



Testimony
to the
Little Hoover Commission
by
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Good afternoon, Chairman Hancock, Vice Chairman Schwarz, and members of the Little Hoover Commission. Thank you for the opportunity to testify on the Governor's proposal for reorganizing state government.

At TechAmerica, which represents approximately 1,000 technology companies in California and around the nation, we applaud the Governor's effort to simplify and streamline state government. It is both necessary and overdue.

That said we are concerned about one aspect of the proposal – the restructuring of the California Technology Agency into a department within a newly created Government Operations Agency.

This move, we believe, will lead to negative and unintended consequences -- more silo'ing of IT, not less; more inefficiency and cost, not less; and more bureaucracy and red tape, not less.

In this modern, technological world, what's needed is a strong cabinet-level agency, led by a visionary CIO, with the statutory authority to cut through the red tape, pull in other senior officials -- including the Governor when necessary -- and to develop and implement a strategic vision for IT for the state. In fact, 24 states have a State CIO at the cabinet level, who reports directly to the Governor. The list includes large states such as New York, North Carolina, Illinois, and Colorado. That's the model envisioned by the law which created the Technology Agency and California's CIO. There is no rationale for abandoning it now.

The Value of Technology

TechAmerica understands the desire to simplify state government. But the fact is that the world we live in today is far different than the one that existed 35 years ago.

Just to provide context -- the tech industry was in its infancy 35 years ago. Apple wasn't incorporated until 1977. Cisco wasn't founded until 1984, and Microsoft didn't go public until 1986.

Today, technology has moved out of the garage and into labs and R&D facilities. It has become an economic engine like no other. And California is leading the way. In virtually every category, California is the number one "cyber" state.

Well over 930,000 men and women are today employed in technology fields up and down the state.

Of the thirty largest publicly-traded companies headquartered here, fourteen by my count, are technology companies. And that doesn't even consider the new generation of companies that are on the rise such as Facebook, Twitter, and Zynga. Nor does it include the hundreds of start-up's companies located in California that are hoping to make it big.

Leading the way to recovery

Just as important, the technology industry is leading the way to economic recovery and job creation. In the past four years, according to TechNet, the App Economy in California has created 110,000 new jobs.

In 2010, technology firms employed 78 of every 1,000 private sector workers. Technology workers earned, on average, \$110,600. And California's 42,000 technology establishments had a payroll of nearly \$103 billion.

Survey after survey indicates that "tech" is hiring -- and this is fueling job growth and economic recovery in the state.

eGovernment

Beyond the broader job and economic impacts, technology has the power to make government more responsive and less expensive.

Tech America issued a report in late 2010 on this very subject. We pointed to a number of ways that e-government can lead to more efficiency. We cited

examples of transforming programs and services through IT-enabled innovation and improvement; consolidating IT infrastructure and applying asset-optimizing tools; and applying new delivery models and technologies to drive savings, enable innovation, and promote economic development.

The report concludes by saying: “State and Local Governments can no longer operate with multiple, often redundant technology capabilities dispersed throughout the organization. Whether the choice is to do internal optimization and consolidation or to look to private sector solutions such as Managed Services, Cloud Computing, or Software as a Service, the time is now to take on the growing complexity of delivering high quality solutions at a reduced cost.”

One example in the report was how electronic payment card solutions (in both Oklahoma and Michigan) are saving their states millions by eliminating paper checks for a number of programs. Another example cited how the State of Ohio implemented a best-in-class Shared Services -- resulting in both the state as well as local agencies centralizing key business processes. A third example explained how Michigan addressed its severe budget challenge by implementing consolidation and virtualization solutions, resulting in improved services and cut costs.

My point is that the need for an **enterprise-wide approach** to running the “business of California” is more true today than ever.

Conclusion

The bottom line is that implementing complex IT projects and programs requires collaboration, coordination, and vision. California needs its State CIO to be able to look across the state’s entire IT landscape, develop a strategic plan, find the resources, and yes, marshal the political capital to go forward.

Finally, California, as I’ve indicated, is home to the technology industry. The state should be supporting technology, and leading by example in this area. Unfortunately, we see this proposal as a step backward and believe that California ought to continue to benefit from a fully-constituted cabinet level Technology Agency.

Thank you for your time.