

HOUSE BILL REPORT

HB 2761

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

Title: An act relating to state information technology projects.

Brief Description: Overseeing state information technology projects.

Sponsors: Representatives Anderson and Ruderman.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/5/02, 2/6/02 [DP].

Brief Summary of Bill

- Establishes a Funding and Oversight Committee consisting of seven members from the Information Services Board to authorize expenditures for, and monitor, major state technology projects.
- Establishes the Information Technology Pool Fund as a dedicated account managed by the Funding and Oversight Committee.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass. Signed by 17 members: Representatives Morris, Chair; Ruderman, Vice Chair; Crouse, Ranking Minority Member; Anderson, Berkey, Bush, Casada, DeBolt, Delvin, Esser, Linville, Lysen, Nixon, Reardon, Romero, Sullivan and Wood.

Minority Report: Do not pass. Signed by 1 member: Representative Hunt.

Staff: Pam Madson (786-7166); Kristen Fraser (786-7148).

Background:

Department of Information Services (DIS) was established in 1987 to provide management and coordinated planning of information services. The agency provides oversight for the development of new information technology systems and video telecommunications projects. It reviews agency budget requests for information

technology items. The director has the authority to terminate major information technology projects.

The Information Services Board is a 15 member board that serves as the state policy-making body for information technology. Membership includes representatives from higher education, the private sector, other state agencies, the judicial branch, four legislators, the Superintendent of Public Instruction and the director of DIS.

State agencies are directed through provisions in the state's biennial operating budget to plan for information technology needs and to document through plans and studies that a project is feasible and will coordinate with existing technologies. Plans must be developed for the management and successful completion of the project.

Summary of Bill:

The Funding and Oversight Committee is established with membership from the Information Services Board. The committee consists of two private sector board members appointed by the Governor, four legislative members and the Director of the Office of Financial Management (OFM).

The Information Technology Pool Fund is created as a non-appropriated fund. Expenditures from the pool are authorized by the Funding and Oversight Committee.

This seven member committee has the authority to develop and approve expenditure plans for major projects. Major projects are determined by a dollar threshold, of either \$5 million or 5 percent of the agency's total budgeted funding, whichever amount is less.

Projects may be funded from the pool in three ways. Moneys appropriated for specific agency projects may be deposited into the fund. The Legislature may include the project in the budget on a prioritized list of projects to be funded by the committee according to available funds. Agencies may seek funding for a project if they can demonstrate that the project will result in future savings. This third alternative is known as the agency technology initiative.

Once projects are authorized by the Legislature, the committee may authorize expenditures from the pool to pay for the project, or allow the agency to receive a loan for the project, with loan repayment to come from future savings. Expenditures are guided by an expenditure and oversight plan that sets schedules and performance standards, and requires incremental payments where the committee has determined that a portion of the project has satisfactorily been completed.

The committee monitors a project's progress and may reallocate funds among approved projects or assess monetary penalties for projects that are not meeting performance

standards or schedules. The committee may also terminate a project after consultation with legislative fiscal committees and the OFM.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect on July 1, 2003.

Testimony For: The state makes enormous investments in information technology projects, but because these projects are a hybrid of operating and capital expenditures, it is difficult for the current budgeting system to reflect these expenditures. The current funding system means progress is made in fits and starts. More intensive oversight will ensure that projects are completed promptly, and competition will ensure the desired output. A pooled funding system will streamline and coordinate the current funding process. Requiring a loan approach will ensure that savings are realized and are not spent elsewhere.

(With concerns) These goals can be accomplished under existing statutory authority without the entanglement of a new committee and expenditure of funds outside of the legislative process. The same outcome can be achieved through a front-end analysis of proposed projects. The ISB is doing a good job at this without adding length and complexity to the process. Sometimes savings are realized in other ways in an agency's budget, such as avoiding a reduction that would otherwise have to be taken. Additionally, some savings can be non-financial, for example, a technology improvement that saves citizens' time.

Testimony Against: None.

Testified: (In support) Representative Anderson, prime sponsor; and Representative Ruderman.

(With concerns) Wolfgang Opitz, Office of Financial Management; and Gary Robinson, Department of Information Services.