

## **Department of Planning and Budget 2010 Fiscal Impact Statement**

**1. Bill Number:** HB1035

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

**2. Patron:** Byron

**3. Committee:** Science and Technology

**4. Title:** **Information Technology governance in the Commonwealth; Establish the Department of Technology Management, the Information Technology Investment Council, and the Council on Technology Services.**

- 5. Summary:** The bill eliminates the Information Technology Investment Board (ITIB) and replaces it with the Information Technology Investment Council (ITIC), which is established as a policy council under the Governor with the power and duty to (i) approve the recommended technology investment projects report prepared by the Project Management Division; (ii) approve plans for the development, maintenance, and replacement of enterprise and multiagency applications developed by the Council on Technology Services (COTS); and (iii) advise the Secretary of Technology on the termination of major information technology projects. The ITIC is comprised of each Cabinet Secretary, the directors of the Senate Finance and House Appropriations Committees, and three nonlegislative citizen members, all of whom are to be appointed by the Governor. The Governor's Chief of Staff serves on the ITIC as chairman.

The bill grants the Governor the power to appoint the Chief Information Officer (CIO), who would serve as the head of the Virginia Information Technologies Agency (VITA). The CIO reports to the Secretary of Technology and is responsible, through his role as head of VITA, for planning, developing, and procuring enterprise applications and infrastructure services.

The bill establishes the Department of Technology (DTM) with the power and duty to (i) develop regulations, standards, policies, and guidelines for management of information technology in the Commonwealth; (ii) oversee information technology security, procurements, projects, investments, planning, and budgeting; (iii) report on information technology status and trends in the Commonwealth; and (iv) in consultation with VITA, identify and plan for the information technology needs of the Commonwealth. The department is led by a director who is appointed by and reports to the Governor, confirmed by the General Assembly. The department includes the Project Management Division, the Virginia Geographic Information Network, and the Public Safety Communications Division, all of which were previously under the supervision and responsibility of VITA.

The bill establishes COTS as a policy council under the Governor with the power and duty to (i) advise the CIO on the application and infrastructure services provided by VITA; (ii) advise the Director of DTM on the development of information technology regulations, standards, policies, and guidelines; the list of recommended technology investment projects

and proposed uses of state funds resulting from agency budget reviews; and (iii) develop, for approval by the ITIC, plans for the development, maintenance, and replacement of enterprise and multiagency applications. COTS is comprised of agency representatives from each of the Cabinet Secretaries and the legislative and judicial branches of state government.

The bill creates a new requirement that the Secretary of Technology develop a comprehensive statewide two-year strategic plan for information technology that addresses application and infrastructure needs, the use of information technology across state government, and information security issues. The secretary is also responsible for the newly created DTM and shall coordinate and resolve any conflicts between DTM and VITA.

The bill contains several enactment clauses, including the provision that no additional funds from the general appropriation act passed by the 2010 Session of the General Assembly shall be used to implement the provisions of this act. Any additional funding necessary to implement the provisions of this act shall be provided from internal service funds maintained by VITA. This bill contains other substantive provisions and includes numerous technical changes necessary to update obsolete references.

**6. Fiscal Impact Estimates:** Preliminary.

**7. Budget Amendment Necessary:** No.

- 8. Fiscal Implications:** The bill contains an enactment clause that “no additional funds from the general appropriation act passed by the 2010 Session of the General Assembly shall be used to implement the provisions of this act. Any additional funding necessary to implement the provisions of this act shall be provided from internal service funds maintained by VITA.” Thus, any increased costs, as interjected in the statements below, would result in increased charges to agencies and other information technology customers currently receiving services from VITA. Without supplemental funding, increased costs would require agencies to redeploy funds from other purposes.

VITA concludes there are four major components of this proposed legislation. It: (1) abolishes the ITIB and creates two new councils; (2) changes the CIO to a gubernatorial appointee; (3) establishes a new agency, the Department of Technology Management (DTM), from parts of the Virginia Information Technologies Agency (VITA); and (4) restructures VITA into two divisions, both reporting to the CIO and under the technology secretariat.

Fiscal implications for each aspect of the restructuring were reported as follows:

- (1) At first glance, this part of the reorganization appears to be cost-neutral since VITA is currently responsible for staff support to the ITIB and those costs would simply be replaced by costs to provide staff support to COTS. However, whether supplied by the Governor’s office or VITA, the new ITIC will need staff support and there would be expenses. In the aggregate, support for at least eight meetings annually would be needed.

(2) This aspect of the reorganization can achieve slight savings. The CIO's compensation and benefits package as a contract employee is similar to that of a state employee but, because the current CIO salary exceeds the maximum of agency head salaries in the General Provisions of the Appropriation Act, it is possible that there would be some savings if the CIO as an agency head had a salary limited to the existent pay scale.

(3) The bill establishes the new DTM agency within VITA's existing internal service fund resources. The new position will incur additional costs in line with agency head salaries and benefits, unless an existing position is revised to fill this new post.

While the proposed legislation clearly delineates elements of VITA that are to be transferred to DTM – Project Management Division, Public Safety Communications Division, and the Virginia Geographic Information Network – the specifics of the bill also move many other functions to DTM. In the case of security, information technology procurement, and development of data standards, existing VITA organizations would have to be split up between VITA and DTM. The VITA organization has been flattened and reconfigured to eliminate redundancies and better integrate related functions. This legislation, by separating several work units, could reintroduce new costs.

(4) The bill establishes two divisions under the CIO, each with deputy CIO positions. In one division, the Deputy CIO of Applications appears to be a recasting of the Chief Applications Officer (CAO). In the other division, the Deputy CIO of Infrastructure is created at a projected cost of \$160,000 to \$170,000 for salary and benefits unless an existing position is revised to fill this post.

**9. Specific Agency or Political Subdivisions Affected:** Secretary of Technology, VITA, and any executive agency or local entity currently receiving VITA services.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** The bill is identical to SB236.

**Date:** 2/2/2010 dpb

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