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LAWRENCE M. REIFURTH
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TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2010

Monday, February 1, 2010
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 2302
RELATING TO INFORMATION TECHNOLOGY.**

WRITTEN TESTIMONY ONLY

TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (Department) appreciates the opportunity to express concerns with regard to House Bill No. 2302, Relating to Information Technology. My name is Lawrence M. Reifurth, and I am the Department's Director. House Bill No. 2302, among other things, proposes to:

- (1) Transfer the responsibility of providing centralized computer information management and processing services along with the responsibility to coordinate the use of all information processing equipment, software, facilities, and services for all departments and agencies in the Executive Branch;

- (2) Establish in the Department, the Office of Information Technology (Office), which will be responsible for carrying out the transferred responsibilities;
- (3) Create the Shared Services Technology Special Fund (SSTSF) to fund the operations and activities of the Office; and
- (4) Require that five percent of the receipts collected from special funds for central services expenses, and five percent of all revenues deposited into the Compliance Resolution Fund (CRF), be deposited into the SSTSF.

Inconsistent Mission

The Department's core mission is to protect consumers from unfair business practices while "upholding fairness in the marketplace". The Department's mission does not include providing centralized services to other Executive Branch departments and agencies. This bill would cause the Department to stray from, and lose focus of, its core mission.

Paying Twice

By requiring that five percent of the receipts collected from special funds for central services expenses, and five percent of all revenues deposited into the CRF, be used to fund the SSTSF, the bill in effect requires the CRF to pay twice into the SSTSF.

The CRF already pays five percent of its receipts for central services expenses, a part of which would be directed into the SSTSF under the bill. The CRF would also be required to pay an additional five percent of its revenues into the SSTSF. Requiring the CRF to pay twice for the same type of services that would be provided to other agencies is unfair.

***HIC v. Lingle, et al.* Related Concerns**

CRF contributions into the SSTSF that exceed the level of benefit that the Department receives from the Office risk running afoul of the principles enunciated in the Supreme Court's 2008 decision in the *HIC v. Lingle* case. Moneys derived from fees set by the Department in the CRF are regulatory fees and can only be used for the benefit of the programs for which they were collected.

RICO Attorneys

The bill also includes an amendment (see page 7, lines 7 to 10) that affects attorneys in the Department's Regulated Industries Complaints Office (RICO). It is unclear why that amendment is included in the bill. All government employees, including RICO attorneys, are subject to chapter 92F, Hawaii Revised Statutes (HRS). Explicitly referencing chapter 92F, HRS, suggests that a problem or ambiguity exists, of which the Department is unaware.

Thank you for the opportunity to present testimony on the bill.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
ON
HOUSE BILL NO. 2302

February 1, 2010

RELATING TO INFORMATION TECHNOLOGY

House Bill No. 2302 transfers the responsibilities for developing and implementing statewide technology policies from the Department of Accounting and General Services to the Department of Commerce and Consumer Affairs. The bill also creates the position of the Chief Information Officer and the Shared Services Technology Special Fund with revenues coming from five per cent of the receipts collected from the central services expenses pursuant to Section 36-27, Hawaii Revised Statutes, and five per cent of all revenues, fees, and fines deposited into the Compliance Resolution Fund.

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.



**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
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**TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE HOUSE
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
ON
February 1, 2010**

H.B. 2302

RELATING TO INFORMATION TECHNOLOGY

Chair Herkes and members of the Committee, thank you for the opportunity to testify on H.B. 2302.

The Department of Accounting and General Services (DAGS) does not support this bill because we believe it is not necessary, and would require costs to implement and maintain for which there are no funds. It is also not an effective way to achieve the improvements that the bill seeks.

Transferring responsibilities for developing and implementing statewide technology policies from DAGS to the Department of Commerce and Consumer Affairs (DCCA) would be ineffective as the responsibilities are not related to the mission of the DCCA. Creating the position of chief information officer and office of information technology, as this bill proposes, would require funding that the State does not have.

Please note that creating and funding the shared services technology special fund, as this bill provides, is similar to the bill that DAGS introduced in last year's Legislature.

The bill is H.B. 1012, “Shared Services Technology Special Fund” and its companion S.B. 830. DAGS introduced these bills fully understanding that an important way to optimize the use of IT resources is to consolidate the funding of IT functions, as well as the approval of expenditures out of that consolidated funding account. DAGS recommends that you hear H.B. 1012 and its companion S.B. 830, and consider its passage this year.

The Department of Accounting and General Services, through its Information and Communication Services Division (ICSD), has been making significant progress on improving the State’s IT governance, structure and services since 2007 when we hired a new ICSD Administrator and Assistant Administrator, both having extensive private sector IT experience. We are currently researching and gathering information and working with other departments on consolidating the management of various IT functions, especially in the areas of shared services, procurement, and enterprise architecture.

We appreciate your interest in improving IT for the State and will be happy to keep you apprised of the progress we make as we work towards improving governance, our IT structure, and services.

Thank you for the opportunity to testify on this matter.

Date: 02/01/2010

Committee: House Consumer Protection & Commerce

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Bill: HB 2302 RELATING TO INFORMATION TECHNOLOGY.

Purpose of Bill: Transfers responsibilities for developing and implementing statewide technology policies from the Department of Accounting and General Services to the Department of Commerce and Consumer Affairs. Creates the position of chief information officer. Creates and funds the shared services technology special fund.

Department's Position: The Department of Education favors the concept of H.B. 2302 as it puts information technology at the state level in a much more strategic and visible position. However there are a few areas that could bear further clarification and definition. First, while the bill defines the scope of responsibility between the state chief information officer (CIO) and agency CIOs, it does not clearly define where the boundaries of responsibility are. Secondly, while the state CIO is responsible for setting standards and policy, some of these policies may not be compatible with all other state agencies and their stated missions. With the following amendments, the Department of Education would be a strong proponent of this bill:

1. More clearly define the delineation of responsibility between the State Chief Information Officer and the agency information technology (IT) heads.
2. One of the stated duties of the state CIO is setting standards and policy. However in areas such as education, these standards could potentially conflict with goals for student learning competencies,

accommodations for special education needs, and mediums for curriculum delivery. As such, we request that the DOE be given the ability to set its own standards for technology related to the delivery of student instruction.

Thank you for the opportunity to testify.

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 2302
A BILL RELATING TO INFORMATION TECHNOLOGY

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

BY

MAJOR GENERAL ROBERT G. F. LEE
DIRECTOR OF CIVIL DEFENSE

February 1, 2010

Chair Herkes and Committee Members:

I am Major General Bob Lee, Director of Civil Defense, State Department of Defense. I am providing written testimony in opposition to House Bill 2302.

The State Department of Defense relies heavily on information technology and communications services and to include a wide range of communications infrastructure provided by DAGS. We are concerned that moving existing IT operations from DAGS to DCCA without fully assessing the impact will negatively affect our operations and those of our many federal, state, and county public safety agencies.

We urge the Committee to defer this measure.

Thank you for the opportunity to comment on this bill.

HMSA



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February 1, 2010

The Honorable Robert Herkes, Chair
The Honorable Glenn Wakai, Vice Chair
House Committee on Consumer Protection and Commerce

Re: HB 2302 – Relating to Information Technology

Dear Chair Herkes, Vice Chair Wakai and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in **support** of HB 2302 which would create the position of Chief Information Officer housed within the Department of Commerce and Consumer Affairs tasked with coordinating information technology policies throughout state government and improving information technology performance and efficiency.

It is an exciting time for the state of Hawaii with respect to information technology in general and health information in particular. Many entities are striving to become recipients of federal grant monies for planning and projects which will ultimately improve the entire system of health care in the state. As an example, the Hawaii Health Information Exchange will receive ARRA funding to create a statewide information exchange. With the large amount of dollars coming into the state, it will be important to ensure that there is both tracking and coordination of federal health information technology dollars.

We believe that the use of information technology in all fields will continue to expand and ensuring that the state is providing appropriate oversight to these efforts only makes sense. Therefore we support the goals outlined in HB 2302.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman
Assistant Vice President
Government Relations