

# SENATE BILL REPORT

## SSB 5891

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As Passed Senate, April 5, 2013

**Title:** An act relating to state technology expenditures.

**Brief Description:** Concerning state technology expenditures.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove).

**Brief History:**

**Committee Activity:** Ways & Means: 4/03/13, 4/04/13 [DPS, DNP, w/oRec].

Passed Senate: 4/05/13, 25-23.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5891 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Bailey, Becker, Braun, Dammeier, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

**Minority Report:** Do not pass.

Signed by Senators Nelson, Assistant Ranking Member; Conway, Fraser, Hasegawa, Hatfield, Kohl-Welles and Murray.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Keiser and Ranker.

**Staff:** Steve Jones (786-7440)

**Background:** The Department of Enterprise Services (DES) provides a variety of support services to state agencies and other governmental entities. DES combines services from the former departments of General Administration and Printing, and sections of the former departments of Personnel and Information Services (DIS). Several divisions from the Office of Financial Management (OFM) are also part of the new agency. As part of the agency reorganization, a majority of service provision duties were transferred from DIS to Consolidated Technology Services (CTS), including server hosting, network administration, telephony, security administration, and email.

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*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.*

The Technology Services Board (TSB) consists of six members appointed by the Governor and four legislators. TSB focuses on information technology strategic vision and planning; enterprise architecture; policy and standards; and major project oversight.

Under the Personnel System Reform Act of 2002, state agencies are authorized to contract out for services if the displaced classified employees are provided an opportunity to provide an alternative to the contracting out. This process is known as competitive contracting.

TSB may approve contracting for services and activities related to the operation and management of the State Data Center. If approval is granted by TSB, CTS is exempt from the requirements for competitive contracting. Additionally, TSB may approve contracting for other services and activities by CTS if those services are recommended by the Chief Information Officer through a business plan and TSB approves. If approval is granted by TSB, those services and activities are exempt from the requirements for competitive contracting.

The Office of the Chief Information Officer (OCIO) is within OFM. OCIO is responsible for the preparation and implementation of a strategic information technology (IT) plan and enterprise architecture for the state. OCIO works toward standardization and consolidation of IT infrastructure and establishes IT standards and policies. OCIO prepares a biennial state performance report on IT, evaluates current IT spending and budget requests, and oversees major IT projects, including procurements.

**Summary of Substitute Bill:** If approval for services and activities related to the operation and management of the State Data Center is granted by TSB, DES is exempt from the requirements for competitive contracting. TSB may approve contracting for other services and activities by DES if those services are recommended by OCIO through a business plan and TSB approves. If approval is granted by TSB, those services and activities are exempt from the requirements for competitive contracting.

OCIO must coordinate with state agencies with an annual IT expenditure that exceeds \$10 million to implement an IT business management program to monitor financial performance and identify savings and efficiencies. OCIO must develop statewide purchasing standards for technology networking equipment and services.

Competitive purchasing statutes do not apply to IT purchases by state agencies if the purchase is \$100,000 or less, the purchase is approved by OCIO, and the agency director and OCIO prepare a public document providing a detailed justification.

OCIO must evaluate proposed IT expenditures and establish a priority ranking of the proposals. Not more than one-third of the proposed expenditures may be ranked in the highest priority category.

Higher education institutions must provide OCIO with information on proposed expenditures on business and administrative IT applications to allow OCIO to evaluate the expenditure.

Legislative and judicial agencies must provide OCIO with information on proposed IT expenditures to allow OCIO to evaluate the expenditure on an advisory basis.

Subject to funding, OFM may establish an IT investment pool and enter into contracts for IT purchases if the purchase replaces IT systems with more modern and efficient systems, or if the project improves the ability of an agency to recover from a major disaster.

CTS must review state telecommunications and information networks with the objective of agency network consolidation in CTS, with a report due to OFM and the Legislature in September 2013.

OCIO must inventory state legacy IT systems and develop a plan for modernization and funding, with a report due to OFM and the Legislature in September 2014.

**Appropriation:** None.

**Fiscal Note:** Requested on April 2, 2013.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: OCIO is very pleased with this bill because it reflects the recommendations of the December 2012 biennial report of the Chief information Officer. This bill will allow state agencies to make strategic investments in technology innovation. The bill will also allow OCIO to better evaluate and prioritize technology projects, and provide a mechanism to address legacy technology systems that may need replacement or modification.

CON: DES should not be given an expanded role in services that are exempt from competitive contracting procedures. Why would you not want existing employee workgroups to have an opportunity to bid on these services?

**Persons Testifying:** PRO: Jill Satran, OCIO.

CON: Alia Griffing, WA State Federation of State Employees.