

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Smyth and Huber Analyst: Janet Jennings Bill Number: AB 2408

Related Bills: See Legislative History Telephone: 845-3495 Amended Date: June 29, 2010

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Chief Information Officer

SUMMARY

This bill would codify the Governor's Reorganization Plan No. 1 (GRP 1) of 2009, which consolidated state information technology (IT) functions under the Office of the State Chief Information Officer (OCIO), and make other related changes.

SUMMARY OF AMENDMENTS

The June 29, 2010, amendments would extend the repeal date of the provision that established the office of the California Technology Agency (CTA) from January 1, 2013, to January 1, 2015, expand the CTA's authority over revocation or reduction of authority for state agencies to initiate information technology to include projects and acquiring information technology, and make technical corrections.

This is the department's first analysis of the bill. This analysis will only address the provisions in the bill that could impact the department's operations.

PURPOSE OF THE BILL

According to the author's office, creating a central IT organization will help leverage California's IT purchasing and resources.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2011, and operative as of that date.

POSITION

Pending.

ANALYSIS

STATE LAW

On March 10, 2009, Governor Schwarzenegger submitted to the Legislature his proposed IT reorganization plan (GRP No. 1) to consolidate various statewide IT organizations and functions under the OCIO. GRP No. 1 greatly expanded the duties and responsibilities of the OCIO. In total, the OCIO absorbed approximately 1,200 state employees and \$500 million in funding from other departments. GRP No. 1 became effective May 10, 2009.

Board Position:	Department Director	Date
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_____ X PENDING	Anne Miller for Selvi Stanislaus	07/30/10

Executive Order S-03-10, signed February 9, 2010, requires:

1. The State Chief Information Officer (State CIO) and the Office of the State CIO (OCIO), consistent with Government Code section 11545 et seq., shall have authority as provided by law over all IT infrastructure and shared services, including, but not limited to, the following: data and telecommunications networks; data center services, including all equipment necessary to operate mission-critical and public-facing applications (e.g., servers, storage, switches, security devices, and mainframes); hosting of mission-critical and public-facing applications; and shared enterprise services (e.g., e-mail and directory).
2. Beginning in 2010, and annually thereafter, each agency under direct executive authority shall submit, as instructed by the OCIO, a summary of its actual and projected information technology and telecommunications costs, including personnel, for the past year, current year, and budget year in a format prescribed by the OCIO to capture statewide IT expenditures.
3. Cabinet Agencies shall have an Agency Chief Information Officer (Agency CIO) appointed by the Agency Secretary, or the Agency Secretary's designee, subject to the approval of the State CIO. Agency CIOs shall be responsible for overseeing the IT portfolio and IT services within the Agency through the operational oversight of IT budgets of constituent departments, boards, bureaus, and offices.
4. All other agencies (except for Cabinet Agencies), departments, boards, bureaus and offices under direct executive authority shall appoint Chief Information Officers (CIOs). These CIOs shall be directly responsible for all IT and telecommunications activities within their agency, department, board, bureau or office, including, but not limited to: all IT, information security, and telecommunications personnel and contractors, systems, assets, projects, purchases, and contracts. CIOs shall ensure agency conformity with state IT and telecommunications policy and enterprise architecture.
5. Cabinet Agencies shall have an Agency Information Security Officer (Agency ISO) appointed or designated by the Agency Secretary, or the Agency Secretary's designee, subject to the approval by the State Chief Information Security Officer (State CISO). The Agency ISO shall report to the Agency CIO.
6. All other agencies (except for Cabinet Agencies), departments, boards, bureaus and offices under direct executive authority shall appoint or designate a qualified Information Security Officer (ISO), who shall report to the CIO of his or her respective agency, department, board, bureau or office. The State CISO shall develop specific qualification criteria for ISOs. If an agency cannot support a qualified ISO, the Agency CIO shall serve in this capacity. The Agency ISO will coordinate with the State CISO for additional support as necessary.

7. For all agencies under direct executive authority, ISOs shall investigate, resolve, and report all information security incidents to the Office of Information Security (OIS) within the OCIO. In addition, ISOs shall: complete disaster recovery planning and agency-wide risk assessments; conduct and document information security awareness training for all agency employees on an annual basis; report security metrics using methodologies developed by the OIS; and participate in activities coordinated by the OIS in order to better understand and address security incidents and critical cyber security threats to the state.
8. Agency CIOs shall be responsible for developing the enterprise architecture for their respective Agencies, subject to the review and approval of the OCIO, to rationalize, standardize, and consolidate IT applications, assets, infrastructure, data, and procedures for all departments, boards, bureaus and offices within their Agencies. Agency CIOs shall ensure that all departments, boards, bureaus, and offices within their Agencies are in compliance with state IT policy.
9. The CIOs of agencies under direct executive authority shall develop and maintain enterprise architecture plans in compliance with the statewide enterprise architecture policies and standards as established by the OCIO. All information technology and telecommunications acquisitions shall be consistent with the defined enterprise architecture and any deviations shall require the approval of the OCIO.
10. Consistent with Executive Order S-20-04, which established the Green Building Initiative, the CIOs of all agencies under direct executive authority shall develop plans to leverage cost-effective strategies to reduce the total amount of energy utilized by information technology and telecommunications equipment by 10 percent by July 1, 2010, by 20 percent by July 1, 2011, and by 30 percent by July 1, 2012. Progress toward these targets shall be reported to the OCIO on a quarterly basis beginning April 2010. The OCIO shall publicly report the progress of this effort on its Web site.
11. The CIOs of all agencies under direct executive authority shall work with the OCIO to reduce the total amount of data center square footage currently utilized by state agencies by 25 percent by July 2010, and by 50 percent by July 2011. In addition, CIOs shall begin to transition the hosting of all mission critical and public-facing applications to a Tier III data center¹ designated by the OCIO by no later than September 2010, and shall commence closing all existing server rooms that house non-network equipment by June, 2013. Transition plans shall be in accordance with guidance provided by the OCIO. Effective immediately, all new mission critical and public-facing applications and major server refreshes shall be hosted in a Tier III data center as designated by the OCIO. Progress toward these targets shall be reported to the OCIO on a quarterly basis beginning April, 2010. The OCIO shall publicly report the progress of this effort on its Web site.

¹ A Tier III data center is composed of multiple active power and cooling distribution paths, but only one path active, has redundant components, and is concurrently maintainable, providing 99.982 percent availability

12. The CIOs of all agencies under direct executive authority shall begin migration from their existing network services to the California Government Network (CGN) by no later than July 2010. Progress toward this target shall be reported to the OCIO on a quarterly basis beginning April 2010. The OCIO shall publicly report the progress of this effort on its Web site.
13. The CIOs of all agencies under direct executive authority shall transition to the state's shared e-mail security and encryption solution by no later than June, 2010, and shall work with the OCIO to migrate to the state's shared e-mail solution by no later than June, 2011. Progress toward this target shall be reported to the OCIO on a quarterly basis beginning April, 2010. The OCIO shall publicly report the progress of this effort on its Web site.
14. In order to ensure compliance with this executive order, the OCIO is authorized pursuant to Government Code section 11545, et seq. to reduce state agencies' delegated IT project development authority if agencies are not in substantial compliance. Upon notification by the OCIO of substantial non-compliance by an agency, the Department of General Services (DGS) may reduce or eliminate the IT purchasing authority of such agencies in consultation with the OCIO.
15. The State CIO, beginning April, 2010, and quarterly thereafter, shall issue a report to the Cabinet Secretary concerning: (a) progress by agencies toward consolidation; (b) the results of such consolidation in terms of fiscal and environmental benefit; and (c) the status and quality of shared services.

THIS BILL

This bill would codify GRP 1, along with Executive Orders S-03-10 and S-20-04, and additionally would require, in part, the following:

1. Rename the Office of the State Chief Information Officer (OCIO) to the California Technology Agency (CTA) and the position of the State Chief Information Officer (SCIO) to the Secretary of California Technology and impose additional duties on both regarding state information technology governance and implementation.
2. Transfer all aspects of the Division of Telecommunications from the Department of DGS to the CTA and create the positions of chief information officer and information security officer in various state agencies.
3. Transfer the Department of Technology Services from the State and Consumer Services Agency to the CTA.
4. Eliminate the Office of Information Security and Privacy Protection and instead creates the Office of Information Security within the CTA and the Office of Privacy Protection in the State and Consumer Services Agency.
5. Change to January 1, 2015, the sunset date on the provisions establishing the OCIO.
6. Make other technical, clarifying, and conforming changes.

LEGISLATIVE HISTORY

AB 617 (Blumenfield 2009/10) would have required the OCIO to establish and enforce a state IT strategic plan to protect the environment and reduce energy use. This bill was held in Assembly Appropriations Committee.

AB 618 (Blumenfield 2009/10) would have required the OCIO to submit a strategic plan by January 1, 2011, and every three years thereafter, that includes information on the key performance measures identified by the OCIO for the Governor's GRP NO.1 of 2009. This bill was held in Assembly Appropriations Committee.

AB 1266 (Huber 2009/10) would have codified the GRP 1 of 2009. This bill failed to pass the house of origin by the constitutional deadline.

SB 834 (Figueroa, Stats. 2006, Ch. 533) made the statutory changes necessary to reflect GRP 2 of 2005, which established the Department of Technology Services in state government under the Director of Technology Services within the State and Consumer Services Agency.

FISCAL IMPACT

No departmental costs are associated with this proposal because the department already complies with the GRP this bill would codify.

ECONOMIC IMPACT

This bill would not impact the department's programs and operations or state income tax revenue.

POLICY CONCERNS

Currently, the department can purchase IT goods and services through DGS or through outside vendors. Similarly, the department may use OCIO (proposed CTA) for data services or find a vendor to provide these services. Under this bill, the CTA would standardize the types and kinds of software, hardware, and technologies the department is able to obtain, as well as the data services the state provides. Though exceptions may be granted, in general, the department would have to adhere to these new policies and standards in purchasing IT goods and services, which may limit the choices available especially for FTB's out of state offices.

The CTA's choice of certain systems and technologies over others could limit the pool of contractors able to do business with the state. Reducing the number of vendors could decrease competition for certain contracts, potentially increasing costs for IT goods and services.

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