
Technology, Energy & Communications Committee

HB 1841

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 Summary of Bill

- Creates the Office of the Chief Information Officer (Office of the CIO) within the Office of Financial Management.
- Creates an Information Technology (IT) Advisory Board to advise the Office of the CIO on IT 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.

Hearing Date: 2/8/11

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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 non-profit corporations, on a cost-recovery basis. Some examples of the

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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 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 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.

Contracting.

State agencies may contract for services, including services traditionally and historically provided by state employees, if certain criteria are met. These criteria include allowing employee business units to bid for the contract and requiring the contractor to consider employing displaced classified employees.

Collective Bargaining.

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

Mandatory subjects of bargaining include: wages, hours, terms and conditions of employment, and grievance procedures, as well as dollar amounts expended per employee for health care benefits. Permissive subjects of bargaining are: health care or other insurance benefits,

retirement benefits, certain civil service rules, and union security provisions. Bargaining over management rights is prohibited. Bargaining that affects contracts for services is not prohibited.

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 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 shall be exempt from the state civil service law, as well as additional staff members. The CIO may employ personnel 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.

C. Creation of the Information Technology Advisory Board.

A nine-member IT 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. 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 a state interoperability executive committee. The appointment of the State Interoperability Executive Committee (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.

F. 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 a seven-member board with customer representatives in the position of chief executive officer, chief financial officer, or chief information officer.

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. Contracting Out.

The CTS Agency may contract for services, including services customarily and historically provided by state employees. There is no requirement that certain criteria relating to employee business units or displaced classified employees be met. Bargaining over the CTS Agency's decisions and impacts of contracting for services is prohibited.

D. 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 of 2012 and include: measures of performance related to service delivery and costs; operational efficiencies; and overall customer satisfaction.

Parts III and IV: Civil Service and Collective Bargaining for CTS Agency Employees.

A. Civil Service.

As of July 1, 2011, the state civil service law does not apply to the CTS Agency's officers and its unrepresented employees. As of July 1, 2012, the law does not apply to all of the CTS Agency's officers and employees.

B. Collective Bargaining.

A new collective bargaining law provides for bargaining by the Governor and representatives of CTS Agency employee bargaining units. Existing bargaining units and exclusive bargaining representatives are "grandfathered."

Mandatory and permissive subjects of bargaining are substantially the same as under the state employee collective bargaining law. Bargaining is prohibited over management rights, as well as over: (1) the CTS Agency's right to use a performance-based evaluation system; (2) its discretion to determine levels of employee discipline; and (3) its decisions and impacts of contracting for services.

The processes for submitting collective bargaining agreements to the OFM and the Legislature are substantially the same as under the state employee collective bargaining law, except that agreements for Fiscal Year 2013 must be submitted by January 15, 2012.

Part V: 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 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; and
- RCW 43.105.210: prohibiting state agencies from making expenditures for major IT projects unless authorized by the Legislature.

Appropriation: None.

Fiscal Note: Requested on February 4, 2011.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011, except for Section 123 of the bill, which takes effect on January 1, 2012.