

## Legislature has the Chance to Finally Get Information Technology Governance Right

April 2013

The governance of an organization's information technology (IT) is critical to its effective and cost-efficient operation. The private sector recognized this long ago, and government has started to follow suit, with a focus on centralization of governance. Florida has recognized it too, but its attempts to set up an effective IT governance system have largely been unsuccessful.

Because of the need for so much information to be available to the public, IT plays an even bigger role in government. This is heightened in Florida due to our Sunshine laws. Not only does this create fiscal and policy challenges for Florida, but also raises concerns about the privacy and security of personal data.

Information technology governance can ensure that expectations for IT are met, performance is measured, resources are managed and risks are mitigated. In government, IT governance can also help ensure taxpayer dollars are spent in a way that maximizes their return of investment.

And taxpayers pay a considerable amount for IT in Florida, but because the system is so disjointed, the total amount of taxpayer dollars spent on public technology is largely unknown. Even as far back as 2005, expenditures were estimated to exceed \$2 billion annually.<sup>1</sup> The 2012-13 state budget includes nearly \$850 million in funding for specific IT projects.

Florida's information technology (IT) and business process governance is decentralized, including the management of everything from help desks, email, and data centers to software installation, hardware replacements and repairs. This fragmented system leads to the inefficient use of millions of taxpayer dollars annually. Furthermore, several reviews of IT governance in other states indicate Florida is one of the few major states without a

<sup>1</sup> The Florida Senate, "Staff Analysis for CS/SB 1494. Information Technology Management," March 22, 2005.

### POLICY STATEMENT

A centralized agency with sufficient authority to set and implement enterprise-wide information technology is long overdue. Florida TaxWatch commends the Senate and the House for understanding the importance of technology governance and encourages the Legislature to establish a centralized State agency responsible for IT and business processes, with the necessary authority, as recommended by the Florida TaxWatch Government Cost Savings Task Force.

State Chief Information Officer (or similar position).<sup>2</sup> The Center for Digital Government conducts a biennial survey that grades states on “best practices, policies and progress made by state governments in their use of digital technologies to better serve their citizens and streamline operations.” In its recent survey, Florida shared the lowest grade in the nation — “D” — with one other state<sup>3</sup>.

In 2006, the Florida House of Representatives issued a report on IT governance, citing the lack of a clear vision for IT and concluding that the absence of an enterprise governance framework limited the state’s ability to provide comprehensive technology solutions.<sup>4</sup>

In 2007, the Florida Senate issued a similar report, which found that “Florida exhibits all of the symptoms of ineffective enterprise IT governance.”<sup>5</sup>

- IT projects often run late and over budget
- Senior management cannot explain IT governance
- Senior management senses low value from IT investments
- Senior management sees outsourcing as a quick fix to IT problems
- Governance changes frequently
- IT is often a barrier to implementing new strategies
- Mechanisms to make IT decisions are slow or contradictory.

Many state IT projects have experienced cost overruns and have frequently fallen behind schedule. Additionally, lack of planning, contract management, and accurate assessment of IT capabilities have resulted in suspension of projects and led to substantial changes in direction and scope during development and implementation.

## Florida has Tried Before

In the last 16 years, Florida has had five different IT governance structures. There were two major attempts to move to a centralized approach through the creation of an IT agency, but both were ultimately unsuccessful. The first attempt was in 2001, when the Legislature created the State Technology Office (STO) with the goal of providing enterprise-wide oversight.

The reluctance of agencies to accept a central authority hampered its implementation. In 2005, the Legislature passed a bill to eliminate the agency and transfer responsibilities to the Department of

---

2 Center for Technology in State Government. “Enterprise IT Governance in State Government. State Profiles.” 2009. Note: This policy brief includes a comparative overview of the IT governance of 13 states. Each state’s IT governance includes a position for a State IT Official. Florida is now without such a position due to the decommissioning of AEIT. See also: Committee on Governmental Operations. “Enterprise Information Technology Senate Review and Study. Report No. 2007-140. Prepared for the Florida Senate.” January 2007. Note: In 2007, the Committee on Government Operations reviewed literature on IT governance in other states. The study indicated that the majority of states have some form of IT governing board and/or a State Chief Information Officer.

3 House Appropriations Committee presentation, March 28, 2013.

4 The Florida House of Representatives State Infrastructure Council/Spaceport and Technology Committee, “Information Technology Management in Florida”, January 2006.

5 Senate Committee on Governmental Operations, “Enterprise Information Technology Senate Review and Study. Report No. 2007-140, January 2007.

Management Services. Governor Jeb Bush vetoed the bill, effectively deleting the STO's funding. In 2007, the Legislature tried again, creating the Florida Agency for Enterprise Information Technology (AEIT). The AEIT was ineffective because it was not given the legislative authority to enforce its policies across state agencies. In 2011, Governor Rick Scott vetoed a bill that would have abolished the AEIT and made a new IT agency because the new agency's scope was too limited. Again, the AEIT was not funded, effectively decommissioning it.

The state is still without an entity that is in charge of IT strategy and business process implementation on an enterprise-wide basis.

The 2013-14 Florida TaxWatch Government Cost Savings Task Force recommended the establishment of a centralized state agency responsible for IT and business processes.<sup>6</sup> The Task Force found that a centralized IT agency policy and implementation authority would produce taxpayer cost savings while improving services to citizens by standardizing processes across all agencies (therefore removing duplications), increasing accountability, and allowing for better purchasing through economies of scale.

The 2013 Legislature is considering a bill to create a centralized IT governance structure. SB 1762, sponsored by Sen. Jeremy Ring, creates a Department of State Technology (DST) as an executive agency under the Governor. DST would have broad authority to set and implement technology policy and to manage IT services and procurements. The DST Secretary — appointed by the Governor — would be the state's Chief Information Officer (CIO). The bill also creates a Technology Advisory Council to make recommendations to DST.

The bill lays out a lengthy list of powers and duties of the new agency. DST would design, plan, develop, implement, and manage state enterprise IT and biennially develop a long-range plan for state IT resources. Beginning January 1, 2018, DST must review and approve all IT purchases by state agencies.

The House also has a plan, currently in the form of a proposed committee bill. The House legislation would also create a new agency (the Agency for State Technology), but its powers and duties would be more limited.

## Recommendation

A centralized agency with sufficient authority to set and implement enterprise-wide information technology is long overdue. Florida TaxWatch commends the Senate and the House for understanding the importance of technology governance and encourages the Legislature to establish a centralized State agency responsible for IT and business processes as recommended by the Florida TaxWatch Government Cost Savings Task Force. The new agency should have the broad authority to set and implement technology policy and to manage enterprise-wide IT services and procurements.

<sup>6</sup> Florida TaxWatch, "Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force for FY2013-14," January 2013.

## ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 33 years.

## FLORIDA TAXWATCH RESEARCH LEADERSHIP

Dominic M. Calabro	President & CEO
Robert E. Weissert, Esq.	Vice President for Research & General Counsel
Kurt Wenner	Vice President for Tax Research
Jerry D. Parrish, Ph.D.	Chief Economist
Steve Evans	Senior Advisor

## RESEARCH TEAM FOR THIS *BRIEFING*

This Florida TaxWatch *Briefing* done under the direction of: Dominic M. Calabro, President, CEO & Publisher; Robert E. Weissert, VP for Research & General Counsel; and Kurt Wenner, VP for Tax Research.

Kurt Wenner	Author
Chris Barry	Layout, Graphics, Publication

## FOR MORE INFORMATION: [WWW.FLORIDATAXWATCH.ORG](http://WWW.FLORIDATAXWATCH.ORG)

The findings in this *Briefing* are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, or Board of Trustees; and are not influenced by the individuals or organizations who may have sponsored the research.

106 N. Bronough St., Tallahassee, FL 32301  
o: 850.222.5052 f: 850.222.7476

Copyright © April 2013, Florida TaxWatch Research Institute, Inc., John B. Zumwalt, III - Chairman. All Rights Reserved.