GOVERNOR'S 1998-99 BUDGET PROPOSAL FOR:
INFORMATION TECHNOLOGY

Information technology expenditures throughout state government are reported to exceed $2 billion annually. Unfortunately, as California turns more and more toward automation as a means of providing better services, several computer systems have instead failed, thus costing taxpayers hundreds of millions of dollars. The Department of Information Technology was established in 1995 to provide oversight of information technology investments. In addition, the Health and Welfare Agency Data Center and the Stephen P. Teale Data center provide state agencies with information technology services.

MAJOR PROPOSALS

The major information technology proposals contained in the Governor's budget include:

➢ A $19 million across state agencies to solve Year 2000 problems;

➢ A $1 million for the Department of Information Technology to establish a funding review process for information technology projects;

➢ A $15.1 million for the Health and Welfare Agency Data Center (HWDC) for changes, maintenance, and operation of Child Welfare Services/Case Management System (CWS/CMS);

➢ An $8.9 million for the HWDC to complete development of and begin to implement the Statewide Fingerprint Imaging System (SFIS);

➢ A $40 million decrease from the HWDC as a result of the Statewide Automated Child Support System (SACSS) project being terminated;

➢ A $20 million for the HWDC to continue the statewide automation of child support collection; and

➢ A $15.3 million decrease from the HWDC due to the completion and implementation of the Interim Statewide Automate Welfare System (ISAWS).

THE DEPARTMENT OF INFORMATION TECHNOLOGY

The Department of Information Technology (DOIT) was created by SB 1 (Alquist), Chapter 508, Statutes of 1995, and has the responsibility for the strategic direction and oversight of the State's information technology investments.

The budget proposes $8.5 million for DOIT, a 17 percent increase over revised current year spending. The proposed amount reflects the level of funding originally approved in the current year budget, however DOIT's funding was reduced in order to make the PERS repayment. With the exception of $750,000 in reimbursements, DOIT's funding comes from state agencies on a pro rata basis.

Year 2000: The Governor proposes to augment DOIT's budget by nearly $750,000 for the Year 2000 Project. The project provides oversight of state agencies' Year 2000 problems, which are the result of computer systems using only two digits to specify years, which impedes systems' ability to recognize twenty-first century years. Left unresolved, state government would be unable to adequately accomplish even its most basic tasks, such as determining eligibility for public benefits.

In October 1997, the Governor issued Executive Order W-163-97 instructing all state agencies to fix Year 2000 problems of "Mission Critical" systems by December 31, 1998. The Year 2000 Project provides oversight of state agencies' progress in solving Year 2000 problems. DOIT's oversight increases to the point of intervention if the success of a particular agency's project is jeopardized.

A survey of all state agencies in June of 1997 determined the total cost for solving all Year 2000 problems would be $189 million. According to the Executive Order, departments are to use existing funds to implement the changes to make their computer systems Year 2000 compliant. However, the Budget Act of 1997 contained $55 million for departments to request to augment existing funds. The Governor's budget proposes augmentations to individual departments totaling $19 million across state government.

Information Technology Funding Review: The Governor's budget proposes over $1 million for six new positions and consulting service funds to establish a Statewide Information Technology Funding Review Process. The new process calls for DOIT to review agency information technology proposals and then sponsor funding requests for the implementation of approved proposals. The Legislature initially included a similar proposal in the current year budget, but eliminated it when the Governor made the PERS loan payment.

The new process is designed to centralize information technology projects which allows DOIT the ability to be in a better position to prevent the costly computer debacles that have cost California taxpayers hundreds of millions of dollars. However, DOIT still lacks a specific vendor procurement process that ensures information technology projects will in fact deliver what the state needs, thus avoiding the excessive loss of tax dollars.

HEALTH AND WELFARE AGENCY DATA CENTER

The Health and Welfare Agency Data Center (HWDC) provides information technology services to various departments of the Health and Welfare Agency, as well as to other state agencies and various local jurisdictions. The Governor's budget proposes $199 million for HWDC, a decrease of $43 million, or 18 percent, from revised current year spending.

Statewide Automated Child Support (SACSS): The cancellation of the SACSS project saves $41 million and stands as the primary source of savings for the HWDC. Federal law mandates that the State develop a single automated statewide system for tracking child support. Under the direction of Chairwoman Elaine Alquist, the Assembly Committee on Information Technology brought to light the numerous deficiencies that plagued the SACSS system. Ultimately, the contract with the SACSS vendor was terminated once it became clear the system would never be an effective tool for collecting child support payments from deadbeat parents.

The HWDC and the SACSS vendor are currently in mediation proceedings, which will ultimately determine the amount of taxpayer dollars wasted on the project. In addition, the State stands to lose federal funds for missing the mandated deadline for having a system up and running. Congress could penalize California by withholding the State's $3.7 billion welfare block grant, however, the first year's penalty will more likely be between $5 million and $50 million.

The HWDC has formed an advisory group that has begun the process of procuring an automated system to replace SACSS. The budget contains $20 million in anticipation of a replacement system. Possibilities for the new system include:

(1) a single statewide system, as currently required by federal law in which all counties are connected to the same system;

(2) a base system, in which counties can add certain features to a universal system;

(3) or a consortium, in which counties can choose from a selection of connected systems. However, anything other than a single statewide system requires a change in federal law.

Child Welfare Services/Case Management System (CWS/CMS): The budget proposes an increase of $15.1 million for the CWS/CMS project. CWS/CMS automates tracking and reporting information for the Child Welfare Services, Foster Care, and Adoptions programs benefiting children and families throughout California.

The project is set for full implementation in 1998-99. The increased funding is designed to provide for infrastructure changes, maintenance and operation costs.

Statewide Fingerprint Imaging System (SFIS): The budget proposes an increase of $8.9 million for the SFIS program. The SFIS was approved in the 1996-97 budget. Based on a similar and successful project in Los Angeles, SFIS aims to detect and reduce multiple case fraud in the CalWORKS and Food Stamp programs.

Implementation of SFIS is expected to be completed in 1998-99, and, according to the Department of Social Services, will result in a total budget year savings of $81.8 million ($39.1 million General Fund).

STEPHEN P. TEALE DATA CENTER

The Stephen P. Teale Data Center provides information technology services to over 200 state agencies. The Governor's budget proposes $85.8 million for the Teale Data Center, an increase of $1.5 million.

Included in the Teale Data Center's budget is a $2.4 million augmentation to purchase equipment needed to meet projected customer workload capacity increases and provide required capacity for proposed new customer projects. The budget contains a $1.3 million reduction to reflect projected budget year project costs.