bill language that would delete the continuous appropriation language from the GRP and replaced it with language to create a fund within the state treasury that would be appropriated annually by the Legislature. The subcommittee action conforms the DTS fund to virtually every other state agency.

PRESENTATIONS

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