

NEIL ABERCROMBIE
GOVERNOR



BRUCE A. COPPA
Comptroller

RYAN OKAHARA
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
BRUCE A. COPPA, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
February 15, 2010

H.B. 1060

RELATING TO INFORMATION TECHNOLOGY

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on H.B. 1060.

The Department of Accounting and General Services (DAGS) strongly supports and recommends passage of H.B. 1060. We introduced this bill as a means to implement Act 200, SLH 2010, which called for establishment of a full time chief information officer (CIO), development and implementation of an information technology strategic plan, and creation of the shared services technology special fund.

Our proposed implementation approach for Act 200 entails two phases. The first can be viewed as the planning phase. During this phase, the CIO will focus on strategic actions to include the completion of the Information Technology Strategic Plan (the Plan) with the assistance of the Information Technology Steering Committee and will remain in the Governor's

Office. The Plan will become the State's technology vision and serve as the road map to implement the vision. More specifically, the Plan will become the basis for the long term statewide technology transformation, operational organizational structure for the CIO and consolidated IT staff, and the required technology budget.

The proposed bill would establish 3% (approximately \$1.2M) of all monies collected via special funds (pursuant to section 36-27, HRS) not specifically excluded to go toward the shared services technology special fund. This percentage will provide for salaries of the CIO and support staff, made up of relatively senior level, exempt IT staff, during this planning phase and will be revised when the Plan is approved and sufficient fidelity is available to determine the longer term percentage required to fund Plan implementation. This 3% will be augmented by a grant from a philanthropic organization to ensure we can start this initiative at the earliest possible date.

The second phase of implementing Act 200 will be the implementation phase of the Plan. Commencing on or about July 1, 2013, the organizational placement in the Executive Branch and operational structure for the CIO will be finalized and include consolidation of IT staff as required by the Plan. This will be finalized through the budget bill for the 2013-2015 biennium budget and legislation to address reorganization requirements in the 2013 legislative session.

At this time, we would like to recommend the following changes to S. B. 1287 based on additional information we received from the AG's office, B&F and key legislators.

- 1) Retain SECTION 1.(a) from its original form and not strike out the CIO responsibility over the information and communication services division (ICSD) of DAGS. While the CIO will likely not assume responsibility over ICSD until the implementation or

second phase, Act 200 does not need to be modified since the ultimate objective will be to have ICSD under the CIO.

- 2) Add SECTION 1.(a).(6) to provide language to make the CIO's key staff members be exempt from chapters 76, 78 and 89. This will allow necessary flexibility on selecting these critical positions and establishing their compensation.
- 3) Revising SECTION 1.(c) to move administration of the shared services technology special fund from B&F to DAGS to streamline the process of receiving and expending funds.
- 4) Removing SECTION 1.(c) dollar amount of \$1.0M for the shared services technology special fund and replacing it with 3% under SECTION 2.(b). The 3%, approximately \$1.2M, will fund salaries, equipment and to a much lesser degree consulting within the CIO's office during the planning phase.
- 5) Adding back SECTION 2 from Act 200 which was inadvertently removed from S.B. 1287. SECTION 2 covers Section 36-27 HRS amendments for funding the shared services technology special fund.
- 6) Retaining SECTION 4 language that established an effective date of July 1, 2011 and eliminate reference to any sunset date (currently listed as June 30, 2013 in S.B. 1287). The sunset date was originally established to coincide with the end of the planning phase, but is unnecessary since the same bill can flow from planning phase to implementation phase as written.

Thank you for the opportunity to testify on this matter.



HAWAII COMMUNITY FOUNDATION

February 14, 2011

The Honorable Marcus Oshiro, Chair
House Finance Committee
State Capitol
Honolulu, Hawaii 96813

Dear Chairman Oshiro & Committee Members:

HB 1060 – Relating to Information Technology

Hawaii Community Foundation supports HB 1060, Relating to Information Technology.

The state's current infrastructure and 21st century IT needs have been overlooked and postponed for much too long. To meet today's needs as well to avoid tomorrow's perilous consequences, prompt attention is required.

HB 1060 is a critically needed step for state government to achieve cost and work efficiencies as well as greater effectiveness in serving the needs of Hawaii's people.

We know these are tough times that demand shared sacrifice and tough financial decisions from everyone, but we also believe this initiative is essential to rebuilding Hawaii's economy for the future and one which state government can ill afford to postpone any longer. The long term consequences and recovery costs to the state will be far greater than any appropriation you could approve today, and therefore, we urge your full support of HB 1060.

Sincerely yours,

Kelvin H. Taketa