

**State of California  
Little Hoover Commission  
Public Hearing on Governor Brown's  
Reorganization Plan Affecting State Technology Agency  
Testimony  
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April 24, 2012**

As your invitation requested, I will focus my remarks on the specific areas which the Little Hoover Commission highlighted for its review of the Governor's reorganization proposal, and specifically the merits of the proposed changes in the State Technology Agency, as follows:

- Do you support the portion of the reorganization plan that pertains to it?
- What advantages and risks would need to be considered?
- Does this reorganization plan position the state to operate more effectively and efficiently? If not, what additional action is needed?

Speaking on my own behalf, but as someone directly involved in the public sector Chief Information Officer governance issue for two decades, as a former CIO in two states, California and Massachusetts, and President of the National Association of State CIO's, and technology consultant in the private sector, I wish to voice my strong opposition to the downgrading of the California Technology Agency (CaTA), thus removing its Cabinet status. And I urge this Commission which has been so emphatic and decisive in its recommendations over the past decade or more leading to the empowerment of the Technology Agency, not to reverse itself at this crucial juncture.

The plan is a step back. I see no advantages to the proposal, and the ones articulated in the governor's plan are circumstantial at best. And frankly, articulated is a misnomer. The wording in the proposal section involving the Technology Agency is in fact inarticulate. The proposal states that, "The new department of technology retains state-wide authority to centralize and unify the State's information technology *projects*." You can't centralize and unify "projects". It was supposed to be "*infrastructure*".

Furthermore, the justification included in the proposal states that with the new Technology Department in the same Agency as General Services and Human Resources, "its alignment with other administrative service programs will enhance its ability to develop, launch, manage and monitor large informational (sic) technology projects." Informational technology projects??

This is not a well thought out plan; it's almost an afterthought, as if the Governor noticed that there were now 12 cabinet agencies, where there were only six when he was Governor before. So let's drop two.

However, let's give the Governor's IT literacy-challenged prose a pass and examine his justification for the proposal.

He says, it will "increase efficiency"; however, if it's such a great idea, if it's a well thought out business plan, then why are there no cost savings from these increased efficiencies included in the proposal?

However, perhaps more importantly and getting at the heart of this proposal to downgrade the Technology Agency, there is this telling reference from the plan. It calls the state's IT program just one of several "other administrative service programs" along with:

Human Resources: Budget \$8 million  
State Personnel: Budget \$1 million  
Personnel Administration: Budget \$9 million  
Administrative Law Budget \$1.7 million  
Government Claims: Budget \$232,000  
General Services: Budget \$700 million

However, the Technology Agency oversees \$3-4 billion in annual spending plus an overall IT project portfolio of another \$6 billion. The Technology Agency's will be ten times larger than all these other administrative service programs combined.

But frankly, the most troubling aspect of this entire matter is the fact that the government of State of California would look upon its IT investment as simply "administrative services" in the first place. And this is here the question of risk comes into play.

This Commission has long asked and rightly so, as it did when I testified before the LHC almost exactly four ago, "How can the State of California, home to Silicon Valley, use technology more effectively".

It is no small coincidence that the preponderance of recent problematic technology projects in the news share one common link: the \$1.3 billion courts case management System; CalPERS \$500 million computer system modernization; the Controller's woeful, decade long, \$350 million 21<sup>st</sup> Century payroll project (commonly referred to as the 22<sup>nd</sup> Century due to its implementation delays). Each one of these IT projects is outside the purview of the Technology Agency, as non-executive or constitutional offices. At a time when the Technology Agency should have greater authority over all state IT spending, this Administration wants to reverse it.

Their explanation, a palliative really, is that the State CIO will retain all duties and responsibilities that were enshrined in the old Technology Agency. The problem is that it will no longer have the authority as a Cabinet Agency to enforce those duties and responsibilities. The State CIO will no longer have a seat at the cabinet table among peers. Now every tough decision

to consolidate IT assets, to approve or disapprove new projects, to terminate projects, recalcitrant departments will naturally run to their Cabinet Agency for support. The State CIO's job becomes infinitely more difficult.

The Commission which approved the creation of the Agency almost exactly three years ago, now is being asked by Governor Brown to do an about face. It had taken the State and three Administrations a decade and a half to organize, empower and centralize state IT operations, from what began as a small policy making office with just a few dozen staff when I was the first state CIO, loosely overseeing a decentralized State IT leviathan. Created in 2010, the new California Technology Agency now directly oversees a consolidated operation with a workforce of a thousand employees and controls virtually every aspect of state IT spending for all 130 state departments. The Brown Administration inherited perhaps the strongest CIO governance model among all state governments in the U.S., and perhaps federal sector as well. The kind of organization whereby significant and far-reaching IT enabled efficiencies can now be thrust upon government operations at all levels.

This is hardly the time to roll back the clock. In Governor Brown's State of the State (in January 2012), he had barely begun when he highlighted the fact that California was the birthplace and home of Apple, Intel, Hewlett-Packard, Oracle, QUALCOMM, Twitter, Facebook and countless other creative companies. I suggest he query these CEO's about the role technology plays in their organizations and whether their chief information officers have a seat on their executive leadership council. I think we all know the answer he would get. Plus the Governor has an able and good man, his CIO, Carlos Ramos. Seek his counsel as well, as you ponder the impact of this decision.

There have been sporadic stories since the January unveiling of Brown's plan to downgrade the Technology Agency as to the genesis of his decision. Speculation includes Brown's well documented disinterest in state technology. As Attorney General he did not display significant interest as demonstrated by the fact that during his four year tenure he did not appoint a strong CIO to oversee DOJ's vast IT resources and Hawkins Data Center, hiring a journeyman contractor instead. Over the last year until his new budget, his technology related initiatives have been relegated to confiscating mobile phones, in the era of mobility no less, shutting down the state transparency web site, and supporting an Internet tax.

In conclusion, if the Governor was going to ask this Commission to reverse its previously held convictions to create and empower the state's IT management functions in a Cabinet Agency, he should have given you more cover, a little more logic as to the efficacy of his proposal. Instead the justification to this body is pro forma at best, disdainful at its worst.

This is just the foreshadowing of a broader scheme. I believe the downgrading of the Technology Agency is only the first step in what will be this Administration's agenda to begin defunding the state's IT investment across the board. This is surely disappointing news for the 6,000 state IT employees and thousands of their IT vendor partners, and additionally for the taxpayers of California. The state may be abandoning all hope of utilizing technology solutions to create a more effective and efficient state government.