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Assembly California Legislature



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May 20, 2014

Members of the Committee
Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Dear Chairman Gray,

This letter is to request that the Joint Legislative Audit Committee approve an audit of policies and procedures on the planning, development and implementation of new electronic processing systems for licensing within the Department of Consumer Affairs (DCA), specifically the system called BreEZe that is currently used by the Board of Registered Nursing (BRN).

In fall 2013, the BRN was scheduled in the first of three rollouts of the boards and bureaus overseen by the DCA to transition to the BreEZe paperless internet system. According to the DCA website, completion of BreEZe will ultimately provide improved access to services, greater ease of use for stakeholders and improved back-office functionality that will greatly enhance licensing and enforcement efficiency. These are excellent goals that I have been promoting through legislation since I was first elected to the Assembly. All of the boards and bureaus within DCA were supposed to be using this new system by the spring of 2015. However, this date is in the process of being extended to allow for the last planned phase to be divided into two separate roll outs.

Late last year, my office was contacted by a number of nursing school graduates, professors and hospital administrators who have experienced a great deal of difficulty since the implementation of the new electronic system. Hardworking students who recently graduated from nursing programs were unable to have their applications processed in a timely manner. Due to the unsuccessful rollout, graduates were left unable to secure local jobs, local hospitals were understaffed – and not one individual or organization was able to get clear explanations, updates or timelines from BRN, because repeated phone calls went unanswered.

I submitted a similar audit request earlier this year, which I ultimately rescinded in order to avoid hindering DCA's ability to eliminate the backlog of applications. Instead, you and I were able to work together to host a hearing, where we learned a great deal more about some of the problems afflicting the BRN that made a technology implementation more challenging than anticipated. I have combined the information we learned at that hearing with all other feedback I have gathered

over the past several months to inform this new audit request, now that the backlog from December has been eliminated.

Difficulty in unrolling new websites and technology systems has become an alarming trend in California State agencies. Last fall, the Employment Development Department (EDD) upgraded its internet technology system, which resulted in delayed unemployment benefit payments to roughly 150,000 California residents. In October of last year, Covered California was unable to process many applications online after its launch and had to shut its website down while trouble shooting. California Healthcare Eligibility, Enrollment and Retention System (CalHEERS), a system designed to manage Medi-Cal applicants has a current backlog of 800,000 applications due in large part to technology problems, which has left the neediest of Californians unable to seek healthcare for their ailments.

Last year, a Senate Budget Sub-Committee held a hearing when the State Controller's office lost hundreds of millions of dollars after a complex internet upgrade to the state payroll system failed to launch properly. Legislative analysts say an effort to learn from the project's mistakes was hampered by a decision not to pursue an independent assessment of what went wrong.

And now we are faced with problems implementing BreEZe at the BRN – and potentially throughout DCA. While I applaud efforts to improve services, functionality and customer/stakeholder experience, the exact opposite has occurred with the BRN's launch of BreEZe. It is simply unacceptable for people to be held in limbo due to failed technology implementations. We need to get people through the system and into the workforce. We need to make sure this never happens again.

To ensure smoother technology implementations in the future – for the remaining DCA boards and bureaus who plan to use BreEZe, and for future state internet technology projects - I am requesting an audit of the policies and procedures on planning, developing and implementing new electronic processing systems within the Department of Consumer Affairs to be completed before March of 2015, so that the information can be available before the budget cycle begins:

1. Were laws, rules, regulations and/or best practices followed in planning, developing and implementing the BreEZe system, and was there appropriate and adequate oversight and testing throughout the project?
2. Was there an executive sponsor in place during the planning, developing and implementation of the BreEZE system? For example, was an executive-level staff member consistently consulted with and did this staff member authorize all key aspects of the planning, development, and implementation phases to ensure the business and program needs of BRN were being met by the BreEZE system?
3. How was BreEZE selected as the system to improve access, back-office functionality, and the efficiency of the boards and bureaus overseen by DCA? To what extent did the system design and requirements impact the implementation process and business processes of BRN? Did BRN modify the way it did business resulting from the implementation of BreEZE and/or was BreEZE modified to BRN's business processes?
4. Were employees provided appropriate and adequate training on the BreEZe system?

5. What was the processing time before and after the launch of the BreEZe system? In other words, what impact did the automated system have on the licensing process?
6. What were the primary contributors to any delays in the licensing process during the launch of BreEZe and what corrective actions were or are being taken? Is there a current backlog of applications? If so, how is it being addressed, and what measures are in place to provide service to new and renewing applicants?
7. Is the state adequately protected if the vendor(s) are responsible for the problems with the implementation and/or function of the system?
8. What outreach efforts were utilized to inform stakeholders (including any affected organizations, businesses, communities and individuals) of the launch of the new system and the potential for delays? Did DCA and/or BRN have an adequate contingency plan in place to address delays? For example, was there a plan in place to address any gaps in staff capacity throughout the implementation process?
9. What were the estimated and actual costs and timeline for the BreEZe project? How many amendments were made to the contract and why? Have the expenditures to date accomplished the goals anticipated for the amount spent?
10. Please address and analyze any other issues that the State Auditor believes is germane to this topic.

I am hopeful the answers learned will help guide better decision-making when it comes to purchasing and implementing new technology systems throughout any and all state departments and agencies. When costly and time-consuming internet technology projects are in the planning, development and implementation stages, it is expected that the state has progressed with consideration to past failures. As Californians attempt to take state exams, secure jobs, obtain paychecks, or subscribe for health benefits and the system fails, it is unacceptable to rely upon excuses. We should expect that the services our economy and people have to depend on are reliable.

Thank you for your consideration of this request. Please feel free to contact Allison Wescott at (916) 319-2012 with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kristin" followed by a stylized flourish.

Kristin Olsen
Assemblymember, District 12