



EXECUTIVE CHAMBERS
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GOVERNOR

Testimony of
Barry Fukunaga
Chief of Staff to the Governor

WRITTEN ONLY

Before the
HOUSE COMMITTEE ON FINANCE
Monday, March 29, 2010, 6:00 PM
State Capitol, Room 308

S.B. 2548 S.D.2 H.D.1 RELATING TO INFORMATION TECHNOLOGY

Chair Oshiro, Vice Chair Lee, and members of the Committee:

The Office of the Governor **opposes** S.B. 2548, S.D.2, H.D.1, Relating to Information Technology, which proposes to establish within the office of the Governor a chief information officer and information technology steering committee to organize, manage, and oversee statewide information technology governance. The bill also creates the shared services technology special fund to be funded by an unspecified percentage of central service fees.

We do not believe it appropriate to place a function of this type in the Office of the Governor. This is a comprehensive and detailed undertaking that needs to remain within a principal department of state government (i.e, the Department of Accounting and General Services (DAGS)). Further, DAGS, through its Information and Communication Services Division (ICSD), has been making significant progress on improving the State's IT governance, structure and services.

This bill, as written, also runs afoul of Article V, Section 6 of the Hawaii State Constitution, which provides in part:

All executive and administrative offices, departments and instrumentalities of the state government and their respective powers and duties shall be allocated by law among and within not more than twenty principal departments in such a manner as to group the same according to common purposes and related functions. Temporary commissions or agencies for special purposes may be established by law and need not be allocated within a principal department.

The Attorney General has opined that, Article V, Section 6 of the Hawaii Constitution and

HRS Section 26-4, HRS, requires a state office or instrumentality, unless it is for temporary and special purposes, to be placed within a principal department of the state executive branch. Accordingly, by establishing the "information technology steering committee" within the Office of the Governor, the bill runs afoul of the above-stated constitutional provision.

Finally, transferring the responsibility of developing and managing statewide computer technology networks to the Office of the Governor will impose additional costs to implement and maintain, which is not appropriate, even if specially funded by central service fees. In view of the financial difficulties now facing the State of Hawaii, it is not an appropriate time to add functions and responsibilities that can be better undertaken in a department that is already staffed to handle such a role will avoid the additional expenses associated with the transfer of these functions.

We respectfully request that S.B. 2548, S.D.2, H.D.1, be held.

Thank you for the opportunity to testify.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2548, S.D. 2, H.D. 1

March 29, 2010

RELATING TO INFORMATION TECHNOLOGY

Senate Bill No. 2548, S.D. 2, H.D. 1, establishes a Chief Information Officer and Information Technology Steering Committee in the Office of the Governor to organize, manage, and oversee statewide information technology governance. The bill also creates the Shared Services Technology Special Fund with revenues coming from an unspecified percent of the receipts collected from central services expenses pursuant to Section 36-27, Hawaii Revised Statutes.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-52.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-FIFTH LEGISLATURE, 2010**

ON THE FOLLOWING MEASURE:

S.B. NO. 2548, S.D. 2, H.D. 1, RELATING TO INFORMATION TECHNOLOGY.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Monday, March 29, 2010 **TIME:** 6:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Mark J. Bennett, Attorney General, or
Patricia T. Ohara, Deputy Attorney General

Chair Oshiro and Members of the Committee:

The Department of the Attorney General has concerns about this bill regarding the establishment of the chief information officer and the information technology steering committee within the Governor's Office. This bill gives the chief information officer oversight authority over the information and communications division, which is currently placed in the Department of Accounting and General Services. We believe this violates article V, section 6, of the State Constitution, which requires all executive offices, departments, and instrumentalities of the state government and their powers and duties to be allocated by law among and within one of the principal departments (of which there shall be no more than twenty), and that this allocation shall be done in such a manner as to group the entities according to common purposes and related functions. Although article V, section 6 explicitly allows "temporary commissions or agencies for special purposes" to be established by law and not required to be placed within a principal department, it does not appear that the information technology steering committee is, or is intended to be, a temporary agency for special purposes.

Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON FINANCE
Monday, March 29, 2010
6:00 PM
State Capitol, Conference Room 308

In consideration of
SB 2548 SD2 HD1 RELATING TO INFORMATION TECHNOLOGY.

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance.

The High Technology Development Corporation (HTDC) supports the intent of SB 2548 SD2 HD1, which implements the information technology (IT) recommendations of Auditor's Report No. 09-06 and establishes within the Office of the Governor, a Chief Information Officer (CIO) and Information Technology Steering Committee to organize, manage and oversee statewide information technology governance. *HTDC, however, shares concerns about the funding mechanism for this cause, and the definition of the administrative expenses which includes items that do not directly pertain to the activities of the CIO. Further, where the CIO position is "housed" should be carefully examined to ensure its effectiveness.*

With tax revenues down, reduced public workforce and a significant number of recent or near-future retirees, the State is faced with a difficult challenge in having to provide for public services with more demand than ever, and to do so with reduced resources. When the private sector faces this type of a challenge, it looks to IT solutions. Having worked in the IT industry in the private sector, and now working in state government, I can confidently say that review of the State's procedures in the context of how IT can provide better results cheaper and faster, should be, and should have been one of the top internal priorities for state government.

HTDC's support for the intent of SB 2548 SD2 HD1 should not be taken as a criticism of the State Dept. of Accounting and General Services (DAGS) or of its Information and Communication Services Division (ICSD), or the leadership of its director and division heads. Rather, our support should be regarded as an observation that due to lack of resources, DAGS and ICSD have been crippled to address its most basic functions. Yet, a high priority needs to be placed on an IT revolution in State government, in terms of attitudes and implementation of fundamental IT infrastructure if we are to continue to function effectively and with fewer staff. In this economic climate when all departments are experiencing cuts, it is not reasonable to assume funding for this initiative can be siphoned off of already reduced budgets. However, a solution may lie in improving the organizational structure and streamlining of certain State procedures which would reduce the overhead expenses, and reducing distributed IT resources to State departments and divisions where their resources can be shared Statewide in a more central

manner, and leaving programs with specialized needs to support those at the division level separately.

I respectfully offer a few thoughts as the bill makes its way through the legislative process:

1. HTDC recommends a language change in Section 2, page 3, line 3, amending Chapter 27 (a)(3), from “(3) Develop and implement statewide technology standards;” to “(3) Development and implement statewide technology standards where appropriate;”.

The recommendation is made to mirror successful practices of the University of Hawaii (UH) where its IT services provide certain services to a certain level, and recommends specific solutions for which documentation and support are made available. However, should a department or a program choose to use another solution, it can, but is on its own for support. This model is successful because it recognizes the wide variety of needs various UH programs have, and that restricting them to work within certain technology standards would only result in frustrated users and administrators, without any benefit. For example, timing of establishing new standards and new policies will most likely lag from the rapidly changing technology landscape, and it would not be fair to DAGS-ICSD (and any other agency responsible for enforcing and implementing the IT standards) to become experts in all types of IT solutions for each of the specialized needs (e.g., incubation center management software).

2. The authority of the Chief Information Officer (CIO) needs to reflect his/her role and responsibilities.

I appreciate the bill’s language describing the CIO’s responsibilities to organize, manage AND oversee. If the CIO were to be effective, the position must also be given the authority to coordinate and implement the IT solutions in each of the state government departments. The CIO’s ability to work with the department heads, ICSD, and ultimately have authority to implement the solutions within these departments is so paramount to the success of this type of program, that if future versions of the bill do not explicitly define such level of authority for the CIO and retain that clause in the final version of the bill, this initiative will not yield the results this Legislature envisions.

3. Makeup of the Information Technology Steering Committee should be such that procurement decisions are kept separate or their recommendations are vendor neutral when presenting their findings.

While government employees selected to be on such a steering committee are well aware of the State code of ethics and not being “married to” a solution being delivered by a specific vendor, private sector individuals on the committee should also be prevented from biases to provide specific solutions based on anything other than the merits of the technical solutions. It may be safer if the private sector appointees are knowledgeable and/or experts in IT areas, but not be a representative of a supplier of particular IT product brands, and prefer appointees who are “vendor/brand-agnostic”.

Thank you for the opportunity to submit testimony supporting the intent of SB2548 SD2 HD1.