

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 1927 CS      PCB SPT 05-04      Information Technology Management  
**SPONSOR(S):** Spaceport & Technology Committee  
**TIED BILLS:** \_\_\_\_\_      **IDEN./SIM. BILLS:** SB 1494

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Spaceport & Technology Committee	6 Y, 0 N	Saliba	Saliba
1) Fiscal Council	20 Y, 0 N	Dobbs	Kelly
2) State Infrastructure Council	7 Y, 0 N, w/CS	Saliba	Havlicak
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

**SUMMARY ANALYSIS**

HB 1927 w/CS establishes an information technology management process to support agency information technology decisions, project management thresholds to ensure successful deployment of information technology projects, and an agency information technology portfolio to report information technology investments, services, projects, and their associated costs.

HB 1927 w/CS creates the Florida Technology Council (FTC) as the successor organization to the State Technology Office (STO) and redefines its role in information technology management for the state. The bill transfers the STO's duties and responsibilities pertaining to statewide communications, wireless, data center, and security services to the Department of Management Services (DMS). Each agency head will be accountable for information technology management within their agency. The FTC is charged with developing a statewide information technology strategic plan, the agency investment management process, a project management methodology, and statewide policies, standards, guidelines, and procedures. Some of these duties are completed in consultation with the Agency Chief Information Officers Council, the Technology Review Workgroup (TRW), and DMS.

No appropriation is provided. Costs incurred in reorganizing personnel, property, contracts, accounting, budgeting and other administrative records will be paid from existing funds of the STO and DMS.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – HB 1927 w/CS adds duties and responsibilities to the STO for planning, policy making, and reporting for statewide information technology planning and management. The bill transfers duties and responsibilities from the STO to DMS for statewide communications, data center, wireless communications, and security services. Agencies are required to implement an information technology investment process as well as meet specified requirements for managing projects.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Background**

The Information Services Technology Development Task Force (Task Force) was created in 1999 to focus on development of state policies to enable Florida to compete successfully in the information age. The Task Force was comprised of public, private, and industry members with a stake in the development and success of Florida's Internet policy, infrastructure, community access, and overall economic development.<sup>1</sup> The Task Force made recommendations to the 2000 and 2001 Legislature in eight policy areas, one of which was e-government.

The 2000 Task Force recommended creation of a centralized information technology organization to ensure cost-effective deployment of technology across the various state agencies and entities. It was asserted such an organization could eliminate duplication of systems, services, resources, and expertise. The Task Force also advised that consolidating the agencies' technology purchases totaling more than \$1 billion per year would leverage the state's purchasing power further driving down costs. It was recommended the state employ operational strategies used successfully by many private sector entities such as FedEx and Cisco.<sup>2</sup>

That year, the Legislature adopted SB 1334 (Ch. 2000-164, LOF) enacting many of the Task Force recommendations, such as, establishment of the Uniform Electronic Transaction Act, online procurement by state agencies, enhancement to acceptance of credit cards by state agencies, the creation of a State Chief Information Officer (CIO) and a centralized STO to provide direction to agencies on information technology matters. The STO was assigned responsibility for operating the statewide communications, data center, and wireless communications services previously under the direction of DMS.

The 2001 Task Force recommended consolidation of information technology resources and encouraged the state to conduct business as an "enterprise." It was asserted such an organization could maximize resources, employ technologies and resources more effectively, increase ability to negotiate volume pricing, and enable citizens to benefit from e-government services.

In response, the Legislature adopted HB 1811 (Ch. 2001-261, LOF) which expanded the authority and responsibility of the STO and consolidated information technology resources in the executive branch. The STO was charged with primary responsibility and accountability for the development, implementation, use, and management of information technology in the state. The anticipated outcome of the changes was an enterprise-wide vision and mission for information technology architecture, standardized security protocols, systems design, project management, online licensing, and online

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<sup>1</sup> 2001 Annual Report of the Information Services Technology Development Task Force, February 14, 2001.

<sup>2</sup> 1999 Annual Report to the Legislature, Information Services Technology Development Task Force, February 14, 2000.

procurement; a government more responsive to the needs of Florida's citizens and businesses; and, a reduction in cost of state government.<sup>3</sup>

## Present Situation

The STO is primarily responsible and accountable for development, use, and management of information technology on behalf of the state and to use these resources in the best interest of the state. They are charged with implementing the state's expressed goals for information technology, which includes but is not limited to, integrating electronic systems, providing information technology in the most cost-effective and efficient means, providing support and guidance to enhance the state's use and management of information technology, and providing focused management attention and managerial accountability to information technology. To assist them in carrying out these duties, the STO is authorized to adopt rules implementing policies and procedures and to set technical standards.

The STO is the service provider to agencies and qualified entities for statewide telecommunications, network communications, wireless communications, data center, applications development, and security services. Major initiatives in these areas include telecommunication services, network services, the outsourcing initiative known as ITN 007 – MyFloridaNet related to data transport, the Statewide Law Enforcement Radio System, domestic security initiatives known as the Interoperability Network and the Mutual Aid Network, the MyFlorida.com portal, the emergency "911" system and plan, the Wireless "911" board, data center operations, services, and contracts, applications development services and contracts, and another domestic security initiative known as the network security operations center.

The Legislature receives information from the STO through two venues. First, the State Annual Report for Enterprise Resource Planning and Management provides a snapshot of agency inventory and spending by budget category. The report provides more information regarding what has occurred in information technology than what should occur in information technology. Second, the STO reviews agency information technology budget issues submitted in the agency legislative budget request (LBR). The STO analyzes and ranks each request based upon how critical it is first to the agency's operations and then to enterprise. It is not clear to what extent the legislative budget committees use this information.

The STO recently reported its dual responsibilities of policy advisor and service provider have hampered its ability to implement the statewide vision for information technology envisioned by the Legislature and the Governor. Despite being assigned the authority to carry out the duties which would guide and improve the way government manages its information technology assets, the STO reports the dual functions have created a conflict of interest. The report states, "[T]o be effective in its policy role, the STO must be objective in recommending enterprise-wide IT initiatives and assessing agency-specific IT project proposals. However, it appears the STO's policy recommendations have been driven, to a significant degree, by its desire to provide the recommended IT services and by the need to recover its costs. This has manifested in a lack of planning and feasibility determinations, flawed procurements, and poor contracting."<sup>4</sup>

The report goes on to say, "[I]n addition, the STO has neither developed nor articulated a clear, narrowly focused mission statement. Rather, the organization has operated in a scattershot fashion-trying to be 'all things to all people' – and has failed to cement its role in state government. At the same time, the STO has not gained the state agencies' confidence and trust. The agencies still do not generally support the STO's efforts. They perceive the STO as trying to 'take over' their IT functions,

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<sup>3</sup> House Bill Analysis for HB 1811, House Committee on Information Technology, 2001.

<sup>4</sup> *Proposed Reorganization of the State Technology Office*, prepared February 8, 2005, by the State Technology Office to explain their reorganization.

and thus, as a threat. As well, the agencies do not see the STO as a resource – either as a service provider or as an advocate before the Legislature.”<sup>5</sup> For these reasons, the STO is recommending reassignment of some of its current duties and responsibilities.

The Governor, in his Proposed FY 2005-06 Budget, recommended transfer of the statewide communications, data center, wireless communications, and security services from the STO to DMS. The recommendation implied changes in duties and responsibilities for both the STO and DMS. However, substantive legislation was not submitted for consideration. Subsequently, the STO submitted a proposed list of their revised duties and responsibilities. The duties include strategic planning, project management for enterprise and specific agency projects, establishing policies and standards for enterprise architecture, communication, and security, establishing rules, policies, procedures, and standards governing project management and information technology investments, and preparing the state annual report for information technology.

The DMS is the administrative and operations arm of state government providing services to state agencies and employees. DMS currently manages services in the areas of purchasing, human resource management, facilities management, retirement benefits, and insurance benefits.

The TRW is a legislative organization created to serve the appropriations committees and the Legislative Budget Commission (LBC). The TRW analyzes and makes recommendations regarding the information technology portion of the agencies’ long-range plans, statewide policies recommended by the STO, and agencies’ information technology LBRs. The TRW provides project monitoring for information technology projects identified by the Legislature when such assistance is needed.

The State of Florida and its executive branch agencies have had a checkered experience in the organization, management, and operation of information technology. Several Auditor General reports have examined government management structures and operations over recent years. A total of twenty state agencies have had one or more technology financial post-audits completed in the past three years. Fifteen additional audits have been completed on technology operations in educational entities while three additional ones covered multi-jurisdictional public organizations.<sup>6</sup>

Common themes have arisen in the audit commentaries on these agencies. Many information technology projects were found to be off-task and off-budget, there was a poor understanding of operational expectations, or personnel and operational practices were insufficient for the proper and timely execution of responsibilities.

There are many tools available to aid organizations in governance and management of information technology. Shrinking budgets and the demand for improved service delivery is driving the need to better align business processes with technology services. In the private sector, the Sarbanes-Oxley Act forced corporations to set up internal controls to ensure financial accountability.<sup>7</sup>

### **Effects of Proposed Change**

HB 1927 w/CS establishes a governance process to ensure information technology investments are governed responsibly, aligned with business needs, and consistent with fiscal and substantive policies established by the legislature. Agencies are required to implement an agency information technology investment management process which assists in defining initiatives for prioritization by agency leaders. The process will enable agencies to treat information technology as an investment and submit their portfolio to the Governor and the Legislature with their annual legislative budget request.

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<sup>5</sup> *Id.*

<sup>6</sup> State of Florida, Office of the Auditor General, [www.state.fl.us/sudgen/pages/subjects/infotech.htm](http://www.state.fl.us/sudgen/pages/subjects/infotech.htm).

<sup>7</sup> Public CIO, *Establishing Frameworks*, Vol. 3, Spring 2005.

HB 1927 w/CS requires agencies to implement project management as another component of the investment management process. Upon implementation of the model project management methodology, information technology projects with a dollar threshold less than \$2 million will be assigned a project manager to ensure successful implementation. Those projects between \$2 million and \$10 million will be assigned a project manager and those projects deemed high risk will also be assigned a project management team. Projects over \$10 will be assigned a project manager and a project management team.

The bill creates the Florida Technology Council (FTC) as the successor organization to the STO. The FTC will be responsible for developing the Statewide Strategic Plan for Information Technology, review each agency information technology investment portfolio, and make recommendations to the Governor and the Legislature regarding opportunities to make technology better serve the state. The Council, in consultation with the Agency Chief Information Officers Council and the TRW, shall develop a project management methodology for use by state agencies and a model information technology investment management process. Policies, procedures, standards, and guidelines shall be developed in consultation with the Agency Chief Information Officers Council, the TRW, and DMS.

HB 1927 w/CS transfers duties and responsibilities for statewide communications, wireless communications, data center, and security operations from the STO to DMS. DMS will be responsible for providing these services to state agencies and other qualified entities in a cost effective and efficient manner. A list of the major initiatives of these service areas is contained in the section describing the present situation.

The bill conforms other programs to reflect the transfer of responsibilities from the STO to DMS. These include responsibility for the implementation and coordination of the statewide emergency telephone number "911" system plan, oversight and administration of the Wireless 911 Board, and administrative and technical support of the Digital Divide Council.

State agency heads are given primary responsibility and accountability for development, use, and management of information technology in accomplishing the agency's mission. The agency head can appoint an agency CIO to assist them in carrying out these responsibilities. The agency CIO in turn has responsibility for advising the agency head regarding the information technology management and infrastructure needs of the agency, preparing recommendations, and preparing reports. The agency CIO will serve on the Agency Chief Information Officers Council in order to provide necessary agency-level input into the FTC's activities.

HB 1927 w/CS repeals the Agency Enterprise Resource Planning and Management Report and the State Annual Report for Enterprise Resource Planning and Management Report. The reports are replaced with the agency investment portfolio and the Statewide Information Technology Strategic Plan, respectively.

HB 1927 w/CS repeals the following sections: s. 186.022, F.S., pertaining to information technology strategic plans; s. 282.005, F.S., pertaining to legislative intent; s. 282.23, F.S., pertaining to State Strategic Information Technology Alliance; and, s. 282.3032, F.S., pertaining to Development and implementation of information systems, guiding principles.

The TRW duties and responsibilities to the appropriations committees and the LBC remain unchanged.

## C. SECTION DIRECTORY:

Section 1. Creates s. 282.0051, F.S., establishing legislative intent, definitions, requiring implementation of the agency information technology investment management process, requiring the agency to prepare an information technology portfolio, requiring agencies to implement the project management methodology prescribed by the Florida Technology Council and the Agency Chief Information Officers' Council, and requiring specified actions for project management based upon the prescribed dollar thresholds.

- Section 2. Amends s. 20.22, F.S., establishing the Technology Program and the Florida Technology Council in DMS.
- Section 3. Repeals s. 186.022, F.S., requiring state annual reports pertaining to information technology.
- Section 4. Amends s. 216.0446, F.S., removing the STO from review of the long-range program plans.
- Section 5. Repeals s. 216.292(1)(c), F.S., an expired provision authorizing transfer of positions and appropriations for the purpose of consolidating information technology resources.
- Section 6. Amends s. 282.0041, F.S., modifying definitions to reflect proposed policy changes.
- Section 7. Repealing s. 282.005, F.S., relating to legislative findings and intent with respect to information technology.
- Section 8. Creates s. 282.0055, F.S., providing limitation with respect to cabinet personnel.
- Section 9. Amends s. 282.102, F.S., establishing DMS as responsible for statewide communications services. Removing other duties previously assigned to the State Technology Office.
- Sections 10 through 13. Amends ss. 282.103, 282.104, 282.105, 282.106, conforming duties and responsibilities to reflect reassignment of communications services to DMS.
- Section 14. Creates s. 282.1065, granting DMS authority to provide SUNCOM Network services to hospitals and other facilities licensed under Chapter 395, F.S., and currently contracting with or providing services to the state or local governments.
- Section 15 through 20. Amends ss. 282.107, 282.1095, 282.111, 282.20, 282.21, and 282.22, F.S., conforming duties and responsibilities to reflect reassignment of communications, wireless communications, and computing services to DMS.
- Section 21. Repeals s. 282.23, F.S., relating to technology procurement.
- Section 22. Creates s. 282.3025, F.S., creating the Florida Technology Council headed by a Chief Information Officer. Establishing duties and responsibilities to include development of the Statewide Information Technology Strategic Plan, development of enterprise information technology policies, standards, guidelines, and procedures, development of a project management methodology, development of a model agency information technology investment management process and investment portfolio, preparation of executive memoranda on information technology, and review of agency information technology investment portfolios.
- Section 23. Amends s. 282.3031, F.S., conforming section to new definitions and establishing the agency head as primarily responsible for agency information technology planning and management.
- Section 24. Repeals s. 282.3032, F.S., relating to guiding principles for information technology systems.
- Section 25. Amends s. 282.3055, F.S., relating to the agency chief information officer. Providing that an agency head appoints or contracts for an agency chief information officer. Modifying duties and responsibilities to conform to changes in this act

- Section 26. Repeals s. 282.3063, F.S., relating to the Agency Annual Enterprise Resource Planning and Management Report.
- Section 27. Repeals s. 282.310, F.S., relating to the State Annual Report on Enterprise Resource Planning and Management.
- Section 28. Amends s. 282.315, F.S., modifying the duties and responsibilities of the Agency Chief Information Officers Council. Providing the council identify and recommend best practices and information technology deficiencies to the Florida Technology Council.
- Section 29. Amends s. 282.318, F.S., establishing each agency as responsible for security of data and information technology infrastructure.
- Section 30. Repeals subsection (2) of s. 282.322, F.S., pertaining to the Enterprise Project Management Office of the State Technology Office.
- Sections 31 and 32. Amends ss. 365.171, and 365.172, F.S., conforming emergency 911 and wireless 911 services to reflect reassignment of responsibilities to DMS.
- Section 33. Amends s. 445.049, F.S., conforming duties and responsibilities to reflect reassignment of the Digital Divide Council to DMS.
- Section 34. Provides an effective date of July 1, 2005.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

To the extent DMS reduces the overhead costs of technology services, and to the extent the rates charged state agencies and qualified entities for these services are reduced, revenues collected will go down.

#### **2. Expenditures:**

Reorganization - Agency reorganizations require changes in accounting, personnel, budgeting, contract, property, and other administrative records used for operating an agency. There are also costs associated with changes in rules, policies, and procedures used to communicate new organizational protocols and processes. The STO and DMS will pay costs incurred in implementing the reorganization from existing funds as no funds are appropriated to cover these costs.

Expenditures by agencies - To the extent that an agency is a customer of the information technology services currently provided by the STO, and to the extent the reorganization results in a reduction of the overhead costs of these services, customers may experience a reduction in the rates charged for these services.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

None.

#### **2. Expenditures:**

Expenditures by qualified entities - To the extent a local government entity is a customer of the information technology services currently provided by the STO, and to the extent the reorganization

results in a reduction of the overhead costs of these services, the local government entity may experience a reduction in the rates charged for these services.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The Department of Management Services is provided rulemaking authority and specific duties to be implemented. Rules exist pertaining to communications systems and services, wireless services, and computing services. DMS will need to modify the rules to delete references to the State Technology Office and insert the department.

The Florida Technology Council is provided rulemaking authority and specific duties to be implemented.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On April 19, 2005, the State Infrastructure Council unanimously adopted a strike-all amendment to the bill which included the establishment of technology governance and management principles. Section 282.0051, F.S., establishes an information technology management process to support agency decision making for information technology investments, project management thresholds to ensure successful deployment of information technology projects, and an agency information technology portfolio to report information technology investments, services, projects, and their associated costs. The amendment creates the Florida Technology Council as the successor organization to the State Technology Office and redefines its role in information technology management for the state.

The strike-all amendment creates s. 282.0055, F.S., limiting actions by the Florida Technology Council which affect Cabinet officers. It deletes ss. 186.022, 282.005, and 282.3032, F.S. Responsibility for oversight and support of the Digital Divide Council is transferred from the STO to DMS.

On April 19, 2005, an amendment was unanimously adopted to the strike-all amendment authorizing DMS to provide SUNCOM Network services to hospitals and other facilities licensed under Chapter 395, F.S.