

PREPARED REMARKS FOR THE  
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Thank you for the opportunity to testify at the Commission's hearing on Data and Technology.

California state government's progress in the use of information technology is reflected in the Commission's own work on the subject. Your 2000 report, *Better.Gov: Engineering Technology-Enhanced Government*, concluded that "the State must be committed to rethink how it conducts the public's business." To those ends, it called for a commitment to growing the capacity and competence of the state's technology management, reengineering the business processes used to deliver of public services and maintain public accountability for government actions, and the wide scale adoption of what was popularly called e-government.<sup>1</sup> Indeed, the Internet changed everything – as the success of Silicon Valley attests. The Commission's subsequent 2004 report saw the appointment of a cabinet-level Chief Information Officer (CIO) as a vital component of realizing the title's promise, *Historic Opportunities: Transforming California State Government*.<sup>2</sup> The recommendation for a properly authorized state CIO was repeated in the Commission's next study and its affirmative review of the Governor's proposal to reorganize around the proposed creation of a Department of Technology Services (DTS).<sup>3</sup>

Here as we near the end of the opening decade of the 21<sup>st</sup> Century, California has established DTS and named a state CIO. With that as background, it may be helpful to make observations about California's progress toward the vision first articulated by the Commission at the turn of the century in four broad areas:

- I. State Government Scale and Performance
- II. State CIO Span of Control: Authority and Enforcement
- III. Public Sector IT and the Marketplace: Engaging the Private Sector
- IV. Full Circle: Rethinking how the State conducts the Public's Business

Each will be discussed in turn.

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<sup>1</sup> Little Hoover Commission, *Better.Gov: Engineering Technology-Enhanced Government*, (Report #156, November 2000)

<sup>2</sup> Little Hoover Commission, *Historic Opportunities: Transforming California State Government*, (Report #176, November 2004)

<sup>3</sup> Little Hoover Commission, *Reconstructing Government: A Review of the Governor's Reorganization Plan to Create a Department of Technology Services*, (Report #180, May 2005)

## I. State Government Scale and Performance

By almost any measure, California is of a size and scale that finding peer comparisons is difficult. Some economists prefer to view the state in comparison to countries that comprise the largest economies in the world.

Closer to home, a number of third parties (including Brown University and the Pew Center on the States) gauge state progress on a number of key indicators. For its part, the Center for Digital Government focuses its Digital States survey on the structure and performance of state-level information technology (IT) programs. By way of background, the survey assesses the IT programs in six areas:

- Online Self Service
- Planning, Policy & Projects
- Cross Boundary Collaboration
- Architecture
- Infrastructure
- Organizational Structure

Digital States, the original and only continuous measure of public sector IT programs, provides a clue to progress over the last number of biennia. As recently as 2004, the largest states – California, New York and Texas – languished in the back half of the 50 states. By 2006, there were indications that the largest states were getting traction in the Internet-era of modernization. New York ranked 18<sup>th</sup> and Texas ranked 17<sup>th</sup> based on the performance of their respective IT programs as a whole. As for California, it earned the 16<sup>th</sup> position nationwide – due in no small part to a community-based approach to standards definition and policy making.

The biennial Digital States survey returns this summer to continue the longitudinal tracking of state progress. Results of that survey are scheduled for release in September.

## II. State CIO Span of Control: Authority and Enforcement

The CIO's role has evolved considerably since its inception three decades ago as an extension of the finance function, where the incumbent was responsible for the care and feeding of the accounting systems.

From that narrowly focused starting point, organizations moved on to IT managers who had a heads-down operational focus, and then to non-IT executives who were recruited to align technology investments with the organization's business objectives or mission. Those attributes are necessary but insufficient in a political environment, given that technical and business expertise by themselves provide no guarantee against the liabilities of a political tin ear or lack of appreciation of policy priorities.

The experience of the states is instructive in considering models of IT leadership moving forward. Indeed, not all CIOs are created equal. The differences are largely structural. Earlier this decade, the Center for Digital Government reviewed state CIO and governance structures across five broad characteristics:

1. An information technology (IT) commission, board or council provides comprehensive policy direction and oversight of large, high-risk projects on an enterprise basis.
2. The state CIO has statewide policy setting authority, either alone or in conjunction with the board.
3. The state CIO is a cabinet-level official.
4. The state CIO has operational responsibilities for computing and telecommunications through the state technology agency.
5. The state CIO has enterprise-wide authority over information technology project management.

The results indicate that state CIOs across the country have significant responsibility for their respective state IT programs. But only 54 percent, slightly more than half, had cabinet-level authority to act independently in fulfilling those responsibilities. Roughly three-fourths, 74 percent, had responsibilities for infrastructure and operations and 68 percent for project management. Eighty-four percent of state CIOs have policy setting authority, 72 percent of whom worked in conjunction with a statewide IT board or commission. In a separate survey by the National Association of State Chief Information Officers (NASCIO), 38 percent of state CIOs were found to have had enterprise IT budget approval authority and nearly three-quarters (72%) have some level of IT procurement approval across state agencies.

In a dynamic environment, there are no single silver bullet solutions to leading modernization efforts. CIO-led organizations have responded to changes in business needs and technology with the development of what might be called a suite of 'mini Cs' – chief technology officers (CTO), chief information security officers (CISO) and chief architectural officers (CAO), among others. For its part, the Commonwealth of Virginia recently appointed what appears to be the first-in-nation chief application officer (CAO) to bring the same level of the executive focus to enterprise applications (including but not limited to ERP<sup>4</sup>, ECM<sup>5</sup>, CRM<sup>6</sup> and BI<sup>7</sup>) as the CTO brings to enterprise infrastructure. To be clear, many CIOs shoulder components of these roles by themselves but the rise of 'mini Cs' acknowledges the growing role of trusted deputies and assistants. Importantly, the increased bench strength made possible through the suite of Cs may finally allow CIOs to focus on the unpaid bill of their own title and the larger public sector IT community – information. In the past, the tendency has often been to focus on the "T" of IT with elaborate planning and extensive investments in technology while the "I" of IT became the cobbler's children of the digital age.

Clearly, as the Commission's own work documents, IT leadership is not static, and needs the flexibility to adapt to an ever evolving environment.

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<sup>4</sup> Enterprise Resource Management

<sup>5</sup> Enterprise Content Management

<sup>6</sup> Alternatively, Customer, Constituent or Citizen Relationship Management

<sup>7</sup> Business Intelligence

### III. Public Sector IT and the Marketplace: Engaging the Private Sector

There are others on the agenda for today's hearing to speak in detail on issues of streamlining the IT approval process and balancing risk, but some numbers from both the public and private sides of the fence may provide some useful context for the discussion that follows.

According to Digital States, here is how state CIOs report seeing the complexity and difficulty of doing business in their respective states:

<i>Streamlined</i>	<b>39%</b>
<i>Moderately Difficult and Complex</i>	<b>52%</b>
<i>Difficult and Complex</i>	<b>9%</b>

In contrast, a focus group and straw poll with forty private sector IT integration companies (all but two of which have practices in California), indicated a perceived imbalance:

<i>Cost of responding to state RFPs is prohibitively high</i>	<b>84%</b>
<i>States are taking longer to initiate modernization projects and move them along</i>	<b>96%</b>
<i>Integrators are being asked to take on disproportionate risk</i>	<b>82%</b>

The apparent disconnect between these public- and private- sector parties notwithstanding, 70 percent of state CIOs indicated plans to review or reform their IT-related procurement processes during this biennium, which would include the work currently underway within the Department of General Services.

### IV. Full Circle: Rethinking how the State conducts the Public's Business

The recent refresh of the California state portal (ca.gov) – and the related set of award winning web tools that have promulgated a more common look, feel and function across the universe of agency sites and transactional applications that stand behind the portal – provides evidence of the potential of community-based definition of policies, standards and guidelines.

The results of the Digital States survey indicate double digit growth in the adoption of online self service for dozens of transaction types, including here in California.

New YouTube channels created by the Department of Motor Vehicles and the Franchise Tax Board (among others) point to an innovative impulse with California's public service to finish what was started during the initial movement toward e-government a decade or more ago. Now more likely to be referred to as the Web 1.0 era, that same forward leaning impulse within public service also strives to take more full advantage of the unique attributes of Web 2.0 in terms of citizen engagement, surfacing actionable information and making meaningful interactions in like-minded social networks.

Web 2.0 is to the individual as Software as a Service (SaaS) is to the institution. That brings with it both promise and potential pitfalls for large organizations, including but not limited to state

governments. Success moving forward requires striking the right balance for California between agencies operating autonomously -- with the attendant experimentation at the edges in exploring innovative solutions to their specific business or policy problems -- and the legitimate needs of state enterprise for system optimization, consolidation of infrastructure, and non-duplication of effort or resources en route to delivering public value.

Such a balance will only be maintained through artful compromises within the public sector IT community and the family of agencies. If and when honorable compromises cannot be reached, the state will need someone with the authority to enforce common IT standards and (where necessary) services for the good of the order. Moreover, just as it has done in the last few years, the span of control for the CIO will continue to expand as IT options mature and morph through continued renewal and innovation.

A subtext in much of the Commission's own work is that the opportunities for advancement and improvement in service delivery and public accountability are great but that, looking at the horizon, it gets harder from here. That said, the last decade has produced a new structure, the key elements of which include both a state CIO and a dedicated technology agency, through which the hard work of modernization can be done and through which the hard decisions of IT governance can be made -- even (and perhaps especially) when the answer is "no."

In contrast to how it began, the decade nears its end with a governance framework in place for the stewardship of the state's portfolio of investments in information technology -- old and new, large and small, legacy and in the cloud, centralized and distributed, proven and risky, and internal systems for experts only and those citizen-facing services that have been democratized for all. The management and the growth of the portfolio are now best served not by remaking the governance framework but by exercising it.