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

Assemblymember Mike Feuer, Chair

WEDNESDAY, MAY 2, 2007
ROOM 127 – 4:00 PM

ITEMS TO BE HEARD

ATTACHMENTS

ITEMS TO BE HEARD

ITEM 0502   OFFICE OF THE CHIEF INFORMATION OFFICER

The Office of the Chief Information Officer (OCIO) was created by Chapter 533, Statutes of 2006 (SB 834, Figueroa). The CIO is a member of the Governor's cabinet and advises the Governor on information technology (IT) issues.

The Governor's proposed budget includes 46.5 positions and expenditures of $7.9 million for CIO. These costs would be paid by state departments through the Department of Technology Services' rate structure.

ISSUE 1: OFFICE STAFFING AND RESPONCIBILITIES

There are three key areas of Information Technology responsibility that are restructured under the Governor's proposed budget, they include:

♦ **Strategic planning, policies, and standards.** The Administration proposes to place these responsibilities with the OCIO.

♦ **Project review, approval, and oversight.** The Administration proposes to place these responsibilities with the OCIO by moving the Office of Technology Review, Oversight, and Security (OTROS) from the Department of Finance.

♦ **Information Security**. The Administration proposes to move this responsibility from the Department of Finance to the Department of Consumer Affairs.

COMMENTS:

The Legislative Analyst Office provides a significant write up in their *Analysis of the 2007-08 Budget Bill.*

The LAO recommends the following for each of the three key areas:

♦ **Strategic planning, policies, and standards.** The LAO recommends approval of placing this responsibility under the OCIO.

♦ **Project review, approval, and oversight.** The LAO recommends rejecting the proposal to place this under the OCIO and instead keep OTROS under the DOF. The LAO bases this recommendation on the fact that OTROS has been successful under the DOF, the DOF is a control agency that has the authority to approve, fund, and oversee projects, and the OCIO will have significant other responsibilities and adding OTROS responsibilities could stretch its capabilities.

♦ **Information Security**. The LAO recommends rejecting the proposal to move security under the Department of Consumer Affairs, and instead recommends this responsibility be placed with the OCIO.

Corresponding with this recommendation, the LAO recommends reducing the proposed 46.5 positions to 19 positions. The most significant portion of this reduction is the result of keeping OTROS at DOF (26 positions). The other adjustments result from eliminating a layer of management and placing information security at the OCIO.

In addition, the LAO recommends adoption of budget bill language requiring the OCIO to deliver by March 1, 2008, a five year project plan for achieving the Administration's stated direction of improving the state's IT effectiveness. The project plan should include a timeline, milestones and well-defined deliverables which should include but not be limited to the following:

♦ A minimum set of qualifications for state IT project managers and a process to "certify" managers to this skill level before they assume a project leadership assignment. In addition to IT project management skills these must include the state's budgeting and contracting processes.

♦ A process for identifying and applying current technologies to enable data sharing across state systems as a means to reduce state business and IT process redundancy and inefficiencies. The current effort underway to automate data sharing across the tax agencies (FTB, BOE, EDD) may be used by the OCIO as a pilot to identify lessons learned for this deliverable.

The Governor's proposed Organizational Chart and the LAO's recommended Organizational Chart are attached to hard copies of this agenda, and are available at the Assembly Budget Committee office (State Capitol, Room 6026).

While the subcommittee should take action to determine where the responsibilities are placed and the LAO's proposed budget bill language, the specific staffing levels for the OCIO may need to be held open to allow for additional time for consideration.

ITEM 1955   DEPARTMENT OF TECHNOLOGY SERVICES

The Department of Technology Services (DTS) serves the common information processing and communications technology needs of Executive Branch agencies and other public entities with accountability to customers for providing secure services that are responsive to their needs and represent best value to the state. The Technology Services Board provides governance and guidance to the DTS.

The Governor's proposed budget includes $260 million for DTS.

ISSUE 1: SUPPORT FOR FI$CAL

The Governor's proposed budget includes $352,000 and three positions to support the implementation of Department of Finance's Financial Information System for California (FI$Cal).

COMMENTS:

The FI$Cal is a massive enterprise-wide approach to replace and update the state's fiscal management systems. The projected cost for FI$Cal over the next seven years is $1.3 billion.

The project was rejected in the Assembly when the Department of Finance's budget was heard in Subcommittee #4. The subcommittee cited the cost of the project as the main reason for rejection. With the Governor proposing massive cuts to services to underprivileged children, fee increases to university students, and a $1.1 billion take-away from public transit, it's clearly not the time to take on a new General Fund cost that will further exacerbate the General Fund condition.

Consistent with Subcommittee #4's action, this proposal for DTS should also be rejected.

ISSUE 2: SPRING FINANCE LETTER: IT SUPPORT FOR GOVERNOR'S OFFICE

The Department of Finance has submitted a Spring Finance Letter requesting $284,000 and three positions for DTS to provide information technology support for the Governor's office. The positions are funded by the base budget proposed for the Governor's office.

COMMENTS:

The Budget Change Proposal submitted with the Spring Finance letter seems to justify the need for additional IT support for the Governor's office and the Office of Planning and Research. Currently there are six IT staff to support a staff of 257, but it is unclear why the proposed new positions should be with the DTS and not the Governor's Office and the Office of Planning and Research.

Until just recently, it was common for Governor's office staff to be spread throughout the executive branch. This was done by Governors' of both parties to avoid the politically unappealing process of increasing staffing levels. However, this led to significant truth in budget questions.

This Governor, with Legislative approval, has made significant progress in fixing this problem by funding the Governor's staff through the budget for the Governor's office. While the positions in this proposal are funded through the budget for the Governor's office, this proposal appears to conflict with the recent progress by placing the positions at another department.

The Administration should report at the hearing why these positions are proposed for DTS and not the Governor's office.