

Date of Hearing: June 6, 2012

ASSEMBLY SPECIAL COMMITTEE ON THE
GOVERNOR'S REORGANIZATION PLAN NO. 2

Joan Buchanan, Chair

GRP 2 - As Introduced: May 3, 2012

SUBJECT: GRP 2: Government Operations Agency.

SUMMARY: Creates the new Government Operations Agency (GOA) which consolidates entities that administer state operations. Specifically, GRP 2:

- 1) Creates GOA with entities from the State and Consumer Services Agency (SCSA) and the California Technology Agency (CTA).
- 2) Eliminates CTA and SCSA.
- 3) States that GOA is comprised of the following entities:
 - a) Department of General Services;
 - b) Human Resources (CalHR);
 - c) Department of Technology;
 - d) Office of Administrative Law;
 - e) Public Employees Retirement System;
 - f) State Teachers' Retirement System;
 - g) Franchise Tax Board;
 - h) State Personnel Board; and,
 - i) Government Claims Board.
- 4) Provides that the Director of CalHR shall report directly to the Governor on issues relating to labor relations.
- 5) Vests the Director of the Department of Technology with the same powers and responsibilities as the previous Secretary of the Technology Agency, including the role as the State's Chief Information Officer (SCIO).

EXISTING LAW:

- 1) Establishes CTA to approve and oversee all state information technology projects.
- 2) Establishes SCSA to protect consumers and deliver efficient, cost-effective and responsive services to internal and external state clients.
- 3) Includes the following entities within SCSA:
 - a) Public Employees' Retirement System;
 - b) Department of General Services;

- c) Franchise Tax Board;
 - d) State Personnel Board;
 - e) State Teachers' Retirement System; and,
 - f) Victims Compensation and Government Claims Board.
- 4) Establishes the Office of Administrative Law as an independent entity.
- 5) Establishes CalHR to streamline human resources operations and replace outmoded personnel practices.

FISCAL EFFECT: Unknown.

COMMENTS:

Purpose of this bill: According to the Governor, “Major components of administering state operations, such as procurement, information technology, and human resources, are currently dispersed throughout government. Combining these and other operational programs into one agency will improve management and accountability, increase efficiency, and promote better and more coordinated operational decisions. It will also foster state-wide perspectives, improve communication and information sharing, and change cultures that prioritize control over service.”

Background: GRP 2 creates a new GOA which consolidates entities that administer state operations. GOA is comprised largely of entities previously housed in CTA and SCSA. The latter two agencies are now eliminated.

CTA: The most controversial aspect of GOA is its absorption of CTA. California has a long history of rearranging its technology services in an effort to optimize coordination and performance.

- The Department of Information Technology (DOIT) was created by SB 1 (Chapter 508, Statutes of 1995) for the purpose of planning and overseeing the state’s uses of information technology. It was created as an independent state department that reported directly to the Governor rather than a cabinet level agency. DOIT struggled to meet its statutory mandates and became inoperative on July 1, 2002.
- GRP 2 of 2005 established the Department of Technology Services (DTS) within SCSA. DTS was charged with responsibility for the planning, acquisition, and administration of state technology and telecommunications systems.
- In 2006, the Legislature enacted and the Governor signed SB 834 (Chapter 533, Statutes of 2006) which established the Office of the State Chief Information Officer (OCIO). The SCIO became a member of the Governor’s cabinet, with the position appointed by the Governor and subject to Senate confirmation.

- In May of 2009, GRP 1 created the OCIO as an Agency to consolidate statewide information technology functions, software contracts, office automation tools, data centers, servers, and storage. The OCIO also has authority over IT procurement policy and enterprise IT management.
- CTA was created in 2010 by AB 2408 (Chapter 404, Statutes of 2010), which codified GRP 1 and renamed the SCIO as the Secretary of California Technology.

CTA is responsible for the approval and oversight of all state information technology projects. As the head of the Agency and as the state's chief information officer, the Secretary of CTA provides leadership for the state's IT programs and works collaboratively with other IT leaders throughout the state.

GRP 2 recreates CTA as the Department of Technology under GOA. The Governor states that the new Department of Technology will retain state-wide authority to centralize and unify the State's information-technology projects, and its alignment with other administrative service programs will enhance its ability to develop, launch, manage, and monitor large informational technology projects. Its director will also be the SCIO and retain the responsibilities of the previous CTA Secretary.

However, critics are concerned that the change to a department represents a demotion and will negatively affect the dynamic between the CIO and other agency heads, resulting in devolution of the state's significant technology progress. Further, GRP 2 adds language that expressly requires that the GOA Secretary be the final arbiter of agency operations:

Section 12800 of the Government Code is amended to read:

(b) The secretary of an agency shall be generally responsible for the sound fiscal management of each department, office, or other unit within the agency. **The secretary shall review and approve the proposed budget of each department, office, or other unit.** The secretary shall hold the head of each department, office, or other unit responsible for management control over the administrative, fiscal, and program performance of his or her department, office, or other unit. The secretary shall review the operations and evaluate the performance at appropriate intervals of each department, office, or other unit, and **shall seek continually to improve the organization structure, the operating policies, and the management information systems of each department, office, or other unit.** [emphasis added]

This arguably places the Director of the Department of Technology in a less powerful and strategic position than Secretary of CTA.

Analysis Prepared by: Sarah Weaver