
SUBSTITUTE HOUSE BILL 3178

State of Washington

61st Legislature

2010 Regular Session

By House Ways & Means (originally sponsored by Representatives Carlyle, Anderson, Hunter, Rolfes, Eddy, Takko, Probst, Wallace, Maxwell, Van De Wege, Kelley, Green, Sullivan, Hudgins, Hope, Morrell, Springer, Ericks, Hunt, Goodman, Jacks, and Finn)

READ FIRST TIME 03/01/10.

1 AN ACT Relating to creating efficiencies in the use of technology
2 in state government; amending RCW 43.105.052, 43.105.190, 43.88.560,
3 43.105.041, 43.105.180, 43.105.160, and 43.105.080; adding new sections
4 to chapter 43.105 RCW; adding a new section to chapter 43.88 RCW;
5 creating new sections; repealing RCW 43.105.017; and providing
6 expiration dates.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.105 RCW
9 to read as follows:

10 (1) The legislature finds that the provision of information
11 technology in state government lacks strategic coordination,
12 transparency, and meaningful enterprise-wide direction and oversight.
13 It is no longer economically sustainable or technically feasible for
14 state agencies to obtain and provide large-scale, commonly utilized
15 information technology products and services on an individual, agency-
16 by-agency basis without coordination. Instead, the state needs a
17 strong, enterprise-based information technology strategy to ensure the
18 public's needs are being met and the state is receiving the highest
19 quality information technology products and services at the best price

1 from public or private providers. Developing a strong enterprise-wide
2 strategy also includes establishing clear lines of authority and
3 accountability within state agencies so that those services unique to
4 individual agencies receive the support required to effectively and
5 efficiently provide services to citizens. To accomplish these
6 objectives, the state needs to develop an open, transparent process for
7 determining the total cost of ownership for the information technology
8 products and services it provides, and to provide such information in
9 an easily accessible, public fashion. It is in the state's interest to
10 ensure that the wide range of disparate networks, systems, services,
11 and structures across state government become more closely coordinated,
12 organized, and structured. This type of coordinating effort is already
13 underway in the area of higher education through the efforts of the
14 higher education technology transformation task force and informally
15 within other areas. When more transparent technical and financial
16 information is readily available, the state can make sound policy
17 decisions about what information technology services should be provided
18 centrally on a shared services basis, and what products and services
19 may be best suited for either outsourcing or for maintenance at the
20 agency level. Furthermore, if attractive pricing models and service
21 level agreements are developed for enterprise-based information
22 technology services, the legislative and judicial branches will have an
23 incentive to participate in those services as well.

24 (2) It is the intent of the legislature to organize, consolidate,
25 and, where appropriate, contract with private providers for technology
26 systems and resources in a strategic fashion that is based upon sound,
27 objective, nonpolitical, and independent technical and financial
28 criteria. The state needs to develop a clear, enterprise-based
29 statewide strategy for information technology to ensure that there is
30 transparency and accountability regarding how information technology
31 resources are being allocated, how decisions are being made, and who is
32 accountable for on-time, on-budget delivery.

33 (3) The legislature also intends that the significant restructuring
34 of state information technology will result in increased effectiveness
35 and efficiency, and also result in significant savings.

36 **Sec. 2.** RCW 43.105.052 and 2000 c 180 s 1 are each amended to read
37 as follows:

1 The department shall:

2 (1) Perform all duties and responsibilities the board delegates to
3 the department, including but not limited to:

4 (a) The review of agency information technology portfolios and
5 related requests; and

6 (b) Implementation of statewide and interagency policies,
7 standards, and guidelines;

8 (2) Make available information services to state agencies and local
9 governments and public benefit nonprofit corporations on a ~~((full))~~
10 cost-recovery basis. For the purposes of this section "public benefit
11 nonprofit corporation" means a public benefit nonprofit corporation as
12 defined in RCW 24.03.005 that is receiving local, state, or federal
13 funds either directly or through a public agency other than an Indian
14 tribe or political subdivision of another state. These services may
15 include, but are not limited to:

16 (a) Telecommunications services for voice, data, and video;

17 (b) ~~((Mainframe computing services))~~ Procurement and maintenance of
18 mainframe and personal computers, servers, and virtualization services;

19 (c) ~~((Support for departmental and microcomputer evaluation,~~
20 ~~installation, and use))~~ Data storage services;

21 (d) Equipment acquisition assistance, including leasing, brokering,
22 and establishing master contracts;

23 (e) Facilities management services for information technology
24 equipment, equipment repair, and maintenance service;

25 (f) Negotiation with local cable companies and local governments to
26 provide for connection to local cable services to allow for access to
27 these public and educational channels in the state;

28 (g) Office automation services;

29 (h) System development services; and

30 (i) Training.

31 ~~((These services are for discretionary use by customers and~~
32 ~~customers may elect other alternatives for service if those~~
33 ~~alternatives are more cost-effective or provide better service.))~~

34 Agencies may be required to use the backbone network portions of the
35 telecommunications services during an initial start-up period not to
36 exceed three years;

37 (3) Establish rates and fees for services provided by the
38 department to assure that the services component of the department is

1 self-supporting. A billing rate plan shall be developed for a two-year
2 period to coincide with the budgeting process. The rate plan shall be
3 subject to review at least annually by the customer advisory board.
4 The rate plan shall show the proposed rates by each cost center and
5 will show the components of the rate structure as mutually determined
6 by the department and the customer advisory board. The same rate
7 structure will apply to all user agencies of each cost center. The
8 rate plan and any adjustments to rates shall be approved by the office
9 of financial management. The services component shall not subsidize
10 the operations of the strategic planning and policy component;

11 (4) With the advice of the information services board and agencies,
12 develop a state strategic information technology plan and performance
13 reports as required under RCW 43.105.160;

14 (5) Develop plans for the department's achievement of statewide
15 goals and objectives set forth in the state strategic information
16 technology plan required under RCW 43.105.160. These plans shall
17 address such services as telecommunications, central and distributed
18 computing, local area networks, office automation, and end user
19 computing. The department shall seek the advice of the customer
20 advisory board and the board in the development of these plans;

21 (6) Under direction of the information services board and in
22 collaboration with the department of personnel, and other agencies as
23 may be appropriate, develop training plans and coordinate training
24 programs that are responsive to the needs of agencies;

25 (7) Identify opportunities for the effective use of information
26 services and coordinate appropriate responses to those opportunities;

27 (8) Assess agencies' projects, acquisitions, plans, information
28 technology portfolios, or overall information processing performance as
29 requested by the board, agencies, the director of financial management,
30 or the legislature. Agencies may be required to reimburse the
31 department for agency-requested reviews;

32 (9) Develop planning, budgeting, and expenditure reporting
33 requirements, in conjunction with the office of financial management,
34 for agencies to follow;

35 (10) Assist the office of financial management with budgetary and
36 policy review of agency plans for information services;

37 (11) Provide staff support from the strategic planning and policy
38 component to the board for:

1 (a) Meeting preparation, notices, and minutes;

2 (b) Promulgation of policies, standards, and guidelines adopted by
3 the board;

4 (c) Supervision of studies and reports requested by the board;

5 (d) Conducting reviews and assessments as directed by the board;

6 (12) Be the lead agency in coordinating video telecommunications
7 services for all state agencies and develop, pursuant to board
8 policies, standards and common specifications for leased and purchased
9 telecommunications equipment. The department shall not evaluate the
10 merits of school curriculum, higher education course offerings, or
11 other education and training programs proposed for transmission and/or
12 reception using video telecommunications resources. Nothing in this
13 section shall abrogate or abridge the legal responsibilities of
14 licensees of telecommunications facilities as licensed by the federal
15 communication commission on March 27, 1990; and

16 (13) Perform all other matters and things necessary to carry out
17 the purposes and provisions of this chapter.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.105 RCW
19 to read as follows:

20 (1) Except as provided in subsection (2) of this section, no state
21 agency is permitted to purchase wireless devices or services except
22 through participation in the state master contract.

23 (2) State agencies may purchase wireless devices or services
24 outside of the state master contract if the agency secures a waiver in
25 advance of the purchase from the office of financial management.

26 (3) The office of financial management shall ensure that there is
27 greater consistency among state agencies in pursuing efficient use
28 policies for wireless devices.

29 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.105 RCW
30 to read as follows:

31 (1) The information services board shall develop a pilot project
32 for providing telephony and electronic mail services centrally among
33 piloted agencies, either through the department or through a private
34 provider, whichever results in the lowest cost for the same level of
35 service.

1 (2) State agencies seeking to upgrade or maintain their telephony
2 equipment are encouraged to purchase their telephony services through
3 the department.

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.105 RCW
5 to read as follows:

6 (1) The department, with the approval of the board, may develop a
7 personal computer replacement policy for all personal computers owned
8 or leased by state agencies. The personal computer replacement policy
9 must consist, at a minimum, of a replacement cycle of at least five
10 years. In developing a replacement policy, the department shall review
11 existing personal computer lease programs and may discontinue those
12 programs that are not consistent with a five-year replacement cycle.

13 (2) State agencies are encouraged to purchase or lease personal
14 computers through participation in the state master contract.

15 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.105 RCW
16 to read as follows:

17 (1) State agencies shall develop data storage policies to achieve
18 greater storage efficiency. In developing data storage policies, state
19 agencies should review what information currently exists in digital
20 format, where it is stored, how it is being used, and the business and
21 legal requirements for retaining the information.

22 (2) The board shall develop a data retention policy for state
23 agencies in consultation with the secretary of state. In developing a
24 data retention policy, the board must consult with affected state
25 agencies to determine the business, legal, and storage management needs
26 of the agencies.

27 (3)(a) The department shall offer tiered data storage services as
28 an optional service to state agencies. In developing its service
29 offerings for tiered data storage, the department must consult with
30 state agencies to determine the storage demands and needs of state
31 agencies.

32 (b) State agencies purchasing additional data storage are
33 encouraged to purchase their storage through the department.

34 NEW SECTION. **Sec. 7.** (1) The department of information services,

1 in collaboration with the office of financial management, shall conduct
2 a detailed inventory of all information technology assets owned or
3 leased by state agencies.

4 (2) The department of information services shall prepare a report
5 to the governor and the legislature outlining the findings of the
6 inventory by December 1, 2010.

7 (3) This section expires July 1, 2011.

8 **Sec. 8.** RCW 43.105.190 and 2005 c 319 s 111 are each amended to
9 read as follows:

10 (1) The department, with the approval of the board, shall establish
11 standards and policies governing the planning, implementation, and
12 evaluation of major information technology projects, including those
13 proposed by the superintendent of public instruction, in conjunction
14 with educational service districts, or statewide or regional providers
15 of K-12 education information technology services. The standards and
16 policies shall:

17 (a) Establish criteria to identify projects which are subject to
18 this section. Such criteria shall include, but not be limited to,
19 significant anticipated cost, complexity, or statewide significance of
20 the project; and

21 (b) Establish a model process and procedures which agencies shall
22 follow in developing and implementing projects within their information
23 technology portfolios. Agencies may propose, for approval by the
24 department, a process and procedures unique to the agency. The
25 department may accept or require modification of such agency proposals
26 or the department may reject such agency proposals and require use of
27 the model process and procedures established under this subsection.
28 Any process and procedures developed under this subsection shall
29 require (i) distinct and identifiable phases upon which funding may be
30 based, (ii) user validation of products through system demonstrations
31 and testing of prototypes and deliverables, and (iii) other elements
32 identified by the board.

33 The director may terminate a major project if the director
34 determines that the project is not meeting or is not expected to meet
35 anticipated performance standards.

36 (2) The office of financial management shall establish policies and

1 standards consistent with portfolio-based information technology
2 management to govern the funding of projects developed under this
3 section. The policies and standards shall provide for:

4 (a) Funding of a project under terms and conditions mutually agreed
5 to by the director, the director of financial management, and the head
6 of the agency proposing the project. However, the office of financial
7 management may require incremental funding of a project on a phase-by-
8 phase basis whereby funds for a given phase of a project may be
9 released only when the office of financial management determines, with
10 the advice of the department, that the previous phase is satisfactorily
11 completed;

12 (b) Acceptance testing of products to assure that products perform
13 satisfactorily before they are accepted and final payment is made; and

14 (c) Other elements deemed necessary by the office of financial
15 management.

16 (3)(a) The department shall evaluate projects based on the
17 demonstrated business needs and benefits; cost; technology scope and
18 feasibility; impact on the agency's information technology portfolio
19 and on the statewide infrastructure; and final project implementation
20 plan based upon available funding.

21 (b) Copies of project evaluations conducted under this subsection
22 shall be submitted to the office of financial management and the
23 chairs, ranking minority members, and staff coordinators of the
24 appropriations committees of the senate and house of representatives.

25 (c) If there are projects that receive funding from a
26 transportation fund or account, copies of those projects' evaluations
27 conducted under this subsection must be submitted to the chairs and
28 ranking minority members of the transportation committees of the senate
29 and the house of representatives.

30 (4) For the 2009-2011 biennium, the following limitations are
31 established upon information technology procurement:

32 (a) State agencies are not permitted to purchase or implement new
33 information technology projects without securing prior authorization
34 from the office of financial management. The office of financial
35 management may only approve information technology projects that
36 contribute towards an enterprise strategy or meet a critical, localized
37 need of the requesting agency.

1 (b) State agencies are not permitted to purchase servers,
2 virtualization software, data storage, or related software through
3 their operational funds or through a separate information technology
4 budget item without securing prior authorization from the office of
5 financial management. The office of financial management shall grant
6 approval only if the purchase is consistent with the state's overall
7 migration strategy to the state data center and critical to the
8 operation of the agency.

9 (c) State agencies are not permitted to upgrade existing software
10 without securing prior approval from the office of financial
11 management. In reviewing requests from state agencies to upgrade
12 software, the office of financial management shall grant approval only
13 if the agency can demonstrate that upgrade of the software is critical
14 to the operation of the agency.

15 NEW SECTION. Sec. 9. A new section is added to chapter 43.88 RCW
16 to read as follows:

17 (1) The office of financial management's operating budget
18 instructions to agencies must include comprehensive information in a
19 standard format regarding the total cost of ownership of technology
20 spending, projects, products, programs, personnel, and other services
21 to provide a transparent analysis and understanding of technology in
22 the state.

23 (2) Agencies must submit the following information about specific
24 projects in a standard format:

25 (a) Estimated project implementation costs by staffing, contracted
26 services, hardware purchase and maintenance, software license purchase
27 and maintenance, hardware lease or finance, maintenance and operations,
28 training, and travel;

29 (b) Estimated project maintenance costs by staffing, contracted
30 services, hardware purchase and maintenance, software license purchase
31 and maintenance, hardware lease or finance, maintenance and operations,
32 training, and travel;

33 (c) All project expenditures in previous biennia;

34 (d) Oversight level as determined by the information services
35 board, if available;

36 (e) Estimated project duration and start date;

1 (f) Estimated ongoing operating savings or other benefits resulting
2 from the project;

3 (g) An explanation of the purpose and benefits of the project; and

4 (h) An explanation of reengineering and streamlining of the
5 underlying business process, if pursuing the development or purchase of
6 new software. An explanation of efforts to gather business and
7 technical requirements must also be provided.

8 (3) The governor's budget must include an information technology
9 plan that will include a list of all the proposed projects, their next
10 biennium costs by funding source, projected costs over the two biennia
11 succeeding the next biennium and through project completion by funding
12 source, a statement of the purpose of the project, and measurable
13 metrics upon which to assess the program. This information must also
14 be submitted electronically, in a format to be determined by the office
15 of financial management and the legislative evaluation and
16 accountability program committee.

17 (4) The office of financial management shall also institute a
18 method of accounting for information technology-related expenditures,
19 including creating common definitions for what constitutes an
20 information technology investment. The director of financial
21 management shall report total state expenditures on information
22 technology by funding source and by object of expenditure to the
23 chairs, ranking minority members, and staff coordinators of the
24 appropriations committees of the senate and house of representatives
25 for each biennium. The first report is due by January 15, 2013.

26 **Sec. 10.** RCW 43.88.560 and 1992 c 20 s 7 are each amended to read
27 as follows:

28 The director of financial management shall establish policies and
29 standards governing the funding of major information technology
30 projects as required under RCW 43.105.190(2). The director of
31 financial management shall also direct the collection of additional
32 information on information technology projects and submit an
33 information technology plan as required under section 9 of this act.

34 **Sec. 11.** RCW 43.105.041 and 2009 c 486 s 13 are each amended to
35 read as follows:

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

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

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

27 (c) To develop statewide or interagency technical policies,
28 standards, and procedures;

29 (d) To review and approve standards and common specifications for
30 new or expanded telecommunications networks proposed by agencies,
31 public postsecondary education institutions, educational service
32 districts, or statewide or regional providers of K-12 information
33 technology services, and to assure the cost-effective development and
34 incremental implementation of a statewide video telecommunications
35 system to serve: Public schools; educational service districts;
36 vocational-technical institutes; community colleges; colleges and
37 universities; state and local government; and the general public
38 through public affairs programming;

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

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

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

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

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

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

14 (ii) Training and education; and

15 (iii) Project management;

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

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

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

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

32 (a) Establish technical standards to facilitate electronic access
33 to government information and interoperability of information systems,
34 including wireless communications systems. Local governments are
35 strongly encouraged to follow the standards established by the board;
36 and

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

1 In developing these standards, the board is encouraged to include
2 the state library, state archives, and appropriate representatives of
3 state and local government.

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

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

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

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

27 **Sec. 12.** RCW 43.105.180 and 1999 c 80 s 11 are each amended to
28 read as follows:

29 ~~((Upon request of the office of financial management,))~~ The
30 department, in coordination with the information services board and the
31 office of financial management, shall evaluate agency budget requests
32 for major information technology projects identified under RCW
33 43.105.190, including those proposed by the superintendent of public
34 instruction, in conjunction with educational service districts, or
35 statewide or regional providers of K-12 education information
36 technology services. The department shall submit recommendations for
37 funding all or part of such requests to the office of financial

1 management and to the chairs, ranking minority members, and staff
2 coordinators of the appropriations committees of the senate and house
3 of representatives. The department shall also submit recommendations
4 regarding consolidation of similar proposals or other efficiencies it
5 finds in reviewing proposals.

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

19 **Sec. 13.** RCW 43.105.160 and 2005 c 319 s 110 are each amended to
20 read as follows:

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

29 The plan approved under this section shall be updated as necessary
30 and submitted to the governor and the chairs and ranking minority
31 members of the appropriations committees of the senate and the house of
32 representatives.

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

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

4 (b) An evaluation of performance relating to information
5 technology;

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

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

14 (i) Final total cost of ownership budget data, including capital
15 and operational costs, broken down by staffing costs, contracted
16 service, hardware purchase or lease, software purchase or lease,
17 travel, and training. The original budget must also be shown for
18 comparison;

19 (ii) The original proposed project schedule and the final actual
20 project schedule;

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

24 (iv) Discussion of lessons learned on the project, performance of
25 any contractors used, and reasons for project delays or cost increases;
26 and

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

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

32 Copies of the report shall be distributed biennially to the
33 governor and the chairs and ranking minority members of the
34 appropriations committees of the senate and the house of
35 representatives. The major technology section of the report must
36 examine major information technology projects completed in the previous
37 biennium to determine the performance of the implementing agency, cost
38 and value effectiveness, and timeliness and other performance metrics

1 necessary to assess the quality and value of the investment. The
2 report must also examine projects two years after completion for
3 progress toward meeting performance goals and operating budget savings.
4 The first report is due December 15, 2011, and every two years
5 thereafter.

6 NEW SECTION. Sec. 14. (1) The department of information services,
7 in conjunction with the office of financial management, shall direct
8 and coordinate pilot projects for four state agencies to demonstrate
9 the value of application managed services. These four pilot agencies
10 are the department of transportation, the department of social and
11 health services, the legislative service center, and the office of
12 financial management.

13 (2) The pilot projects will entail, but not be limited to:

14 (a) An assessment of each agency's information technology
15 application portfolio;

16 (b) Identification of opportunities in the use of best practices
17 and tools; and

18 (c) An assessment of each agency's decision to proceed with
19 application managed services based on the results of the assessment.

20 (3) Pilot projects that continue past the assessment phase will
21 transition to application managed services methods, tools, and
22 resources, and operation of managed services.

23 (4) The department of information services and the office of
24 financial management shall prepare a report of the findings of the
25 pilot assessments by September 1, 2010, and a final report of the pilot
26 results by June 30, 2011. The final report must include the following:
27 Identification of short and long-term costs, risks, benefits, and other
28 organizational impacts of implementing application managed services
29 within the pilot agencies. The final report must also identify
30 opportunities for other state agencies to benefit from application
31 managed services. The results of the pilot projects shall be provided
32 to the information services board, the governor, the senate committee
33 on ways and means, and the house of representatives committee on ways
34 and means.

35 NEW SECTION. Sec. 15. (1) The information services board, with
36 the assistance of the department of information services and the office

1 of financial management, must identify the most reasonable strategies
2 that will, consistent with this act and without affecting direct
3 program activities, achieve the savings identified in the omnibus
4 appropriations act. The analysis shall identify savings by agency and
5 fund that will result from the implementation of these strategies. The
6 results of this analysis shall then be provided to the director of
7 financial management by July 1, 2010, so the director may use it as the
8 basis to achieve the savings identified in subsection (2) of this
9 section.

10 (2) The office of financial management shall work with the
11 appropriate state agencies to generate savings that arise pursuant to
12 this act from the improved acquisition and delivery of information
13 technology products and services. The savings must be at least equal
14 to those specified in the omnibus appropriations act. The office of
15 financial management shall reduce agency allotments by the amounts
16 specified in the omnibus appropriations act to reflect these savings.
17 The allotment reductions shall be placed in unallotted status and
18 remain unexpended.

19 (3) This section expires June 30, 2011.

20 NEW SECTION. **Sec. 16.** The department of information services
21 shall, by November 1, 2010, report on the efforts to develop a
22 centralized information project management office pursuant to chapter
23 522, Laws of 2007. The report shall address the current status of the
24 effort, lessons learned, and recommended changes to the program.

25 **Sec. 17.** RCW 43.105.080 and 1999 c 80 s 8 are each amended to read
26 as follows:

27 There is created a revolving fund to be known as the data
28 processing revolving fund in the (~~eustody of the~~) state (~~treasurer~~)
29 treasury. Moneys in the fund may be spent only after appropriation.
30 The revolving fund shall be used for the acquisition of equipment,
31 software, supplies, and services and the payment of salaries, wages,
32 and other costs incidental to the acquisition, development, operation,
33 and administration of information services, telecommunications,
34 systems, software, supplies and equipment, including the payment of
35 principal and interest on bonds issued for capital projects, by the
36 department, Washington State University's computer services center, the

1 department of personnel's personnel information systems division, the
2 office of financial management's financial systems management group,
3 and other users as jointly determined by the department and the office
4 of financial management. The revolving fund is subject to the
5 allotment procedure provided under chapter 43.88 RCW. (~~Disbursements~~
6 ~~from the revolving fund for the services component of the department~~
7 ~~are not subject to appropriation. Disbursements for the strategic~~
8 ~~planning and policy component of the department are subject to~~
9 ~~appropriation. All disbursements from the fund are subject to the~~
10 ~~allotment procedures provided under chapter 43.88 RCW.)) The
11 department shall establish and implement a billing structure to assure
12 all agencies pay an equitable share of the costs.~~

13 As used in this section, the word "supplies" shall not be
14 interpreted to delegate or abrogate the division of purchasing's
15 responsibilities and authority to purchase supplies as described in RCW
16 43.19.190 and 43.19.200.

17 NEW SECTION. **Sec. 18.** 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.

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