

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Governmental Operations Committee

BILL: SPB 7076

INTRODUCER: For consideration by Governmental Operations Committee

SUBJECT: Information Technology Management

DATE: February 15, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson		Pre-meeting
2.				
3.				
4.				
5.				
6.				

I. Summary:

The bill establishes a series of policy goals and objectives for the organization and delivery of state technology resources.

This bill creates section 282.0051, Florida Statutes, and establishes expectations in the form of legislative intent on the organization and composition of information technology resources for agencies of the State of Florida.

II. Present Situation:

Information technology governance for the Executive Branch of state government has been largely centered in a State Technology Office created in ch. 282, F.S. That office is directed to provide leadership activities on behalf of state agencies although its principal activities have been focused on serving the requirements of those agencies reporting directly to the Governor. The cumulative annual investment of state funds in technology infrastructure for state agencies is in excess of \$2.1 billion.¹ Only seven major information technology initiatives command one-third of the total spending for state agencies. Even these numbers, however, may mask the full financial commitments for activities and processes that are indirectly influenced by technology.

The State of Florida and its executive branch agencies have had a checkered experience in the organization, management and operation of technology. Several Auditor General reports have examined government management structures and operations over recent years and reported

¹ Technology Review Workgroup, *Technology Spending*, Presentation Before the Senate Governmental Oversight and Productivity Committee, December 13, 2004.

significant financial commitments made in excess of reasonable expectations of need. 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 multijurisdictional public organizations.²

Following the adjournment of the 2006 Regular Session of the Florida Legislature the then Senate Ways and Means Committee was commissioned to undertake a comprehensive review of information technology in state government. That commission resulted in the publication of a wide-ranging study that catalogued all of the state's historical and structural efforts at identifying, operating, and funding information technology.³ The report discussed the statutory attempts at making programmatic sense of such an evolving technology and the contractual difficulties associated with failed attempts. The complex decision-making environments characteristic of the Florida state government federated executive system of management also played a role in attempting to achieve focus and accountability in this area.

Common themes soon presented themselves in both successful and unsuccessful ventures. Many 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. Most recently, the Senate Governmental Oversight and Productivity Committee identified several common attributes of state agency contractual procurements in which actual performance demonstrated a significant departure from expectations. All of those procurement underperformances reviewed had significant technology components and were found to be beset of one or more of the following conditions:

1. A management-directed imperative to execute faster than the agency had capacity;
2. Loss of knowledge capital through a strategic disinvestment in agency capacity or over reliance upon contract vendors;
3. Decision-making based upon price rather than product or service effectiveness;
4. Decision-making motivated by minimizing state investment and maximizing shared federal revenues;
5. Claimed tangible savings that were speculative;
6. Unwritten understandings accompanied by longer term financial liabilities;
7. A rush to the procurement market with a poor understanding of expectations; and
8. Vendor systems that could not deliver the service or product on time, on-task, or on budget.

Recent actions by the Department of Management Services have focused increased attention on its contractual activities in the areas of purchasing, infrastructure technology operations, and personnel management. Its human resources outsourcing initiative is more than one year behind schedule and its contract vendor, Convergys Customer Management Group, has had to contend with a difficult technology migration from the predecessor state personnel system to its successor one.⁴ As a consequence there have been missed or delayed employee payrolls, benefit coverage interruptions, incorrect benefit premium calculations, and ineffective implementation of

² State of Florida, Office of the Auditor General, www.state.fl.us/audgen/pages/subjects/infotech/htm.

³ *Enterprise Information Technology: Senate Review and Study*, Report No. 2007-140. Tallahassee, FL: January 2007.

⁴ The proprietary state legacy system was **COPES** (**CO**operative **P**ersonnel and **E**mployment **S**ystem) and was replaced by independent commercial business software developed by the German firm **SAP** (**S**ysteme **A**nwendungen **P**rodukte).

electronic time and attendance reports. All of these have resulted in increased management attention to these difficulties as they have produced widespread employee dissatisfaction.

In a March 11, 2005, presentation to the National Association of State Comptrollers, the Department of Financial Services reported to the Nation's other state chief financial officers on Florida's experience to date with Convergys. The report⁵ described the history of the procurement and the many performance expectations that the service provider had not executed well into the early implementation of its nine-year contract with the Department of Management Services.

The 2006 Legislature terminated funding for the State Technology Office in partial response to these cumulative difficulties. It funded an interim Enterprise Information Technology Services unit in the DMS pending a more significant restructuring of state agency relationships. The actions taken by the department preserve existing interagency relationships but are not recognized by statute.

III. Effect of Proposed Changes:

Section 1. The bill provides a statement of legislative intent of the importance of establishing a management governance process that aligns state agency information technology needs with their individual jurisdictional requirements.

Section 2 provides an effective date of July 1, 2007.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

⁵ Florida Department of Financial Services, *Outsourcing Human Resource Management*, undated.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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