

BUDGET LETTER

	NUMBER: 10-06
SUBJECT: INFORMATION TECHNOLOGY EXPENDITURE REPORTING AND COST OPTIMIZATION	DATE ISSUED: March 30, 2010
REFERENCES: BUDGET ACT OF 2009; EXECUTIVE ORDER S-03-10	SUPERSEDES:

TO: Agency Secretaries
Agency Information Officers
Department Directors
Departmental Budget Officers
Departmental Chief Information Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE AND THE OFFICE OF THE STATE CHIEF INFORMATION OFFICER

Control Section 15.30, Budget Act of 2009, authorizes reductions to departmental budgets to reflect savings in information technology and related expenditures. The Office of the State Chief Information Officer (OCIO) is responsible for identifying at least \$100 million in General Fund savings (reductions). In addition, Control Section 13.25, Budget Act of 2009, authorizes additional reductions resulting from reorganizations, and it is estimated that \$29.7 million in savings will be achieved from information technology related expenditures. The Department of Finance (Finance) and the OCIO are partnering in this effort and jointly issue this Budget Letter (BL). These reductions are authorized for all fund sources which support information technology services.

To ensure the budgetary savings identified above are achieved, this BL directs departments to report past year actual and current year actual and planned information technology expenditures. This reporting will be utilized to help identify additional savings opportunities.

In light of this effort and until these savings have been achieved, departments are strongly encouraged to limit information technology expenditures in the current year to only the most critical operational needs.

We recognize the timing of this effort in relation to the end of the current fiscal year presents challenges for all involved, including short timeframes for information collection and submittal. As such, the reporting required by this BL is split into two phases. Specific details of these reporting requirements and phases are listed below. The reporting template and detailed template instructions are included as attachments.

Phase one data elements are identified in the reporting template in *bold and italic font*. Departments shall complete the reporting templates – Phase one data elements only – and submit them to their cabinet-level Agency for approval by April 14, 2010. Agencies shall submit the approved Phase one reports to Finance by April 21, 2010. Departments that do not report through an Agency shall submit their Phase one reports to Finance by April 14, 2010.

Phase two data elements (those not highlighted in bold and italic font) shall be added to the reporting template which contains the Phase one data. The completed Phase two reports shall be completed and submitted to your department's cabinet-level Agency for approval by April 26, 2010. Agencies shall submit the approved Phase two reports to Finance by May 3, 2010. Departments that do not report through an Agency shall submit their Phase two reports to Finance by April 26, 2010.

Information technology cost reporting for fiscal year 2010-11, as required by Executive Order S-03-10, will be addressed in a subsequent directive from the OCIO and/or Finance. However, it is anticipated that data collected from this BL will significantly reduce the workload associated with the 2010-11 reports.

SUMMARY OF ATTACHMENTS

There are three attachments to the BL. The purpose of each is described below.

Attachment A: Information Technology Cost Report Transmittal Letter Template. This is the transmittal letter that will accompany the Information Technology Cost Report Template and must include signatures from the identified departmental and Agency officials or their designees.

Attachment B: Information Technology Cost Report Template. This is the template departments will use to document past year actual and current year actual and planned information technology expenditures. Phase one data elements are highlighted in ***bold and italic font***.

Attachment C: Information Technology Cost Report Instructions. This document provides detailed instructions to assist departments in properly completing the Information Technology Cost Report Template.

An electronic version of these documents is available online as part of the Statewide Information Management Manual (SIMM), Section 55 at: www.cio.ca.gov/Government/IT_Policy/SIMM.html.

SUBMITTAL OF COMPLETED REPORTS

Completed reports and the accompanying transmittal letters shall be submitted to Finance within the timeframes identified above. All documents shall be submitted together via electronic mail to the following address: ITCUDOCs@dof.ca.gov. The Information Technology Cost Report Template shall be submitted electronically in an unlocked Excel file (2003 or later) and the signed transmittal letter as a scanned PDF. Please insert your organizational code followed by departmental acronym at the front of each file name (e.g. 8860_DOF_ITCostReport.xls).

NEXT STEPS

Upon receipt and review of the Phase one reports, the OCIO and Finance will meet with Agencies and specific departments to discuss the reports and opportunities for additional information technology savings.

APPLICABILITY

This BL applies to all agencies, departments, offices, boards, bureaus and commissions.

If you have any questions, please contact Richard Gillihan, Chief, Information Technology Operations and Consulting, Department of Finance, at (916) 445-1777, ext. 3223 or via email at richard.gillihan@dof.ca.gov or Adrian Farley, Chief Deputy Director, Office of the State Chief Information Officer at (916) 319-9223 or via email at adrian.farley@state.ca.gov.

/s/ Fred Klass for

/s/ Teri Takai

ANA J. MATOSANTOS
Director

TERI TAKAI
State Chief Information Officer

Attachment