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## FISCAL IMPACT REPORT

SPONSOR Heaton DATE TYPED 03-08-05 HB 747/aHGUAC/aHAFC

SHORT TITLE Create State Information Technology Divisions SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

- Department of Labor (DOL)
- Department of Public Safety (DPS)
- Corrections Department (NMCD)
- Children, Youth and Families Department (CYFD)
- Environment Department (NMED)
- Department of Health (DOH)
- Human Services Department (HSD)
- Department of Labor (DOL)
- Administrative Office of the Courts (AOC)
- Office of the Chief Information Officer (CIO)

### SUMMARY

#### Synopsis of HAFC Amendment

House Appropriation and Finance Committee amendment to HB747 amends the legislation as follows:

*On page 5, between lines 8 and 9: the following language is inserted:*

“Section 6. Section 9-11-4 NMSA 1978 (being Laws 1977, Chapter 249, Section 4, as amended) is amended to read as follows:

"9-11-4. DEPARTMENT ESTABLISHED.--There is created in the executive branch the "taxation and revenue department". The department shall be a cabinet department and shall consist of, but not be limited to, six divisions as follows:

- A. the audit and compliance division;
- B. the property tax division;
- C. the revenue processing division;
- D. the motor vehicle division;
- E. the administrative services division; and
- F. the information technology division."

The amendment additionally requires that succeeding sections shall be renumbered accordingly.

House Appropriation and Finance Committee amendment to HB747 attaches no appropriation to the legislation.

#### Synopsis of HGUAC Amendment

House Government and Urban Affairs Committee amendment to HB747 amends the legislation as follows:

*On page 4, lines 1 and 2:* The phrase, "and to the department of environment" is removed.

House Government and Urban Affairs Committee amendment to HB747 attaches no appropriation to the legislation.

#### Original Synopsis of Bill

House Bill 747 – Relating to Organization of the Executive Branch; Creating Information Technology Divisions in Certain Departments – seeks to create Information Technology Divisions in the Children, Youth and Families Department; the Corrections Department; the Department of Health; the Department of Environment; the Human Services Department; the Labor Department, and the Department of Public Safety by amending the following:

*Section 1:* Children, Youth and Families Department. Section 9-2A-4 NMSA 1978 (being Laws 1992, Chapter 57, Section 4, as amended)

A.(6) Adds the language: *the information technology division.*

*Section 2:* Corrections Department. Section 9-3-3 NMSA 1978 (being Laws 1977, Chapter 257, Section 3, as amended)

F. Adds the language: *the information technology division.*

*Section 3:* Department of Health. Section 9-7-4 NMSA 1978 (being Laws 1991, Chapter 25, Section 16)

B. The phrase: *All references in the law to the "health services division" shall be construed to be references to the "public health division"* is eliminated.

D. Adds the language: *The information technology division shall have all those powers and duties conferred upon it by the secretary with the consent of the governor."*

*Section 4:* Department of Environment. Section 9-7A-4 NMSA 1978 (being Laws 1991, Chapter 25, Section 4)

The language: *an information technology division* is added to the establishing legislation.

*Section 5:* Human Services Department. Section 9-8-4 NMSA 1978 (being Laws 1977, Chapter 252, Section 4, as amended)

The enhancement from *two programs to three divisions* is reflected in the establishing legislation.

C. Adds the language: *the information technology division.*

*Section 6:* Labor Department. Section 9-18-4 NMSA 1978 (being Laws 1987, Chapter 342, Section 4)

The language: *an information technology division* is added to the establishing legislation.

*Section 7:* Labor Department. Section 9-18-14 NMSA 1978 (being Laws 1987, Chapter 342, Section 14)

A. Those organizational units of the department and the officers of those units specified by law shall have all the powers and duties enumerated in the specific laws assigned to their organizational units for administration. However, the carrying out of those powers and duties shall be subject to the direction and supervision of the secretary and the secretary shall retain the final decision-making authority and responsibility in accordance with the provisions of Subsection B of Section [deletes the language *7 of the Labor Department Act*] and adds *9-18-7 NMSA 1978*

B. Subject to the provisions of Subsection B of Section [deletes the language *7 of the Labor Department Act*] and adds *9-18-7 NMSA 1978*

B.(2) Deletes the language *the workers' compensation division shall have all those powers and duties conferred by law upon the former workmen's compensation administration and such other laws, programs and functions assigned to the division by the secretary with the consent of the governor;*

B.(5) The administrative services division shall have all those powers and duties conferred upon it by the secretary [deletes the language *of labor*]. The secretary shall have the power, pursuant to Subsection B of Section [deletes the language *7 of the*

*Labor Department Act]* and adds 9-18-7 NMSA 1978, to transfer administrative functions and duties formerly conferred upon the chief administrative officer of any agency or department merged into the labor department by the Labor Department Act;

B.(6) Adds the language: *the information technology division shall have all those powers and duties conferred upon it by the secretary with the consent of the governor.*

Section 8: Department of Public Safety. Section 9-19-4 NMSA 1978 (being Laws 1987, Chapter 254, Section 4, as amended)

The language: *an information technology division* is added to the establishing legislation.

G. Adds the language: *the information technology division.*

There is no appropriation attached to this legislation.

#### Significant Issues

This bill seeks to establish information technology divisions in certain executive departments. Accordingly a number of agencies have elected to offer comments:

- DOL suggests that this bill will establish Executive Order 2004-14 *Consolidating Agency Information Technology operations and Governance* in statute. Further that “Chief Information Officers” (CIOs) or Information Technology (IT) leaders of cabinet and executive agencies will report directly to the office of the secretary or director of their agency, and will give the department the ability to plan and prioritize IT tasks based on budget and need thereby providing the department with a means to allocate IT resources efficiently. DOL adds that IT staff has traditionally been part of the Administrative Services Division (ASD). A reorganization of IT staff and a realignment of IT staff duties are effected per the Executive Order. Administrative issues have been addressed as of July 2004 and there are no further administrative implications.
- DPS indicates that the department has already identified Information Technology as a separate program with its own set of performance measures.
- HSD notes that this bill would not have any performance implications for HSD given the department has already consolidated Information Technology functions under the Division of Information Technology (DoIT) in accordance with Executive Order 2004-014. HSD suggests that Information Technology FTEs that are currently organized in various HSD divisions would need to be re-organized under the “Information Technology Division.” Further, HSD’s FY06 Budget Request would need to be adjusted to allow for the addition of the “Information Technology Division. Since HSD has already consolidated the agency Information Technology budget within each of HSD’s four program divisions (Income Support Division, Medical Assistance Division, Child Support Enforcement Division and Administrative Services Division), accomplishing this would require minimal effort.

- NMED suggests that the creation of an Information Technology Division within NMED is supported by NMAC 9-7A-6(B)(3), which is the department's enabling legislation and provides to the cabinet secretary responsibility for "creating those organizational units that will enable the department to function most effectively." HB747 supports the NMED cabinet secretary's actions to create an Information Technology division within the Department in FY06 in support of the governor's executive order on IT consolidation. NMED does anticipate that HB747 may conflict with performance based budgeting legislation passed a few years ago and which places information technology into program support. The creation of new divisions within cabinet agencies will require changes to HB2 to fund the new division and place authorized FTE within it.
- NMCD indicates that this legislation would not significantly impact on the department. The Information Technology Office [ITO] already has division level status in the departmental organization. Moreover, the bill would not have significant fiscal or administrative impact on the Corrections Department, although it might mean a change of title for the head of the ITO.
- CIO notes that Information technology divisions exist in other agencies and this bill brings the seven agencies' legislation up to date. Further, that the creation of these divisions should enable improved information technology accounting and decision-making in the seven agencies, as well as assist the office of the chief information officer to receive better data upon which to base enterprise and agency level decisions.
- DOH advises that pursuant to Executive Order 2004-014, *Consolidating Agency Information Technology Operations and Governance*, the department informally created an Information Technology Services Division that went into effect on July 3, 2004. Executive Order 2004-014 states that, "All IT functions and staff within cabinet and executive agencies will report into the agency CIO or IT leaders (i.e. top ranking IT person) of that agency. Accordingly, DOH currently has an Information Technology Services Division and proposed legislation would not impact the current organization of the department or the IT Services Division. DOH does mention that, presently, the IT Services Division exists at the discretion of the Secretary of Health. If necessary, the Secretary could dissolve the Division. If enacted, HB747 would create the IT Division in law thus requiring further action by the legislature if it ever becomes necessary to dissolve the Division.
- CYFD indicates that the proposed legislation does not directly relate to existing department performance measures. CYFD does notes that its current divisions differ from those listed in the proposed legislation and presently consist of: an Administrative Services Division, Juvenile Justice Division, Protective Services Division, Family Services Division, and Employee Support Division. The Employee Support Division currently operates as the Information Technology Division, wherein all information technology infrastructure functions are organized.

## FISCAL IMPLICATIONS

There is no appropriation attached to this legislation.

**TECHNICAL ISSUES**

*With respect to Section 3:* Department of Health. Section 9-7-4 NMSA 1978 (being Laws 1991, Chapter 25, Section 16), Subsection C, it appears that existing language (page 4, line 2) suggests that the health department is also to provide administrative services to the environment department. This language requires clarification.

**BFW/yr**