

ESHB 3178 - S COMM AMD

By Committee on Ways & Means

ADOPTED AND ENGROSSED 03/10/2010

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.105  
4 RCW to read as follows:

5 (1) The legislature finds that the provision of information  
6 technology in state government lacks strategic coordination,  
7 transparency, and meaningful enterprise-wide direction and oversight.  
8 It is no longer economically sustainable or technically feasible for  
9 state agencies to obtain and provide large-scale, commonly utilized  
10 information technology products and services on an individual, agency-  
11 by-agency basis without coordination. Instead, the state needs a  
12 strong, enterprise-based information technology strategy to ensure the  
13 public's needs are being met and the state is receiving the highest  
14 quality information technology products and services at the best price  
15 from public or private providers. Developing a strong enterprise-wide  
16 strategy also includes establishing clear lines of authority and  
17 accountability within state agencies so that those services unique to  
18 individual agencies receive the support required to effectively and  
19 efficiently provide services to citizens. To accomplish these  
20 objectives, the state needs to develop an open, transparent process for  
21 determining the total cost of ownership for the information technology  
22 products and services it provides, and to provide such information in  
23 an easily accessible, public fashion. It is in the state's interest to  
24 ensure that the wide range of disparate networks, systems, services,  
25 and structures across state government become more closely coordinated,  
26 organized, and structured. This type of coordinating effort is already  
27 underway in the area of higher education through the efforts of the  
28 higher education technology transformation task force and informally  
29 within other areas. When more transparent technical and financial  
30 information is readily available, the state can make sound policy

1 decisions about what information technology services should be provided  
2 centrally on a shared services basis, and what products and services  
3 may be best suited for either contracting with private providers or for  
4 maintenance at the agency level. Furthermore, if attractive pricing  
5 models and service level agreements are developed for enterprise-based  
6 information technology services, the legislative and judicial branches  
7 will have an incentive to participate in those services as well.

8 (2) It is the intent of the legislature to organize, consolidate,  
9 and, where appropriate, contract with private providers for technology  
10 systems and resources in a strategic fashion that is based upon sound,  
11 objective, nonpolitical, and independent technical and financial  
12 criteria. The state needs to develop a clear, enterprise-based  
13 statewide strategy for information technology to ensure that there is  
14 transparency and accountability regarding how information technology  
15 resources are being allocated, how decisions are being made, and who is  
16 accountable for on-time, on-budget delivery.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.105 RCW  
18 to read as follows:

19 (1) State agencies that are purchasing wireless devices or services  
20 must make such purchases through the state master contract, unless the  
21 state agency provides to the office of financial management evidence  
22 that the state agency is securing its wireless devices or services from  
23 another source for a lower cost than through participation in the state  
24 master contract.

25 (2) For the purposes of this section, "state agency" means any  
26 office, department, board, commission, or other unit of state  
27 government, but does not include a unit of state government headed by  
28 a statewide elected official, an institution of higher education as  
29 defined in RCW 28B.10.016, the higher education coordinating board, the  
30 state board for community and technical colleges, or agencies of the  
31 legislative or judicial branches of state government.

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.88 RCW  
33 to read as follows:

34 (1) As part of the biennial budget process, the office of financial  
35 management shall collect from agencies, and agencies shall provide,  
36 information to produce reports, summaries, and budget detail sufficient

1 to allow review, analysis, and documentation of all current and  
2 proposed expenditures for information technology by state agencies.  
3 Information technology budget detail must be included as part of the  
4 budget submittal documentation required pursuant to RCW 43.88.030.

5 (2) The office of financial management must collect, and present as  
6 part of the biennial budget documentation, information for all existing  
7 information technology projects as defined by information services  
8 board policy. The office of financial management must work with the  
9 department of information services to maximize the ability to draw this  
10 information from the information technology portfolio management data  
11 collected by the department of information services pursuant to RCW  
12 43.105.170. Connecting project information collected through the  
13 portfolio management process with financial data developed under  
14 subsection (1) of this section provides transparency regarding  
15 expenditure data for existing technology projects.

16 (3) The biennial budget documentation submitted by the office of  
17 financial management pursuant to RCW 43.88.030 must include an  
18 information technology plan identifying proposed large information  
19 technology projects. This plan must be presented using a method  
20 similar to the capital budget, identifying project costs through stages  
21 of the project and across fiscal periods and biennia from project  
22 initiation to implementation. This information must be submitted  
23 electronically, in a format to be determined by the office of financial  
24 management and the legislative evaluation and accountability program  
25 committee.

26 (4) The office of financial management shall also institute a  
27 method of accounting for information technology-related expenditures,  
28 including creating common definitions for what constitutes an  
29 information technology investment.

30 **Sec. 4.** RCW 43.88.560 and 1992 c 20 s 7 are each amended to read  
31 as follows:

32 The director of financial management shall establish policies and  
33 standards governing the funding of major information technology  
34 projects as required under RCW 43.105.190(2). The director of  
35 financial management shall also direct the collection of additional  
36 information on information technology projects and submit an  
37 information technology plan as required under section 3 of this act.

1           **Sec. 5.** RCW 43.105.041 and 2009 c 486 s 13 are each amended to  
2 read as follows:

3           (1) The board shall have the following powers and duties related to  
4 information services:

5           (a) To develop standards and procedures governing the acquisition  
6 and disposition of equipment, proprietary software and purchased  
7 services, licensing of the radio spectrum by or on behalf of state  
8 agencies, and confidentiality of computerized data. The board shall  
9 coordinate with the office of financial management to develop  
10 contracting standards for information technology acquisition and  
11 purchased services and must work with state agencies to ensure  
12 deployment of standardized contracts;

13           (b) To purchase, lease, rent, or otherwise acquire, dispose of, and  
14 maintain equipment, proprietary software, and purchased services, or to  
15 delegate to other agencies and institutions of state government, under  
16 appropriate standards, the authority to purchase, lease, rent, or  
17 otherwise acquire, dispose of, and maintain equipment, proprietary  
18 software, and purchased services: PROVIDED, That, agencies and  
19 institutions of state government are expressly prohibited from  
20 acquiring or disposing of equipment, proprietary software, and  
21 purchased services without such delegation of authority. The  
22 acquisition and disposition of equipment, proprietary software, and  
23 purchased services is exempt from RCW 43.19.1919 and, as provided in  
24 RCW 43.19.1901, from the provisions of RCW 43.19.190 through 43.19.200,  
25 except that the board, the department, and state agencies, as  
26 delegated, must post notices of technology procurement bids on the  
27 state's common vendor registration and bid notification system. This  
28 subsection (1)(b) does not apply to the legislative branch;

29           (c) To develop statewide or interagency technical policies,  
30 standards, and procedures;

31           (d) To review and approve standards and common specifications for  
32 new or expanded telecommunications networks proposed by agencies,  
33 public postsecondary education institutions, educational service  
34 districts, or statewide or regional providers of K-12 information  
35 technology services, and to assure the cost-effective development and  
36 incremental implementation of a statewide video telecommunications  
37 system to serve: Public schools; educational service districts;

1 vocational-technical institutes; community colleges; colleges and  
2 universities; state and local government; and the general public  
3 through public affairs programming;

4 (e) To provide direction concerning strategic planning goals and  
5 objectives for the state. The board shall seek input from the  
6 legislature and the judiciary;

7 (f) To develop and implement a process for the resolution of  
8 appeals by:

9 (i) Vendors concerning the conduct of an acquisition process by an  
10 agency or the department; or

11 (ii) A customer agency concerning the provision of services by the  
12 department or by other state agency providers;

13 (g) To establish policies for the periodic review by the department  
14 of agency performance which may include but are not limited to analysis  
15 of:

16 (i) Planning, management, control, and use of information services;

17 (ii) Training and education; and

18 (iii) Project management;

19 (h) To set its meeting schedules and convene at scheduled times, or  
20 meet at the request of a majority of its members, the chair, or the  
21 director;

22 (i) To review and approve that portion of the (~~department's~~)  
23 budget (~~requests~~) that (~~provides for~~) may provide independent,  
24 technical staff support to the board; and

25 (j) To develop procurement policies and procedures, such as  
26 unbundled contracting and subcontracting, that encourage and facilitate  
27 the purchase of products and services by state agencies and  
28 institutions from Washington small businesses to the maximum extent  
29 practicable and consistent with international trade agreement  
30 commitments.

31 (2) Statewide technical standards to promote and facilitate  
32 electronic information sharing and access are an essential component of  
33 acceptable and reliable public access service and complement content-  
34 related standards designed to meet those goals. The board shall:

35 (a) Establish technical standards to facilitate electronic access  
36 to government information and interoperability of information systems,  
37 including wireless communications systems. Local governments are

1 strongly encouraged to follow the standards established by the board;  
2 and

3 (b) Require agencies to consider electronic public access needs  
4 when planning new information systems or major upgrades of systems.

5 In developing these standards, the board is encouraged to include  
6 the state library, state archives, and appropriate representatives of  
7 state and local government.

8 (3)(a) The board, in consultation with the K-20 board, has the duty  
9 to govern, operate, and oversee the technical design, implementation,  
10 and operation of the K-20 network including, but not limited to, the  
11 following duties: Establishment and implementation of K-20 network  
12 technical policy, including technical standards and conditions of use;  
13 review and approval of network design; procurement of shared network  
14 services and equipment; and resolving user/provider disputes concerning  
15 technical matters. The board shall delegate general operational and  
16 technical oversight to the K-20 network technical steering committee as  
17 appropriate.

18 (b) The board has the authority to adopt rules under chapter 34.05  
19 RCW to implement the provisions regarding the technical operations and  
20 conditions of use of the K-20 network.

21 (4) The board shall review all information technology efforts under  
22 its purview based on independent technical and financial information,  
23 regardless of whether the projects or services are being provided by  
24 public or private providers. This review must be conducted by  
25 independent, technical staff support, subject to funds appropriated for  
26 this specific purpose.

27 (5) In reviewing these efforts, the board, in consultation with the  
28 office of financial management, shall review state agency information  
29 technology budgets. The board may acquire project management  
30 assistance to assist in its efforts under this act.

31 **Sec. 6.** RCW 43.105.180 and 1999 c 80 s 11 are each amended to read  
32 as follows:

33 ~~((Upon request of the office of financial management,))~~ (1) The  
34 department, in coordination with the information services board and the  
35 office of financial management, shall evaluate agency budget requests  
36 for major information technology projects identified under RCW  
37 43.105.190, including those proposed by the superintendent of public

1 instruction, in conjunction with educational service districts, or  
2 statewide or regional providers of K-12 education information  
3 technology services. The department shall submit recommendations for  
4 funding all or part of such requests to the office of financial  
5 management and to the chairs, ranking minority members, and staff  
6 coordinators of the appropriations committees of the senate and house  
7 of representatives. The department shall also submit recommendations  
8 regarding consolidation of similar proposals or other efficiencies it  
9 finds in reviewing proposals.

10 (2) The department, with the advice and approval of the office of  
11 financial management and the information services board, shall  
12 establish criteria, consistent with portfolio-based information  
13 technology management, for the evaluation of agency budget requests  
14 under this section. These budget requests shall be made in the context  
15 of an agency's information technology portfolio; technology initiatives  
16 underlying budget requests are subject to board review. Criteria shall  
17 include, but not be limited to: Feasibility of the proposed projects,  
18 consistency with the state strategic information technology plan,  
19 consistency with information technology portfolios, appropriate  
20 provision for public electronic access to information, evidence of  
21 business process streamlining and gathering of business and technical  
22 requirements, and services, costs, and benefits.

23 (3) For the purposes of this section, "state agency" includes every  
24 state office, department, division, bureau, board, commission, or other  
25 state agency, including offices headed by a statewide elected official.

26 NEW SECTION. Sec. 7. A new section is added to chapter 2.68 RCW  
27 to read as follows:

28 The administrative office of the courts, under the direction of the  
29 judicial information system committee, shall:

30 (1) Develop a judicial information system information technology  
31 portfolio consistent with the provisions of RCW 43.105.172;

32 (2) Participate in the development of an enterprise-based statewide  
33 information technology strategy as defined in section 10 of this act;

34 (3) Ensure the judicial information system information technology  
35 portfolio is organized and structured to clearly indicate participation  
36 in and use of enterprise-wide information technology strategies;

1 (4) As part of the biennial budget process, submit the judicial  
2 information system information technology portfolio to the chair and  
3 ranking member of the ways and means committees of the house of  
4 representatives and the senate, the office of financial management, and  
5 the department of information services.

6 NEW SECTION. **Sec. 8.** A new section is added to chapter 44.68 RCW  
7 to read as follows:

8 The legislative service center, under the direction of the joint  
9 legislative systems committee and the joint legislative systems  
10 administrative committee, shall:

11 (1) Develop a legislative information technology portfolio  
12 consistent with the provisions of RCW 43.105.172;

13 (2) Participate in the development of an enterprise-based statewide  
14 information technology strategy as defined in section 10 of this act;

15 (3) Ensure the legislative information technology portfolio is  
16 organized and structured to clearly indicate participation in and use  
17 of enterprise-wide information technology strategies;

18 (4) As part of the biennial budget process, submit the legislative  
19 information technology portfolio to the chair and ranking member of the  
20 ways and means committees of the house of representatives and the  
21 senate, the office of financial management, and the department of  
22 information services.

23 **Sec. 9.** RCW 43.105.160 and 2005 c 319 s 110 are each amended to  
24 read as follows:

25 (1) The department shall prepare a state strategic information  
26 technology plan which shall establish a statewide mission, goals, and  
27 objectives for the use of information technology, including goals for  
28 electronic access to government records, information, and services.  
29 The plan shall be developed in accordance with the standards and  
30 policies established by the board and shall be submitted to the board  
31 for review, modification as necessary, and approval. The department  
32 shall seek the advice of the board in the development of this plan.

33 The plan approved under this section shall be updated as necessary  
34 and submitted to the governor and the chairs and ranking minority  
35 members of the appropriations committees of the senate and the house of  
36 representatives.



1 (2) The department shall prepare a biennial state performance  
2 report on information technology based on agency performance reports  
3 required under RCW 43.105.170 and other information deemed appropriate  
4 by the department. The report shall include, but not be limited to:

5 (a) An analysis, based upon agency portfolios, of the state's  
6 information technology infrastructure, including its value, condition,  
7 and capacity;

8 (b) An evaluation of performance relating to information  
9 technology;

10 (c) An assessment of progress made toward implementing the state  
11 strategic information technology plan, including progress toward  
12 electronic access to public information and enabling citizens to have  
13 two-way access to public records, information, and services;

14 (d) An analysis of the success or failure, feasibility, progress,  
15 costs, and timeliness of implementation of major information technology  
16 projects under RCW 43.105.190. At a minimum, the portion of the report  
17 regarding major technology projects must include:

18 (i) Final total cost of ownership budget data for the entire life-  
19 cycle of the project, including capital and operational costs, broken  
20 down by staffing costs, contracted service, hardware purchase or lease,  
21 software purchase or lease, travel, and training. The original budget  
22 must also be shown for comparison;

23 (ii) The original proposed project schedule and the final actual  
24 project schedule;

25 (iii) Data regarding progress towards meeting the original goals  
26 and performance measures of the project, particularly as it relates to  
27 operating budget savings;

28 (iv) Discussion of lessons learned on the project, performance of  
29 any contractors used, and reasons for project delays or cost increases;  
30 and

31 ~~((e))~~ (v) Identification of benefits, cost avoidance, and cost  
32 savings generated by major information technology projects developed  
33 under RCW 43.105.190; and

34 ~~((f))~~ (e) An inventory of state information services, equipment,  
35 and proprietary software.

36 Copies of the report shall be distributed biennially to the  
37 governor and the chairs and ranking minority members of the  
38 appropriations committees of the senate and the house of

1 representatives. The major technology section of the report must  
2 examine major information technology projects completed in the previous  
3 biennium to determine the performance of the implementing agency, cost  
4 and value effectiveness, and timeliness and other performance metrics  
5 necessary to assess the quality and value of the investment. The  
6 report must also examine projects two years after completion for  
7 progress toward meeting performance goals and operating budget savings.  
8 The first report is due December 15, 2011, and every two years  
9 thereafter.

10 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.105  
11 RCW to read as follows:

12 (1) The board, in consultation with the department and the office  
13 of financial management, shall develop an enterprise-based strategy for  
14 information technology in state government informed by information  
15 technology expenditure information collected from state agencies  
16 pursuant to section 3 of this act.

17 (2) In developing an enterprise-based strategy for the state, the  
18 board is encouraged to consider the following strategies as possible  
19 opportunities for achieving greater efficiency:

20 (a) Developing personal computer replacement policies for the  
21 state, with consideration given to alternative models of personal  
22 computer usage for state government use, such as thin client, software  
23 as a service, browser-based functionality, mobile computing, and other  
24 models that are less dependent upon traditional computing;

25 (b) Pursuing shared services initiatives across functional areas,  
26 which may include services such as e-mail, telephony, and data storage;

27 (c) Pursuing pilot programs, such as a pilot to demonstrate the  
28 value of application management services, to identify opportunities to  
29 achieve operational efficiencies;

30 (d) Developing data storage policies and record retention  
31 requirements and schedules for state agencies, in consultation with the  
32 office of the secretary of state, the state archivist, and the state  
33 records committee, where appropriate;

34 (e) Reviewing existing software maintenance contracts to identify  
35 opportunities to renegotiate the price of those contracts or the level  
36 of service; and

1 (f) Partnering with private providers for commonly utilized  
2 information technology products and services.

3 (3) The legislative and judicial branches are encouraged to  
4 coordinate with, and participate in, shared services initiatives, pilot  
5 programs, and development of the enterprise-based strategy, where  
6 appropriate.

7 NEW SECTION. **Sec. 11.** (1) The office of financial management,  
8 with the assistance of the department of information services, must  
9 identify areas of potential savings that will achieve the savings  
10 identified in the omnibus appropriations act. These areas shall  
11 include, but not be limited to, wireless service, telephony, desktop  
12 computers, electronic mail services, and data storage.

13 (2) The office of financial management shall work with the  
14 appropriate state agencies, including the department of information  
15 services, to generate savings that arise pursuant to this act from the  
16 improved acquisition and delivery of information technology products  
17 and services. To accomplish this objective, state agencies must  
18 provide timely, accurate total cost of ownership data to the office of  
19 financial management upon request regarding information technology  
20 products and services. The savings must be at least equal to those  
21 specified in the omnibus appropriations act. The office of financial  
22 management shall reduce agency allotments by the amounts specified in  
23 the omnibus appropriations act to reflect these savings. The allotment  
24 reductions shall be placed in unallotted status and remain unexpended.

25 (3) For the purposes of this section, "state agency" means any  
26 office, department, board, commission, or other unit of state  
27 government, but does not include a unit of state government headed by  
28 a statewide elected official, an institution of higher education as  
29 defined in RCW 28B.10.016, the higher education coordinating board, the  
30 state board for community and technical colleges, or agencies of the  
31 legislative or judicial branches of state government.

32 (4) This section expires June 30, 2011.

33 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.105  
34 RCW to read as follows:

35 (1) The department, in collaboration with state agencies, shall  
36 conduct an inventory from existing data sets of information technology

1 assets owned or leased by state agencies. This inventory must be used  
2 to inform the development of a state information technology asset  
3 management process. Prior to implementation of any state information  
4 technology asset management process, the department must submit its  
5 recommended approach, including an estimate of the associated  
6 implementation costs, to the board for approval.

7 (2) For the purposes of this section, "state agency" includes every  
8 state office, department, division, bureau, board, commission, or other  
9 state agency, including offices headed by a statewide elected official,  
10 and offices in the legislative and judicial branches of state  
11 government, notwithstanding the provisions of RCW 44.68.105.

12 NEW SECTION. **Sec. 13.** (1) The office of financial management, in  
13 consultation with the department of information services and the  
14 information services board, shall develop and execute a pilot program  
15 to contract with one or more private providers for the delivery,  
16 support, maintenance, and operation of information technology through  
17 application managed services or other similar programs across one or  
18 more functional areas of information technology, or for the information  
19 technology needs of one or more state agencies. In selecting a private  
20 provider for the pilot program, the office of financial management must  
21 engage in a competitive bid process or request for proposals process.

22 (2) The objective of the pilot program will be to assess: (a) Each  
23 agency's information technology application portfolio; (b)  
24 opportunities to use best practices and tools; and (c) whether the  
25 agency should proceed with application managed services or other  
26 similar programs based on the results of the assessment.

27 (3) The department of information services and the office of  
28 financial management shall prepare a report of the findings of the  
29 pilot assessments by September 1, 2010, and a final report of the pilot  
30 results by June 30, 2011. The final report must include the following:  
31 Identification of short and long-term costs, risks, benefits, and other  
32 organizational impacts of implementing application managed services or  
33 other similar programs within the pilot agencies. The final report  
34 must also identify opportunities for other state agencies to benefit  
35 from application managed services or other similar programs. The  
36 results of the pilot program must be provided to the information

1 services board, the governor, the senate committee on ways and means,  
2 and the house of representatives committee on ways and means.

3 NEW SECTION. **Sec. 14.** The department of information services  
4 shall, by November 1, 2010, report on the efforts to develop a  
5 centralized information project management office pursuant to section  
6 142, chapter 522, Laws of 2007. The report shall address the current  
7 status of the effort, lessons learned, and recommended changes to the  
8 program.

9 NEW SECTION. **Sec. 15.** (1) The office of financial management  
10 shall contract with an independent consultant to:

11 (a) Conduct a technical and financial analysis of the state's plan  
12 for the consolidated state data center and office building; and

13 (b) Develop a strategic business plan outlining the various options  
14 for use of the site that maximize taxpayer value consistent with the  
15 terms of the finance lease and related agreements.

16 (2) The analysis must consist of, at a minimum, an assessment of  
17 the following issues:

18 (a) The total capital and operational costs for the proposed data  
19 center and office building;

20 (b) The occupancy rate for the consolidated state data center, as  
21 compared to total capacity, that will result in revenue exceeding total  
22 capital and operating expenses;

23 (c) The potential reallocation of resources that could result from  
24 the consolidation of state data centers and office space; and

25 (d) The potential return on investment for the consolidated state  
26 data center and office building that may be realized without impairing  
27 any existing contractual rights under the terms of the financing lease  
28 and related agreements.

29 (3) This review must build upon the analysis and migration strategy  
30 for the consolidated state data center being prepared for the  
31 department of information services.

32 (4) The strategic plan must be submitted to the governor and the  
33 legislature by December 1, 2010.

34 NEW SECTION. **Sec. 16.** (1) The department of information services  
35 and the office of financial management shall review existing statutes,

1 procedures, data, and organizational structures to identify  
2 opportunities to increase efficiency, customer service, and  
3 transparency in information technology. This effort shall include:

4 (a) Identifying and addressing financial data needed to  
5 comprehensively evaluate information technology spending from an  
6 enterprise perspective;

7 (b) A review of best practices in information technology  
8 governance, including private sector practices and lessons learned from  
9 other states; and

10 (c) A review of existing statutes regarding information technology  
11 governance, standards, and financing to identify inconsistencies  
12 between current law and best practices.

13 (2) The department of information services and the office of  
14 financial management shall report findings and recommendations to the  
15 governor and the appropriate committees of the legislature by December  
16 1, 2010.

17 NEW SECTION. **Sec. 17.** RCW 43.105.017 (Legislative intent) and  
18 1992 c 20 s 6, 1990 c 208 s 2, & 1987 c 504 s 2 are each repealed.

19 NEW SECTION. **Sec. 18.** If specific funding for the purposes of  
20 this act, referencing this act by bill or chapter number, is not  
21 provided by June 30, 2010, in the omnibus appropriations act, this act  
22 is null and void."

**ESHB 3178** - S COMM AMD  
By Committee on Ways & Means

**ADOPTED AND ENGROSSED 03/10/2010**

23 On page 1, line 2 of the title, after "government;" strike the  
24 remainder of the title and insert "amending RCW 43.88.560, 43.105.041,  
25 43.105.180, and 43.105.160; adding new sections to chapter 43.105 RCW;  
26 adding a new section to chapter 43.88 RCW; adding a new section to  
27 chapter 2.68 RCW; adding a new section to chapter 44.68 RCW; creating  
28 new sections; repealing RCW 43.105.017; and providing an expiration

1 date."

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