

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 29, 2010
POSITION: Support
SPONSOR: Office of the State Chief Information Officer

BILL NUMBER: AB 2408
AUTHOR: C. Smyth
RELATED BILLS: AB 1266

BILL SUMMARY: State Government Information Technology

This bill codifies Governor's Reorganization Plan (GRP) No. 1 to consolidate information technology (IT) functions, which took effect May 10, 2009. This bill amends numerous sections of the Government Code (GC), the Public Contract Code, the Public Utilities Code, the Revenue and Taxation Code, and the Welfare and Institutions Code relating to IT in California state government. Specifically, the bill codifies the following:

- 1. Transfers all duties, functions, employees, property, and related funding of the Division of Telecommunications within the Department of General Services (DGS) to the Office of the State Chief Information Officer (OCIO). The bill also renames the OCIO to the California Technology Agency (CTA) and the position of the State Chief Information Officer to the Secretary of California Technology.
2. Requires the CTA to improve the governance and implementation of IT by standardizing reporting relationships, roles, and responsibilities for setting IT priorities. Specifically, each state agency head shall appoint a Chief Information Officer (CIO) and an Information Security Officer (ISO) with specified duties and responsibilities. Additionally, the bill establishes specified efficiency targets and reporting requirements with respect to data and telecommunications networks, data center services, hosting of mission-critical and public facing applications, and shared enterprise services.
3. Renames and transfers the Department of Technology Services (DTS) within the State and Consumer Services Agency (SCSA) to the Office of Technology Services (OTech) within the CTA; and renames the DTS Revolving Fund to the Technology Services Revolving Fund.
4. Eliminates the Office of Information Security and Privacy Protection (OISPP) and creates the Office of Information Security (OIS) within the CTA and the Office of Privacy Protection (OPP) within SCSA, with a corresponding division of the duties, personnel, property, and funding of OISPP between the two offices. The bill also deletes an obsolete requirement of the OPP to investigate and assist in prosecution of identity theft and other privacy-related crimes, and coordinate with local, state, and federal law enforcement agencies in the investigation of similar crimes.
5. Transfers responsibility for state IT procurement policy to the CTA from DGS, Department of Finance, and the former Department of Information Technology. Specifically, the CTA shall have responsibility for establishment of tactical policy and procedures for IT and telecommunications acquisitions.
6. Requires all radio transmitting devices owned or operated by state agencies to be licensed, installed, and maintained in accordance with federal law, and that a request for a federally required license for a state-owned radio transmitting device shall be sought only in the name of the "State of California". Additionally, the bill moves specified language from GC sections 14930-14931.2 to section 15277 related to the duties of the CTA's Public Safety Communications Division.
7. Extends the January 1, 2013 OCIO (CTA) sunset date contained in GC section 11548.5 to January 1, 2015.

FISCAL SUMMARY

Analyst/Principal Date Program Budget Manager Date
(0820) S. Davis-James Diana Ducay

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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This bill is not expected to result in any additional costs that could not be absorbed within existing resources.

Further, data provided by the OCIO estimates significant savings and cost avoidances across state departments over five years as a result of IT efficiencies expected to result from the IT consolidation. These savings and avoidances would be achieved primarily through consolidated contracts, servers, and data center space; strategic sourcing improvements; enhanced spending control; and reduced reliance on independent oversight contracts.

### **SUMMARY OF CHANGES**

An amendment to this bill since our analysis of the February 19, 2010 version made several changes to the bill. The most notable are:

- Renames the OCIO to the California Technology Agency (CTA) and the position of the State Chief Information Officer to the Secretary of California Technology.
- Requires the CTA to improve the governance and implementation of IT by standardizing reporting relationships, roles, and responsibilities for setting IT priorities. Additionally, the bill establishes specified efficiency targets and reporting requirements with respect to data and telecommunications networks, data center services, hosting of mission-critical and public facing applications, and shared enterprise services.
- Specifies that the annual audit of the Technology Services Board is due not more than 120 days after submittal of the annual financial statements, rather than not more than 120 days after the close of the fiscal year.
- Requires that the CTA and DGS review all IT Requests for Proposals prior to release to the public, as opposed to DGS Office of Legal Services.
- Deletes an obsolete requirement of the Office of Privacy Protection to investigate and assist in prosecution of identity theft and other privacy-related crimes.
- Requires that all radio transmitting devices owned or operated by state agencies be licensed, installed, and maintained in accordance with federal law, and that a request for a federally required license for a state-owned radio transmitting device shall be sought only in the name of the "State of California".
- Extends the January 1, 2013 OCIO (CTA) sunset date contained in GC section 11548.5 to January 1, 2015.

### **COMMENTS**

Finance supports AB 2408 as the statutory vehicle to codify the IT consolidation. Finance also notes the following:

- Section 11545 of the Government Code established the OCIO effective January 1, 2008. The office is responsible for advising the Governor on the strategic management and direction of the state's IT resources; establishing and enforcing state IT plans, policies, standards, and enterprise architecture; promoting the efficient and effective use of IT in state government; providing technology direction to agency and department CIOs; and performing enterprise IT functions and services including implementing geographic information systems, shared services, applications, and program and project management activities in partnership with the owning agency or department.
- The CIO/ISO roles and responsibilities, as well as the statewide IT efficiency targets, are substantially consistent with Executive Order S-03-10 (EO) and OCIO IT Policy Letter (ITPL) 09-05.

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However, with respect to the target dates, we note that many of the dates may be unachievable depending on the pace with which OTech is able to put consolidated services in place. And with respect to the CIO/ISO roles and responsibilities, we note that the language in the bill specifies that appointment of CIOs and ISOs is subject to approval of the OCIO (CTA), which differs from the language in the EO and the ITPL (where this was the case only at the Agency level), and appointment of the Agency ISO is subject to approval of the OCIO (CTA), rather than the State Chief ISO as stated in the EO. Additionally, for departments lacking the resources or workload to support an ISO position, the bill states that the CIO will perform the duties, whereas the EO specified the Agency ISO.

- Existing law requires the Technology Services Board (TSB) to engage an annual financial audit of the state data center. This bill transfers that responsibility to the CTA, and specifies that the annual audit is due not more than 120 days after submittal of the annual financial statements, rather than not more than 120 days after the close of the fiscal year.
- Public Contract Code section 12104 requires the DGS Office of Legal Services to review IT Requests for Proposals (RFPs) prior to release to the public. This bill requires that the CTA and DGS review all such RFPs instead.
- The bill changes Government Code references from Office of Emergency Services (OES) to California Emergency Management Agency (CalEMA). Chapter 372, Statutes of 2008 (AB 38), which became effective January 1, 2009, combined OES and the Governor's Office of Homeland Security into the new cabinet-level agency CalEMA.
- Related bill AB 1266 (Huber), introduced in February 2009, would have codified GRP No. 1. However, this bill did not pass out of committee.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	
9050/Stwd Savings	SO	No		-----	No/Minor Fiscal Impact	-----			0001