

Montana Legislative Fiscal Division

Information Technology Management Study Final Report

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Prepared by

Greg DeWitt, Senior Fiscal Analyst

Pamela Joehter, Senior Fiscal Analyst

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Executive Summary

HB2 Requirements

HB 2, as passed by the 1999 legislature, required an interim study of the governance and management of information technology (IT) in the state. The study was authorized to address legislative concerns regarding state agencies' investments in and expenditures for information technology hardware, software, and services. Language in HB 2 assigned the study to the Legislative Finance Committee (LFC).

HB 2 required four specific outcomes:

- 1) recommendations to the Office of Budget and Program Planning (OBPP) for presentation of IT budget information that enables the legislature to make policy decisions relevant to IT budget requests;
- 2) development (by OBPP) of a unified computer budget summary by November 15, 2000, showing fiscal year 2000 actual and adjusted IT expenditures and budgeted amounts for each year of the 2003 biennium;
- 3) review of the unified computer budget summary and other IT-related budget information by the long-range planning joint appropriations subcommittee, or other legislative committee, as designated, composed of members of the house appropriations and senate finance and claims committees formed specifically to address statewide computer issues; and
- 4) a report of committee findings and recommendations to the Governor and the 57th Legislature.

HB 2 authorized the LFC to review and assess Montana's governance, policy, planning, and budgeting structures and processes associated with the state's investment in IT and to recommend appropriate changes and processes that will enable the legislature to make policy decisions relevant to IT budget issues.

The focus of the study was to recommend: 1) the framework for dealing with the IT budget issues during the 2001 legislative session; and 2) a governance structure that enables making future policy decisions that minimize costs, reduce duplication, and maximize efficiencies while providing the greatest possible services to Montana's citizens.

Study Issues

The study dealt with two main issues. First, the LFC faced the issue of how to deal with the Unified Computer Budget Summary during the 2001 legislature. In particular: 1) how

to structure the IT budget information for presentation to the 2001 legislature; and 2) how the legislature should review the IT budgets and policy issues in the short-term, during the 2001 legislative session. Second, the LFC faced the issue of how best to structure, for the long-term, how state IT resources are governed to satisfy legislative concerns and intentions.

Recommendations

IT Information in the 2001 Legislative Session

The LFC recommends that a **select subcommittee** made up of members of the House Committee on Appropriations and Senate Finance and Claims Committee be appointed to:

- review the Unified Computer Budget Summary;
- make preliminary policy decisions for dealing with IT budgets from a statewide perspective;
- set internal service rates for the Information Service Division (ISD) of the Department of Administration (DOA); and
- make budget decisions on IT-related budget requests that have been identified by the Legislative Fiscal Division during an analysis of the Unified Computer Budget Summary submitted by OBPP.

IT Governance 2001 and Beyond

The LFC recommends that the following structure be implemented for governing IT:

- The legislature should enact "**legislative guiding principles**" statements to steer the development of IT resources in Montana state government.
- The legislature should create a **Department of Information Technology**, using existing staff in the Information Services Division (ISD) of the Department of Administration (DOA). The director of the department should carry the title and function as the **Chief Information Officer** (CIO) for the state. The CIO and department should be responsible for:
 - developing and maintaining a statewide strategic IT plan;
 - reviewing and approving agency IT plans;
 - establishing statewide policies and standards for IT;
 - evaluating IT budget requests;
 - coordinating the development of shared IT systems and applications; and
 - reporting to the legislature.

- The legislature should create an ***Information Technology Board*** to advise the CIO. The IT board should have its membership and appointing authority included in statute. The IT board should have representatives from all three branches of state government and include representatives for local and federal government and private industry.
- The legislature should accomplish ***oversight of IT*** during the interim with an existing interim standing committee, the Legislative Finance Committee, and during legislative sessions with the Long-Range Planning Subcommittee.
- ***IT related governance statutes should be consolidated*** into one section of law and specific content requirements should be codified for agency and statewide IT strategic plans.

Recommended Statutory Changes

A new section of law dedicated exclusively to information technology governance should be enacted. The section should;

- begin with legislative guiding principles statements;
- create and assign duties of the Department of Information Technology;
- rename and assign members and duties of the Information Technology Board; and
- define the content requirements for agency and statewide IT strategic plans.

Statute changes to implement the recommendations of the LFC are included later in this report and draft legislation is included in Appendix A.

Study Committee Recommendations

IT Information for the 2001 Legislative Session

HB2 required the LFC to provide two outcomes relevant to dealing with IT budget issues during the 2001 legislative session. First, the LFC was required to make recommendations to the Office of Budget and Program Planning (OBPP) for presentation of IT budget information that enables the legislature to make policy decisions relevant to IT budget requests. Second, the LFC was required to recommend a process for dealing with the IT budget information during the 2001 legislative session.

Recommended IT Information Requirements

The specific recommendations the LFC made to OBPP for presenting the IT budget information, referred to as the Unified Computer Budget Summary, to the 57th Legislature are contained in a December 9, 1999, report to the Legislative Finance Committee. The report prepared by Legislative Fiscal Division staff is titled, IT Budget Information Requirements Information Technology Management Study Recommendations. The LFC recommendations for information technology budget information requirements were then transmitted to OBPP via a January 3, 2000, letter from the Legislative Fiscal Analyst to the governor's budget director. The full report is available from the Legislative Fiscal Analyst office and is summarized below.

The LFC recommended that IT budget information be defined in terms of expenditure accounting codes directly related to information technology. The definition of data and information technology resources, defined in statute (2-15-102, MCA), was expanded to specifically include the communication forms of voice, data, and video. Full-time equivalent (FTE) information was defined in terms of job codes for positions in which the primary duties of the position are the provision of IT-related services. Complete listings of the expenditure codes and position classification codes are included as attachments to the IT Budget Information Requirements Information Technology Management Study Recommendations report.

The LFC recommended that OBPP provide the following information for consideration of IT budget issues by the 57th Legislature:

- a statewide IT plan;
- IT plans for each agency;
- statewide and agency IT inventory information;
- a statewide summary that shows base year expenditures and funding for IT expenditures of all state entities, independent of budget or off-budget status;
- summaries of IT budget requests for each year of the 2003 biennium for each agency program subject to legislative approval via the General Appropriations Act (broken down by base, present law adjustment, and new proposal);

- summaries of IT budget requests for agency programs whose internal service rates fund IT services and which are approved by the legislature; and
- agency summaries for IT expenditures and funding (broken down similar to the agency tables of the LFD budget book).

The statewide and agency IT planning information will include the following:

- a statewide overview of principles, goals, strategies, and policies for IT;
- enterprise significant IT endeavors and recommendations which impact the budget request;
- agency strategies for using IT to accomplish its mission and serve its customers;
- agency current investment in IT, including IT support staff;
- descriptions of IT-related activities being accomplished through sharing of resources with other government entities;
- agency IT-related new proposals, with an evaluation of impacts on the current IT resources;
- future IT strategic directions; and
- IT inventories.

Recommended Process for Legislative Review in 2001 Session

The LFC faced two issues when developing its recommendations for how the 57th Legislature should deal with the IT budget information. First, a legislative committee needed to be selected to address the IT budget issues. Second, the LFC needed to determine the level of involvement the committee would have in making decisions relevant to the IT budget issues.

Committee to Address the IT Budget Issues

The LFC recommends that a ***select subcommittee*** be formed to address IT-related appropriation issues during the 2001 legislative session. In keeping with HB 2 language, the select subcommittee would be made up of members from the House Committee on Appropriations and the Senate Finance and Claims Committee. The LFC recommends that the select subcommittee include 12 members comprised of 2 members from each of the joint appropriations subcommittees, including the Long-Range Planning Subcommittee, with equal representation by legislative chambers and major political parties.

Duties of the Committee

The LFC also recommends that the select subcommittee should:

- hear the Unified Computer Budget Summary;

- make policy decisions related to the IT budget requests contained in the Unified Computer Budget Summary;
- approve the internal service rates for the Information Services Division of the Department of Administration; and
- make budget decisions for major IT projects that are identified during the Legislative Fiscal Division's analysis of the Unified Computer Budget Summary and concurred in by the joint committee of the House Committee on Appropriations and Senate Finance and Claims.

The select subcommittee would also present its findings and decisions at the beginning of each phase of the appropriations approval process. For example, when HB 2 is being heard by the House Committee on Appropriations, the select subcommittee would leadoff the hearing with a discussion of the issues and recommendations for statewide IT budgets. Likewise, the select subcommittee would leadoff the discussions when the House, Senate Finance and Claims Committee, and Senate hear the General Appropriations Act.

IT Governance 2001 and Beyond

The LFC determined that modifications to the statutory structure for governing IT resources in state government would provide the greatest impact for addressing the legislature's concerns with how IT is administered in Montana. The LFC proposes the following recommendations to enhance the governance of IT in Montana and enable making future policy decisions that minimize costs, reduce duplication, and maximize efficiencies while providing the greatest possible services to Montana's citizens. The recommendations include three major governance components and their associated statutory changes:

- 1) The legislature should enact "***legislative guiding principles***" statements to steer the development of IT resources in Montana state government.
- 2) The legislature should establish a structure of governing authority by creating a ***Department of Information Technology***, headed by a ***Chief Information Officer*** (CIO) and advised by an ***information technology board***.
- 3) The legislature should oversee the governance of IT by assigning oversight duties to the Legislative Finance Committee during the legislative interim and by assigning all IT related legislation and funding issues to the Long-Range Planning Subcommittee during legislative sessions.

Legislative Guiding Principles

The LFC recommends that the legislature should enact "***legislative guiding principles***" statements to steer the development of IT resources in Montana state government. Legislative guiding principles, in statute, for information technology would articulate the vision of the legislature regarding the development and use of information technology in the state.

The LFC considers the following statements are minimum recommendations for the legislature to adopt as guiding principles:

- It is the policy of the state that information technology be used to improve the quality of life of Montana's citizens by providing education opportunities, creating quality jobs and a favorable business climate, improving government, and protecting individual privacy and the privacy of the information contained within the systems. In doing so, the state's information technology systems should provide public access to information contained within the systems to the greatest extent possible, within the constitutional and statutory protections granted to private information.
- It is the policy of the state that the development of information technology resources in the state be conducted in an organized, deliberative, and cost-effective manner. The following concepts shall be used:
 - There are statewide information technology policies, standards, procedures, and guidelines applicable to all state agencies and other entities using the state network.
 - Common data is entered once and shared among all state agencies.
 - In order to minimize unwarranted duplications, similar data processing systems and data management applications are implemented and managed in a coordinated manner.
 - Planning and development of information technology resources are in conjunction with budget development and approval.
 - Access to information held within state information technology systems is user friendly and based upon the citizen's perspective, not an individual department's perspective.
 - Information technology systems are deployed aggressively whenever it can be shown to provide improved services to the citizens of the state.
 - Public/private partnerships to deploy information technology systems are used whenever practical and cost effective.
 - State information technology systems are developed in cooperation with federal and local governments, with the objective of providing seamless access to information and services to the greatest degree possible.
 - State information technology systems are able to accommodate electronic transmissions from the private sector.
- It is the policy of the state that the information technology governing authority shall be accountable to the governor, the legislature, and the citizens of Montana.

Department of Information Technology

The LFC recommends creating a **Department of Information Technology** using existing staff in Information Services Division (ISD) of the Department of Administration (DOA). The director of the department should carry the title and function as the **Chief Information Officer** (CIO) for the state. The CIO should be ultimately accountable for all responsibilities and duties of the department.

Statewide policies and strategic plans should be developed to use IT resources as intended by the legislature according to the above mentioned legislative guiding principles. The department should work closely with other agencies and policy advisors to enable the use of IT as a leveraging tool for economic development. The department should promote and coordinate the development of system and application development projects that provide a common function for multiple agencies. All IT-related governance and operating duties and responsibilities that currently exist for DOA should be assigned to the Department of Information Technology (DIT) and the following duties should be added:

- Develop and Maintain a Statewide Strategic IT Plan

The Department of Information Technology should be responsible for developing the strategic direction for the state in the area of information technology. The department should develop and maintain the master IT strategic plan for the state.

- Review and Approve Agency IT Plans

Agencies should be required to develop strategic plans that follow the policies and principles included in the state plan to control the development and use of IT in the business functions of the agency. The department should review and approve the agency IT plans for conformance to the state IT strategic plan.

Statute should include the minimum information required for agency IT plans. The following agency IT plan requirements are recommended:

- Agency information technology plans shall reflect:

- Links among an agency's objectives, business plan, and technology.
- Analysis of the effect of an agency's proposed new technology investments on its existing infrastructure and business functions.
- Analysis of the effect of proposed information technology investments on the state's information technology infrastructure.

- Agency plans shall include, but not be limited to, the following:

- A baseline assessment of the agency's information technology resources and capabilities that will serve as the benchmark for subsequent planning and performance measures.
- A statement of the agency's mission, goals, and objectives for information technology, including goals and objectives for achieving electronic access to agency records, information, and services.
- An explanation of how the agency's mission, goals, and objectives for information technology support and conform to the state strategic information technology plan.
- Projects and resources required to meet the objectives of the plan.
- Lifecycle cost analysis for new IT projects and resources to include initial investment, maintenance, and replacement costs

- Where feasible, estimated schedules and funding required to implement identified projects.
- Staff and chair the Information Technology Board

The CIO should chair the Information Technology Board and the Department of Information Technology should provide administrative and staff support for the Information Technology Board. The department should also fund the operating costs of the board.
- Establish Statewide Policies and Standards

The Department of Information Technology should assume the responsibilities and duties for setting policies and standards for all areas of IT, including equipment and software acquisition, information and data sharing, file management systems, and information and data security. The authority of the CIO and the department to establish statewide policies and standards should be clearly identified in statute.
- Evaluate IT Budget Requests

The Department of Information Technology should work with OBPP to review and provide recommendations for or against approval of agency IT-related budget requests. Approved agency IT strategic plans should be the basis for executive approval of agency IT-related budget requests. If an IT-related budget request is not incorporated in an approved agency IT strategic plan, either the plan should be modified and approved or the budget request should be denied.
- Coordination Function

The Department of Information Technology should promote the development of shared IT application software and management systems that provide similar functions for multiple agencies. The department should coordinate the sharing of information regarding the existence of systems that satisfy emerging needs of agencies. In its capacity the department shall review justifications for new systems or application software and disapprove agency IT plans containing projects for developing new systems or application software the needs for which can be met by an existing system or application software.
- Report to Interim Legislative Oversight Committee

The CIO should be required to provide and present regular reports on the state's IT to the Legislative Finance Committee. The information provided to the committee should include at a minimum:

 - Updates, specifically highlighting changes from the last update, of the statewide IT plan, to include:
 - a summary of the state's current and projected use of IT;
 - a summary of the state's investment in IT resources; and
 - a description of emerging technologies the state is pursuing for use.

- Descriptions of new standards and policies since the last report, including an estimate of the fiscal impacts of the policy changes, using lifecycle costing principles.
- Updates of performance audits of state IT management, planning, and use of IT resources since the last report.
- IT issues and recommendations related to the impacts of state IT policies on the state's economy.

Jurisdiction of the CIO/Department of Information Technology

The jurisdiction of the Department of Information Technology should remain as it currently exists in statute for DOA regarding IT. Government entities currently excluded from a specific IT governance requirement should continue to be excluded from the requirement. However, statute should be amended to add the requirement for information sharing by the judicial and legislative branches and all other entities currently exempt from IT governance statutes. This recommendation would add to statute the requirement that all entities will provide all IT-related information, except for information that would compromise security or confidentiality.

Information Technology Board

Current statutes authorizing the Information Technology Advisory Council (ITAC) should be rewritten to rename the council as the Information Technology Board and to expand and codify its membership and responsibilities as described in the following paragraphs.

Membership and Appointments

The IT board should be broad-based with representatives of the three branches of state government, including the university system; local and federal government; and private industry. The board should meet at least quarterly. The Department of Information Technology should provide staff support for the board. Table 1 summarizes the recommended membership and appointing authority.

Table 1. Information Technology Board

Number	Representing	Appointed by
1	Chief Information Officer (Chair)	Statute
1	House of Representatives	Speaker of the House
1	Senate	Senate President
1	Legislative Branch	Legislative Branch Computer System Planning Council
1	Judicial Branch	Supreme Court
1	University System	Board of Regents
1	K-12 Public Education	Superintendent of Public Instruction
6	State Agencies	Governor
2	Local Government	Governor
1	Federal Government	Governor
1	Private Sector	Governor
17	Total Membership	

Duties of the IT Board

The IT board should serve both an advisory and an oversight role. As noted earlier, the CIO should have the ultimate responsibility to establish statewide policies and standards and to approve or disapprove agency IT plans. However, the CIO and the IT board should work together closely while carrying out their respective duties. At a minimum, the following duties and responsibilities should be statutorily assigned to the IT board:

- Review and advise the CIO on statewide IT standards and policies.
- Review and advise the CIO on the statewide IT strategic plan.
- Study Montana's present and future IT needs and advise the CIO on the use of emerging technology in state government.
- Review and advise the CIO on major IT budget requests.
- Review the implementation of major IT projects and advise the respective governing authority of any issues of concern to the IT board relating to the project implementation.

Jurisdiction of the IT Board

The IT board should advise and oversee primarily the executive branch (including elected officials and the board of regents). However, statute should authorize the advisory board to require, at its discretion, information and reports from any entity using or having access to the state network.

Legislative Oversight of IT

The LFC recommends that oversight of statewide IT issues and the Department of Information Technology should be assigned to the Legislative Finance Committee during the interim and to the Long-Range Planning Subcommittee during legislative sessions.

Interim Oversight

Assigning interim oversight of IT to the LFC would place IT oversight in a committee routinely accustomed to dealing with statewide issues and would provide a linkage to the legislative membership typically involved in the appropriations process. LFC oversight of IT should primarily be directed through the CIO, but should also encompass all statewide issues related to IT. The LFC should not function as a problem resolution vehicle to resolve disputes that may arise from decisions made by the CIO. However, the LFC should also hear concerns from all state interests in the area of IT that could be addressed by future legislative action or establishment of legislative policy through legislation.

Duties of the Legislative Finance Committee for IT Oversight

Listed in the recommended duties of the CIO is the requirement to provide and present regular status and information reports to the committee. While reviewing the reports provided by the CIO on the status of the state's IT investment and IT policies, the LFC should:

- Evaluate any IT policy changes paying particular attention to the fiscal implications.
- Determine committee concurrence or concerns regarding the IT policy changes.
- Provide a written response to the CIO of the committee's position on the policy changes. The response should identify any concerns the committee has with the policy changes.

In addition to reviewing, evaluating, and commenting on reports presented by the CIO, the LFC should also hear other IT-related issues that would lend themselves to future legislative action. In this light, the committee should prepare bills and resolutions that, in its opinion, may require presentation to the next regular session of the legislature in order to improve the welfare of the citizens and the state

Legislative Session Committee Assignment

The legislature should provide oversight of state IT during legislative sessions by assigning oversight responsibilities to the Long-Range Planning Subcommittee. As such, the Long-Range Planning Subcommittee should hear all cat and dog bills that involve statewide IT issues or have fiscal implications associated with IT resources.

Recommended Statutory Changes

The LFC recommends the 57th Legislature enact a new section of law dedicated exclusively to laws associated with information technology. This section should begin with legislative guiding principles and consolidate all governing statutes for IT. Appendix A of this final report contains the bill draft incorporating the statutory changes recommended by the Legislative Finance Committee.

Appendix A

Proposed Legislation

Summary of Proposed Legislation

The Legislative Finance Committee recommends the 57th Legislature enact a new section of law dedicated exclusively to laws associated with information technology. This section should begin with legislative guiding principles and consolidate all governing statutes for IT. The bill draft incorporating the statutory changes recommended by the Legislative Finance Committee is contained in this appendix.

Table A-1 below summarizes the bill draft. The provisions of the bill draft have been categorized into five different types:

- New sections establishing the new information technology governance policies and structure, jurisdiction, planning, and reporting requirements;
- Sections that amend existing statute to reflect IT policies, inter-agency coordination, and IT planning recommended by the Legislative Finance Committee;
- Sections that assign duties and responsibilities that currently exist for the Department of Administration to the Department of Information Technology;
- Legislative oversight provisions; and
- Miscellaneous provisions, such as repealing current statutory provisions that have been incorporated in the new sections.

Table A-1. Summary of Information Technology Management Bill

Bill Draft Section #	MCA Reference	Summary of Bill
Sections 1 through 18	New Sections	Establish new information technology governance policy and structure, jurisdiction, planning and reporting requirements -- Expresses legislative policy regarding the development and use of information technology in state government -- Creates new department and assigns duties -- Creates CIO and assigns duties -- Creates IT Board and assigns duties -- Definitions -- State strategic information technology plan and biennial statewide report requirements -- Agency information technology plan and performance report requirements -- IT project budget summary -- Information sharing requirements for legislative and judicial branch of state government
Section 19	2-3-301	Amend existing statute to reflect IT policies, inter-agency coordination, and IT planning recommended by the Legislative Finance Committee.
Sections 23 through 27	2-15-114	
Sections 43 through 45	2-15-404 2-15-1013 2-15-1514 2-15-2212 17-7-111 17-7-112 17-7-123	-- Public input and receipt of information via electronic mail. -- Assigns Department of Information Technology representative to the state records committee, the natural resources data system advisory committee, and the committee on Montana telecommunications access services for persons with disabilities -- Inserts IT-budget and planning requirements into the state budget act.

Section 20	2-6-214	Assigns duties and responsibilities that currently exist for the Department of Administration to the Department of Information Technology, including:
Sections 29 through 38	2-17-303	-- Electronic records management systems
Sections 41 through 42	2-17-306	-- Telecommunications, FCC contact agency
Sections 46 through 52	2-17-311 2-17-312 2-17-313 2-17-321 2-17-322 2-17-323 2-17-503 5-11-402 10-3-106 10-4-101 10-4-102 18-4-313 20-32-102 20-32-103 20-32-104 61-3-345 61-3-346 61-3-347	-- Security -- Internet (electronic access systems) -- Representation on legislative branch computer system planning council -- Coordination with disaster and emergency services for emergency communications -- Purchase contracts -- METNET -- Participation on Department of Justice county motor vehicle computer users advisory group and county motor vehicle computer committee
Section 40	5-12-205	Legislative Oversight -- Assigns interim legislative oversight of new IT department to the Legislative Finance Committee and lists oversight duties.
Sections 21 and 22 Section 28 Section 39 Sections 53 through 56	2-15-102 2-15-104 2-17-301 5-11-403 2-17-302 (repealed) 2-17-304 (repealed) 2-17-305 (repealed) 2-17-501 (repealed) 2-17-502 (repealed)	"Miscellaneous " -- Amend definitions in Title 2, Chapter 15 to conform to new definitions in Section 5 (specifically, "data" and "information technology resources") -- Add new department to list of executive branch departments -- Removes telecommunications responsibility from Department of Administration but keeps requirement for Department of Administration to provide central mail, messenger service, and copying facilities for state agencies within a 10-mile radius of the capitol. -- Repeal data processing duties and telecommunications duties formerly assigned to the Department of Administration. -- Codification instructions, effective date (July 1, 2001)