

## OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

P.O. BOX 119, HONOLULU, HI 96810-0119  
Ph: (808) 586-6000 | Fax: (808) 586-1922  
ETS.HAWAII.GOV

Written Testimony of  
DOUGLAS MURDOCK  
Chief Information Officer  
Enterprise Technology Services

Before the  
SENATE COMMITTEE ON LABOR AND TECHNOLOGY AND THE COMMITTEE ON  
GOVERNMENT OPERATIONS  
THURSDAY, FEBRUARY 15, 2024

SENATE BILL 2516  
RELATING TO THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Dear Chairs Aquino and McKelvey, and Vice Chairs Moriwaki and Gabbard, and members of the committees:

The Office of Enterprise Technology Services (ETS) strongly **opposes** this bill to change the position of the state Chief Information Officer to the Deputy Comptroller for Information Technology.

The existence of the Office of Enterprise Technology Services under the leadership of the CIO has been extremely beneficial to the state.

As an example, the CIO and ETS were critical during the pandemic due to our lead role in designing, implementing, and constantly upgrading the Safe Travels Digital Application. The system was well ahead of its time in using artificial intelligence to validate COVID tests and later, immunization cards. The system was a big part of an overall process that allowed our economy to recover while keeping our residents and visitors safe. This was in addition to keeping the state's IT infrastructure up and running in the challenging pandemic environment.

In 2019, ETS worked with the departments to develop the state IT strategic plan. The plan was updated in 2021 and is due for a new update in 2024.

ETS has established clear expertise and leadership in cybersecurity, networking, project management, strategy and governance, enterprise architecture, data value, and operations, among other areas. Currently, ETS is working to provide guidance to the executive branch on responsible use of artificial intelligence.

Modernization is always challenging, but there has been tremendous progress with modernization of 22 key state IT systems in the last 10 years, including statewide payroll, time and leave, tax, disability compensation, PUC case and documents management, cybersecurity, Office365, Adobe eSign, and the state portal. ETS has identified and is working to assist departments with 12 other systems which are currently in some stage of modernization. In all, ETS tracks 657 state applications and 398 projects in our enterprise inventory and architecture system.

We believe **SB 2516** would diminish the role of the state's Chief Information Officer (CIO) and could set back the state's efforts to modernize our IT capabilities.

We offer a few comments on the bill.

- Renaming the CIO to deputy director for IT under the Comptroller would diminish the authority and independence of ETS and the CIO.
- A deputy director earns significantly less than several other members of the ETS staff and less than other state CIOs or IT Directors. This would make hiring a top candidate for the position very difficult and retention would also be a challenge.
- In the IT community, working for the state CIO and Office of Enterprise Technology Service is preferable to taking a position in the Department of Accounting and General Services under the Comptroller. This would impact the ability of the state to fill critical IT positions.
- The state Comptroller already has a huge amount of responsibility overseeing the many divisions, district offices and attached agencies of DAGS and does not have the time nor the expertise to also manage the state's expanding IT requirements. A 2009 report by the State Auditor (Report No. 09-06) confirms this observation and recommended assigning "responsibility for the development and execution of the IT strategic plan to the State CIO."
- Federal practices sometimes require plan approvals or participation by the state CIO and therefore someone needs to carry that title.

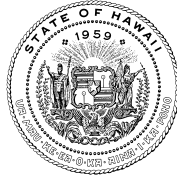
If the determination is made to place the CIO under the authority of the Comptroller, we add the following comments:

- The role should carry the title of Deputy Comptroller for IT and Chief Information Officer.
- The position should be appointed by the Governor and confirmed by the Senate like any other Deputy Director position.

As an alternative, we recommend allowing the Information Technology Steering Committee to study this issue and provide a report with recommendations for the next legislative session. The option of creating a board or commission to oversee the duties of the CIO would be preferable to adding this responsibility to the Comptroller.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



KEITH A. REGAN  
COMPTROLLER  
KA LUNA HO'OMALU HANA LAULĀ  
  
MEOH-LENG SILLIMAN  
DEPUTY COMPTROLLER  
KA HOPE LUNA HO'OMALU HANA LAULĀ

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
KEITH A. REGAN, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE COMMITTEES ON

**LABOR AND TECHNOLOGY  
GOVERNMENT OPERATIONS**

FEBRUARY 15, 2024, 3:10 P.M.  
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2516

RELATING TO THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES.

Chairs Aquino and McKelvey, Vice Chairs Moriwaki and Gabbard, and Members of the Committees, thank you for the opportunity to submit testimony on S.B. 2516.

The Department of Accounting and General Services (DAGS) offers **comments** on this measure. In its current form, the measure would rename the position of state Chief Information Officer (CIO) as the Deputy Comptroller for Information Technology. In addition, the measure specifies that the Deputy Comptroller for Information Technology shall be appointed by, and shall report to, the Comptroller. We believe that this measure presents a unique opportunity to correct a structural deficiency that was inadvertently created when the position of CIO was transferred from the Governor's

Office to DAGS as part of Act 84, Session Laws of Hawai'i (SLH) 2011, without a change in the reporting structure. This was compounded when DAGS information technology functions were consolidated under the newly created Office of Enterprise Technology Services (ETS) headed by the CIO in Act 58, SLH 2016.

According to Hawai'i Revised Statutes (HRS) §27-43, the Office of Enterprise Technology Services (ETS) is established within DAGS, and, unlike other attached agencies, the words "for administrative purposes" are notably absent. Technically, according to statute, ETS is a division of DAGS, and, as such, the Comptroller has managerial responsibility over the division. However, this managerial responsibility is clouded by the fact that, according to §27-43, ETS, a division of DAGS, "shall be headed by a full-time chief information officer to organize, manage, and oversee statewide information technology governance," and the Chief Information Officer (CIO) "shall be appointed by the governor as provided in section 26-34. The chief information officer shall report directly to the governor...". This creates a unique and unmanageable situation where the department director has no supervisory control over a division head for which the department director has statutory managerial oversight.

There are a number of options that may be considered to correct the existing structural deficiency. We present them here for your consideration:

**Option 1:**

Modify §27-43 to clarify that the office of enterprise technology services is an administratively attached agency. We would offer the following change for consideration:

“§27-43 Office of enterprise technology services; chief information officer; information technology steering committee; establishment; responsibilities. (a) There is established within the department of accounting and general services, for administrative purposes, the office of enterprise technology services, which shall be headed by a full-time chief information officer to organize, manage, and oversee statewide information technology governance. The chief information officer shall be appointed by the governor as provided in section 26-34. The chief information officer shall report directly to the governor and shall:”

**Option 2:**

Consider making the office of enterprise technology services a department and, as such, make the Chief Information Officer position the director of the department. We would encourage that, should this be the route to remedy the exiting structural deficiency, an interim step be taken to insert language clarifying that ETS is administratively attached to DAGS.

**Option 3:**

The following alternative language to the existing statutes may be considered to address the structural deficiencies that have plagued the department since 2011:

1. **Modify §27-43** to clarify that the CIO is appointed by the governor, confirmed by the Senate, and reports to the comptroller. We would offer the following change for consideration:

**“§27-43 Office of enterprise technology services; chief information officer; information technology steering committee; establishment; responsibilities.** (a) There is established within the department of accounting and general services the office of enterprise technology services, which shall be headed by a full-time chief information officer to organize, manage, and oversee statewide information technology governance. The chief information officer shall be appointed by the governor as provided in section 26-34.-The chief information officer shall report directly to the comptroller ~~governor~~ and shall.”

2. **Modify §26-6** to clarify that the comptroller has responsibility over the CIO as the functions described are carried out “through” the CIO.

We would offer the following change for consideration:

**“§26-6 Department of accounting and general services.** (a) The department of accounting and general services shall be headed by a single executive to be known as the comptroller.

(b) The department shall:

- (1) Preaudit and conduct after-the-fact audits of the financial accounts of all state departments to determine the legality of expenditures and the accuracy of accounts;
- (2) Report to the governor and to each regular session of the legislature as to the finances of each department of the State;
- (3) Administer the state risk management program;

- (4) Establish and manage motor pools;
- (5) Manage the preservation and disposal of all records of the State;
- (6) Undertake the program of centralized engineering and office leasing services, including operation and maintenance and lease buyback processing pursuant to subsection (d) of public buildings, for departments of the State;
- (7) Undertake the functions of the state surveyor;
- (8) Establish accounting and internal control systems;
- (9) Provide centralized computer information management and processing services through ~~Under the direction of the chief information officer,~~  
~~provide centralized computer information management and processing services;~~

Alternatively, if the committees do not find the above options viable, we would recommend that the title of Chief Information Officer not be deleted and replaced solely with the title of deputy comptroller for IT. We appreciate the opportunity to provide our suggestions on this measure and look forward to further discussions on this matter.

Thank you for the opportunity to provide testimony on this measure.

**SB-2516**

Submitted on: 2/13/2024 2:24:07 PM

Testimony for LBT on 2/15/2024 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Todd	Individual	Oppose	Written Testimony Only

Comments:

Dear Honorable Members of the Committee,

I am writing to you today as a concerned citizen, deeply invested in the effective and efficient operation of our state government, particularly in the realm of information technology (IT). It is with a sense of urgency and commitment to our state's future that I express my opposition to the proposed legislation, SB2516.

The essence of my concern lies in the proposed structural positioning of the Chief Information Officer (CIO) within our state government. I firmly believe that for our state to thrive in the digital age, the office of the CIO must not only be an independent entity but also constitute its own separate department. This is not merely a matter of organizational hierarchy but one of ensuring that our state remains at the forefront of technological advancement, security, and service provision to its constituents.

Over the past decade, the role of IT in governance has evolved dramatically. It has become the backbone of how constituents interact with the state government, from accessing public records and services to participating in democratic processes online. This evolution demands a CIO's office that is not only equipped with the necessary autonomy to innovate and respond to technological challenges but also positioned to directly advise and strategize with the highest level of state leadership.

The proposed legislation, which suggests maintaining the CIO's office under the comptroller's jurisdiction or limiting its direct reporting line, undermines the strategic importance of IT in modern governance. Such a structure risks stifling innovation, diluting accountability, and, ultimately, hindering our state's ability to provide secure, efficient, and accessible services to its citizens.

An independent CIO's office, with a direct reporting line to the Governor, ensures that IT strategy aligns with the state's overarching goals and responds promptly to the Governor's directives. It also elevates the significance of IT within the state government, ensuring that technological initiatives receive the attention and resources they deserve. Furthermore, an independent department dedicated to IT would facilitate specialized focus on cybersecurity, data privacy, and digital innovation, areas of critical importance in today's world.



In conclusion, I urge the committee to reconsider the provisions of SB2516 related to the structural positioning of the CIO's office. By making the CIO's office an independent entity and department, directly accountable to the Governor, our state can better navigate the complexities of the digital age, enhance its services, and safeguard the interests of its constituents.

Thank you for your attention to this matter and for your ongoing commitment to the welfare of our state and its citizens.

Sincerely,

Todd Nacapuy

Former CIO of the State of Hawaii