

HOUSE BILL REPORT

HB 1841

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to management and consolidation of information technology.

Brief Description: Addressing management and consolidation of state information technology.

Sponsors: Representatives McCoy, Crouse, Dunshee, Short, Clibborn, Hudgins, Tharinger and Ormsby; by request of Governor Gregoire.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/8/11, 2/16/11 [DPS].

Brief Summary of Substitute Bill

- Creates the Office of the Chief Information Officer (Office of the CIO) within the Office of Financial Management.
- Creates an Information Technology Advisory Board to advise the Office of the CIO on information technology issues.
- Eliminates the Information Services Board.
- Replaces the Department of Information Services with the newly created Consolidated Technology Services Agency (CTS Agency).
- Creates a Consolidated Technology Services Board that, among other things, approves the catalog of services offered by the CTS Agency and the rates for such services.
- Requires state agencies to locate their servers in the State Data Center, unless a waiver is granted by the Office of the CIO.
- Transfers the state broadband program to the Department of Commerce.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 14 members: Representatives McCoy, Chair; Crouse, Ranking Minority Member;

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Short, Assistant Ranking Minority Member; Anderson, Billig, Carlyle, Dahlquist, Eddy, Frockt, Hasegawa, Jacks, Kelley, Lias and Morris.

Minority Report: Do not pass. Signed by 5 members: Representatives Haler, Harris, Kristiansen, McCune and Nealey.

Staff: Kara Durbin (786-7133).

Background:

Department of Information Services.

The Department of Information Services (DIS) was formed in 1987 through the consolidation of the state's four independent data processing and communications systems. The DIS is a cabinet-level agency that provides technology-based services to state agencies and local governments, as well as public benefit nonprofit corporations, on a cost-recovery basis. Some examples of the type of services that the DIS provides include: (1) telecommunications or computer services; (2) procurement of technology equipment through master contracts; (3) information technology support; and (4) other related technology-based products and services.

State agencies may procure information technology services through the DIS, but are not required to do so if other alternatives are more cost effective or provide better service.

Information Services Board.

The Information Services Board (ISB) provides authorization and oversight for managing large information technology projects administered by executive branch agency staff. The ISB is charged with: (1) developing state information technology standards; (2) governing acquisitions; (3) reviewing and approving the statewide information technology strategic plans; and (4) developing statewide or inter-agency technical policies.

The ISB appoints the members of the State Interoperability Executive Committee (SIEC). The SIEC functions as a subcommittee of the ISB. The SIEC is charged with: (1) developing policies and making recommendations for technical standards for state wireless radio communications systems; (2) coordinating and managing the licensing and use of state designated and licensed radio frequencies; and (3) coordinating the purchasing of state wireless radio communications systems.

K-20 Education Network.

The K-20 Education Network was established in 1996 as a high-speed, high-capacity network linking colleges, universities, K-12 school districts and libraries statewide. It is supported through legislative appropriations and user fees. In 2010 the Legislature eliminated the K-20 Educational Network Board and the K-20 Network Technical Steering Committee and placed oversight responsibility with the ISB, with day-to-day network management remaining with the DIS.

State Broadband Program.

The state's broadband program is managed by the DIS. The DIS is charged with coordination, programming, and outreach on broadband issues, as well as procurement of a state broadband map.

State Civil Service Law.

The state civil service law establishes the state's personnel administration system. Civil service rules apply to non-represented classified employees. The rules may be superseded by collective bargaining agreements applicable to represented employees.

Collective Bargaining.

The state collective bargaining law provides for bargaining by the Governor and representatives of classified employee bargaining units.

Collective bargaining agreements must be submitted to the Office of Financial Management by October 1, and to the Legislature as part of the Governor's budget proposal. The Legislature must accept or reject the request for funds necessary to implement the agreements as a whole.

Summary of Substitute Bill:

Part I: Creation of the Office of the Chief Information Officer.

A. Overview.

The Office of the Chief Information Officer (Office of the CIO) is created within the Office of Financial Management (OFM) and is vested with some of the policy and planning related functions of the Department of Information Services (DIS). The Office of the CIO is headed by a chief information officer who is appointed by the Governor subject to confirmation by the Senate.

Various statements are made regarding the objectives of the Office of the CIO:

- Establishing the Office of the CIO and partnering it with the Director of Financial Management and the Director of Personnel will provide state government with a cohesive structure necessary to develop improved operating models that will enhanced service delivery while also capturing savings.
- The Chief Information Officer (CIO) will use agency information technology (IT) portfolio planning to build a statewide portfolio that may guide resource allocation and prioritization decisions.

B. Duties and Responsibilities.

The primary duties of the Office of the CIO include: (1) preparing and leading the implementation of a strategic direction and enterprise architecture for IT for state government; (2) enabling the standardization and consolidation of IT infrastructure to support enterprise-based system development and to improve and maintain service delivery; (3) establishing standards and policies for IT services throughout state government; and (4) establishing statewide architecture to serve as the organizing standard for IT for state agencies.

The CIO may employ staff members, who may be exempt from the state civil service law, as well as additional staff members. The CIO also may employ staff members as may be necessary in accordance with the state civil service law, except as otherwise provided by law.

The term "state agency" is defined as every state office, department, division, board, commission, or other state agency, including offices headed by a statewide elected official.

With respect to institutions of higher education, the powers of the Office of the CIO apply to the business and administrative applications, but do not apply to academic and research applications.

The Legislature and the Judiciary are strongly encouraged to coordinate with the Office of the CIO and participate in shared services initiatives and the development of enterprise-based strategies.

Prior to making a commitment to purchase, acquire, or develop a major information technology project, state agencies must provide a proposal to the Office of the CIO for approval. If a substantially similar product or service is offered by the Consolidated Technology Services Agency (CTS Agency), the Office of the CIO may require the agency to procure the product or service through the CTS Agency.

C. Creation of the Information Technology Advisory Board.

A nine-member Information Technology Advisory Board (IT Board) is created within the Office of the CIO to advise the CIO on IT-related matters. The IT Board will consist of at least four private sector representatives and up to four state agency representatives.

The IT Board will: (1) review policies and standards, receive comments from agency executives on the implications of proposed policies and standards, and provide recommendations to the CIO; (2) provide a forum to solicit external expertise on developments in IT, enterprise architecture, standards, and policy development; and (3) provide a forum where issues related to IT plans, policies, and standards may be reviewed.

D. Development of an Enterprise Architecture Strategy and Program.

The Office of the CIO must develop an enterprise-based strategy for IT in state government that is informed by portfolio management planning and IT expenditure information collected from state agencies. The Office of the CIO also must develop an ongoing enterprise architecture program. This program will establish performance measurement criteria for each initiative and assess the results quarterly with the CIO.

"Enterprise architecture" refers to an ongoing program for translating business vision and strategy into effective enterprise change.

E. Migration by State Agencies.

State agencies must locate all existing and new servers in the State Data Center, unless they secure a waiver from the Office of the CIO. The Legislature and the Judiciary may enter into an interagency agreement with the Office of the CIO to migrate its servers into the State Data Center.

The Office of the CIO must conduct a needs assessment and develop a migration strategy to ensure that, over time, state agencies are moving towards using the CTS Agency as their central service provider for all utility-based infrastructure services. "Utility-based infrastructure services" is defined to include personal computer and portable device support, servers and server administration, security administration, network administration, telephone, electronic mail, and other IT services commonly used by state agencies.

F. Existing Functions Assumed by the Office of the Chief Information Officer.

A number of functions currently performed by the Information Services Board (ISB), the State Interoperability Executive Committee (SIEC), and the DIS are assumed by the Office of the CIO.

1. Information Services Board.

The ISB is eliminated. Policy and planning related IT powers and duties that are currently delegated to the ISB are assumed by the Office of the CIO. These functions include the development of:

- statewide technical standards, policies, and procedures for IT;
- standards and policies governing the acquisition and disposition of equipment, software, and personal and purchased services;
- strategic planning goals and objectives, with input from the Legislature and the Judiciary; and
- policies for the periodic review of agency performance, including project management and oversight.

The oversight and management of the K-20 Education Network, which currently resides with the ISB, is assumed by the Office of the CIO. Expenditures from the Education Technology Revolving Fund, which is used to pay for K-20 Education Network's operations, transport, equipment, and related functions, may be made by the CIO.

2. State Interoperability Executive Committee.

The CIO must appoint the State Interoperability Executive Committee. The appointment of the SIEC currently rests with the ISB.

The responsibilities of the SIEC are the same as under current law and include: (1) developing policies and making recommendations for technical standards for state wireless radio communications systems; (2) coordinating and managing the licensing and use of state-designated and licensed radio frequencies; and (3) coordinating the purchasing of state wireless radio communications systems.

3. Department of Information Services – Policy and Planning.

The development of a state strategic IT plan, which is currently performed by the DIS, is assumed by the Office of the CIO. Agencies will continue to develop an IT portfolio and will submit this portfolio to the Office of the CIO, rather than the DIS, for review and approval. In addition, on a biennial basis, each agency will prepare and submit to the Office of the CIO a biennial performance report that evaluates progress towards its objectives outlined in its IT portfolio.

The Office of the CIO will assume the responsibility of evaluating state agency IT budget requests at the request of the OFM. This function is currently performed by the DIS upon request of the OFM.

The Office of the CIO will assume responsibility for establishing standards and policies governing the planning, implementation, and evaluation of major IT projects. This function is currently performed by the DIS with the approval of the ISB.

G. Applicability of State Civil Service Law.

As of July 1, 2011, the state civil service law does not apply to: (1) the CIO; (2) the CIO's confidential secretary; (3) assistant directors; and (4) other exempt staff members.

Part II: Creation of the Consolidated Technology Services Agency.

A. Overview.

The Consolidated Technology Services Agency (CTS Agency) is created as an agency of state government. It replaces the Department of Information Services (DIS) and is vested with many of the powers and duties of the DIS. The director of the CTS Agency is appointed by the Governor and is subject to confirmation by the Senate.

A provision in current law, which specifies that the use of the DIS by agencies is discretionary and that agencies may elect other alternatives for IT service, is removed.

Statements are made regarding the objective and mission of the CTS Agency:

- Establishing a centralized provider and procurer of certain IT services will allow the state to achieve the maximum benefit from advances in IT.
- State agencies must rely on the CTS Agency for those services with a business case of broad use, uniformity, scalability, and price sensitivity to aggregation and volume, in order to ensure the maximum benefit to the state.

B. Creation of the Consolidated Technology Services Board.

The Consolidated Technology Services Board (CTS Board) is created as an 11-member board with seven customer representatives in the position of chief executive officer, chief financial officer, or chief information officer, and four legislative members that will serve as ex-officio members.

The powers and duties of the CTS Board include:

- approving rates for services offered by the CTS Agency;
- approving the budget proposal to the OFM for the CTS Agency;
- approving the catalog of services to be provided or procured for client agencies; and
- preparing and submitting performance evaluations of the director of the CTS Agency and of the agency as a whole to the Governor.

C. Performance Measures.

The Director of the CTS Agency, in consultation with the CTS Board, must set performance targets and approve performance measures for achieving specific goals for the CTS Agency. These performance targets and measures must be submitted to the Governor by January 2012

and include: measures of performance related to service delivery and costs; operational efficiencies; and overall customer satisfaction.

D. Procurement.

The CTS Agency is exempt from the state procurement statute, which vests certain state purchasing with the Director of the Department of General Administration.

E. Transfer of the State Broadband Program to the Department of Commerce.

The state's broadband program, which is currently housed at the DIS, is transferred to the Department of Commerce.

F. Collective Bargaining.

Existing bargaining units and exclusive bargaining representatives at the DIS are considered appropriate units at the CTS Agency.

Part III: Administrative Provisions.

In the process of moving many of the functions and duties of the DIS and the ISB to either the Office of the CIO or the CTS Agency, multiple statutes in the DIS chapter (chapter 43.105 RCW) are repealed. Many of these provisions are reiterated in substantially the same form in the newly created Office of the CIO chapter of the Revised Code of Washington.

The following provisions are repealed and not otherwise assumed by the Office of the CIO or the CTS Agency, nor are they reiterated elsewhere in the bill:

- RCW 2.36.057: requests that the Supreme Court adopt court rules by September 1, 1994, regarding how to develop a jury source list;
- RCW 2.36.0571: requires the Secretary of State, the Department of Licensing, and the DIS to adopt rules by January 1, 1994, regarding how to develop a jury source list;
- RCW 41.06.094: exempting 12 positions in the planning and policy division of the DIS from the state civil service law;
- RCW 43.105.005 and 43.105.013: statements of purpose and legislative intent regarding the DIS;
- RCW 43.105.019: directing the ISB to develop an enterprise-based strategy for IT in state government;
- RCW 43.105.032: creating the ISB;
- RCW 43.105.095: directing the DIS to develop and implement a management and oversight structure based on the use of IT portfolios;
- RCW 43.105.178: requiring the DIS to conduct an inventory of IT assets owned or leased by state agencies;
- RCW 43.105.210: prohibiting state agencies from making expenditures for major IT projects unless authorized by the Legislature;
- RCW 43.105.300: encouraging state and local governments to educate their employees in the use of electronic technologies;
- RCW 43.105.320: authorizing the DIS to become a licensed certification authority for purposes of the Electronic Authentication Act;

- RCW 43.105.340: requiring the DIS to develop a consumer protection web site by September 1, 2008; and
- RCW 43.105.360: requiring the DIS to provide a web directory of community technology programs by January 1, 2009.

Substitute Bill Compared to Original Bill:

The substitute bill provides that state agencies must submit a proposal to the Office of the Chief Information Officer (Office of the CIO) for approval prior to making a commitment to purchase, acquire, or develop a major information technology (IT) project. The Office of the CIO must conduct a needs assessment and develop a migration strategy to ensure that, over time, state agencies are moving towards using the Consolidated Technology Services Agency (CTS Agency) as their central service provider for utility based IT services.

State agencies are required to locate their servers in the State Data Center, unless they receive a waiver from the Office of the CIO. The Legislature and the Judiciary may enter into an interagency agreement with the Office of the CIO to migrate its servers into the State Data Center.

The Legislature and the Judiciary are strongly encouraged to coordinate with the Office of the CIO and participate in shared services initiatives and the development of enterprise-based strategies.

Legislative members are added to the Consolidated Technology Services Board.

An exemption is provided from the state procurement statute for the CTS Agency.

The state broadband program, which is currently managed by the Department of Information Services (DIS), is transferred to the Department of Commerce.

Various functions assigned to the DIS under statute are assumed by the Office of the CIO or the CTS Agency, including: merging jury lists; overseeing purchasing of wireless devices; and working with agencies on developing IT plans. Additional provisions related to the DIS are repealed, including: developing a consumer protection website; providing a web directory of community technology programs; conducting an inventory of IT assets owned or leased by state agencies; and encouraging governments to educate employees in the use of electronic technologies.

Provisions in the original bill relating to civil service, collective bargaining, and contracting out are removed. Existing bargaining units and exclusive bargaining representatives are "grandfathered."

Appropriation: None.

Fiscal Note: Preliminary fiscal note available. New fiscal note requested on February 17, 2011.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2011, except for sections 124, relating to the definition of "executive state officer" for the purposes of the state's public disclosure laws, and 134, relating to legislative intent regarding public disclosure reports, which take effect January 1, 2012.

Staff Summary of Public Testimony:

(In support) This is a big undertaking. An amendment will be forthcoming to require all agencies to participate under the bill. Some concerns have been raised over the labor force provisions. Not enough emphasis is being placed on training existing employees to improve their skill sets. This bill is an important element in moving forward in improving the way the state delivers information technology (IT) within state government. It is important to restructure the governance structure for IT as well as the service delivery model. This new agency will be nimble and flexible in addressing the needs of agencies. Consolidating policies and standards into a chief information officer is important. This will directly connect planning and IT standards with financial expenditures.

(With concerns) Some of these IT functions, such as printing and procurement of multi-function devices, are performed by different agencies. It would be helpful if the bill made this more clear.

(Opposed) We are concerned about the civil service provisions and the performance-based requirement. Performance can be an important factor in the promotion, hiring, and dismissal of employees under the current system. We are concerned this is a first step towards removing civil service protections across agencies. There has already been significant staff turnover at the Department of Information Services over the last four years. Staffing ratios for managing IT seems to be lower than in the private sector. Salaries are also below those in the private sector. This bill appears to be laying out a path to privatization when public employees can operate better in a consolidated environment.

Civil service is not a barrier. It can be nimble. Section 304 of the bill rewrites the collective bargaining law; it cherry picks certain provisions. The Consolidated Technology Services Agency is exempt from the competitive contracting statute; it can contract out without demonstrating that doing so will be cheaper, more effective, or more efficient. It is hard to attract workers without increased wages and job security. No attempts have been made at the bargaining table to make this agency more nimble under existing processes. This bill eliminates bargaining over impacts.

Persons Testifying: (In support) Representative McCoy, prime sponsor; and Stan Marshburn, Office of Financial Management.

(With concerns) Jim King, Independent Business Association.

(Opposed) Tim Young, Washington Federation of State Employees; and Alia Griffing, Washington Federation of State Employees.

Persons Signed In To Testify But Not Testifying: None.