

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 3178

61st Legislature
2010 Regular Session

Passed by the House March 11, 2010
Yeas 94 Nays 3

Speaker of the House of Representatives

Passed by the Senate March 10, 2010
Yeas 47 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 3178** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 3178

AS AMENDED BY THE SENATE

Passed Legislature - 2010 Regular Session

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 43.88.560, 43.105.041, 43.105.180,
3 and 43.105.160; adding new sections to chapter 43.105 RCW; adding a new
4 section to chapter 43.88 RCW; adding a new section to chapter 2.68 RCW;
5 adding a new section to chapter 44.68 RCW; creating new sections;
6 repealing RCW 43.105.017; and providing an expiration date.

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 contracting with private providers or for
20 maintenance at the agency level. Furthermore, if attractive pricing
21 models and service level agreements are developed for enterprise-based
22 information technology services, the legislative and judicial branches
23 will have an 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 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.105 RCW
34 to read as follows:

35 (1) State agencies that are purchasing wireless devices or services
36 must make such purchases through the state master contract, unless the
37 state agency provides to the office of financial management evidence

1 that the state agency is securing its wireless devices or services from
2 another source for a lower cost than through participation in the state
3 master contract.

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

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

13 (1) As part of the biennial budget process, the office of financial
14 management shall collect from agencies, and agencies shall provide,
15 information to produce reports, summaries, and budget detail sufficient
16 to allow review, analysis, and documentation of all current and
17 proposed expenditures for information technology by state agencies.
18 Information technology budget detail must be included as part of the
19 budget submittal documentation required pursuant to RCW 43.88.030.

20 (2) The office of financial management must collect, and present as
21 part of the biennial budget documentation, information for all existing
22 information technology projects as defined by information services
23 board policy. The office of financial management must work with the
24 department of information services to maximize the ability to draw this
25 information from the information technology portfolio management data
26 collected by the department of information services pursuant to RCW
27 43.105.170. Connecting project information collected through the
28 portfolio management process with financial data developed under
29 subsection (1) of this section provides transparency regarding
30 expenditure data for existing technology projects.

31 (3) The biennial budget documentation submitted by the office of
32 financial management pursuant to RCW 43.88.030 must include an
33 information technology plan identifying proposed large information
34 technology projects. This plan must be presented using a method
35 similar to the capital budget, identifying project costs through stages
36 of the project and across fiscal periods and biennia from project
37 initiation to implementation. This information must be submitted

1 electronically, in a format to be determined by the office of financial
2 management and the legislative evaluation and accountability program
3 committee.

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

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

10 The director of financial management shall establish policies and
11 standards governing the funding of major information technology
12 projects as required under RCW 43.105.190(2). The director of
13 financial management shall also direct the collection of additional
14 information on information technology projects and submit an
15 information technology plan as required under section 3 of this act.

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

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

20 (a) To develop standards and procedures governing the acquisition
21 and disposition of equipment, proprietary software and purchased
22 services, licensing of the radio spectrum by or on behalf of state
23 agencies, and confidentiality of computerized data. The board shall
24 coordinate with the office of financial management to develop
25 contracting standards for information technology acquisition and
26 purchased services and must work with state agencies to ensure
27 deployment of standardized contracts;

28 (b) To purchase, lease, rent, or otherwise acquire, dispose of, and
29 maintain equipment, proprietary software, and purchased services, or to
30 delegate to other agencies and institutions of state government, under
31 appropriate standards, the authority to purchase, lease, rent, or
32 otherwise acquire, dispose of, and maintain equipment, proprietary
33 software, and purchased services: PROVIDED, That, agencies and
34 institutions of state government are expressly prohibited from
35 acquiring or disposing of equipment, proprietary software, and
36 purchased services without such delegation of authority. The

1 acquisition and disposition of equipment, proprietary software, and
2 purchased services is exempt from RCW 43.19.1919 and, as provided in
3 RCW 43.19.1901, from the provisions of RCW 43.19.190 through 43.19.200,
4 except that the board, the department, and state agencies, as
5 delegated, must post notices of technology procurement bids on the
6 state's common vendor registration and bid notification system. This
7 subsection (1)(b) does not apply to the legislative branch;

8 (c) To develop statewide or interagency technical policies,
9 standards, and procedures;

10 (d) To review and approve standards and common specifications for
11 new or expanded telecommunications networks proposed by agencies,
12 public postsecondary education institutions, educational service
13 districts, or statewide or regional providers of K-12 information
14 technology services, and to assure the cost-effective development and
15 incremental implementation of a statewide video telecommunications
16 system to serve: Public schools; educational service districts;
17 vocational-technical institutes; community colleges; colleges and
18 universities; state and local government; and the general public
19 through public affairs programming;

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

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

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

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

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

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

33 (ii) Training and education; and

34 (iii) Project management;

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

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

4 (j) To develop procurement policies and procedures, such as
5 unbundled contracting and subcontracting, that encourage and facilitate
6 the purchase of products and services by state agencies and
7 institutions from Washington small businesses to the maximum extent
8 practicable and consistent with international trade agreement
9 commitments.

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

14 (a) Establish technical standards to facilitate electronic access
15 to government information and interoperability of information systems,
16 including wireless communications systems. Local governments are
17 strongly encouraged to follow the standards established by the board;
18 and

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

21 In developing these standards, the board is encouraged to include
22 the state library, state archives, and appropriate representatives of
23 state and local government.

24 (3)(a) The board, in consultation with the K-20 board, has the duty
25 to govern, operate, and oversee the technical design, implementation,
26 and operation of the K-20 network including, but not limited to, the
27 following duties: Establishment and implementation of K-20 network
28 technical policy, including technical standards and conditions of use;
29 review and approval of network design; procurement of shared network
30 services and equipment; and resolving user/provider disputes concerning
31 technical matters. The board shall delegate general operational and
32 technical oversight to the K-20 network technical steering committee as
33 appropriate.

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

37 (4) The board shall review all information technology efforts under
38 its purview based on independent technical and financial information,

1 regardless of whether the projects or services are being provided by
2 public or private providers. This review must be conducted by
3 independent, technical staff support, subject to funds appropriated for
4 this specific purpose.

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

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

11 ~~((Upon request of the office of financial management,))~~ (1) The
12 department, in coordination with the information services board and the
13 office of financial management, shall evaluate agency budget requests
14 for major information technology projects identified under RCW
15 43.105.190, including those proposed by the superintendent of public
16 instruction, in conjunction with educational service districts, or
17 statewide or regional providers of K-12 education information
18 technology services. The department shall submit recommendations for
19 funding all or part of such requests to the office of financial
20 management and to the chairs, ranking minority members, and staff
21 coordinators of the appropriations committees of the senate and house
22 of representatives. The department shall also submit recommendations
23 regarding consolidation of similar proposals or other efficiencies it
24 finds in reviewing proposals.

25 (2) The department, with the advice and approval of the office of
26 financial management and the information services board, shall
27 establish criteria, consistent with portfolio-based information
28 technology management, for the evaluation of agency budget requests
29 under this section. These budget requests shall be made in the context
30 of an agency's information technology portfolio; technology initiatives
31 underlying budget requests are subject to board review. Criteria shall
32 include, but not be limited to: Feasibility of the proposed projects,
33 consistency with the state strategic information technology plan,
34 consistency with information technology portfolios, appropriate
35 provision for public electronic access to information, evidence of
36 business process streamlining and gathering of business and technical
37 requirements, and services, costs, and benefits.

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

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

6 The administrative office of the courts, under the direction of the
7 judicial information system committee, shall:

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

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

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

15 (4) As part of the biennial budget process, submit the judicial
16 information system information technology portfolio to the chair and
17 ranking member of the ways and means committees of the house of
18 representatives and the senate, the office of financial management, and
19 the department of information services.

20 NEW SECTION. Sec. 8. A new section is added to chapter 44.68 RCW
21 to read as follows:

22 The legislative service center, under the direction of the joint
23 legislative systems committee and the joint legislative systems
24 administrative committee, shall:

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

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

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

32 (4) As part of the biennial budget process, submit the legislative
33 information technology portfolio to the chair and ranking member of the
34 ways and means committees of the house of representatives and the
35 senate, the office of financial management, and the department of
36 information services.

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

3 (1) The department shall prepare a state strategic information
4 technology plan which shall establish a statewide mission, goals, and
5 objectives for the use of information technology, including goals for
6 electronic access to government records, information, and services.
7 The plan shall be developed in accordance with the standards and
8 policies established by the board and shall be submitted to the board
9 for review, modification as necessary, and approval. The department
10 shall seek the advice of the board in the development of this plan.

11 The plan approved under this section shall be updated as necessary
12 and submitted to the governor and the chairs and ranking minority
13 members of the appropriations committees of the senate and the house of
14 representatives.

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

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

22 (b) An evaluation of performance relating to information
23 technology;

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

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

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

37 (ii) The original proposed project schedule and the final actual
38 project schedule;

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

4 (iv) Discussion of lessons learned on the project, performance of
5 any contractors used, and reasons for project delays or cost increases;
6 and

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

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

12 Copies of the report shall be distributed biennially to the
13 governor and the chairs and ranking minority members of the
14 appropriations committees of the senate and the house of
15 representatives. The major technology section of the report must
16 examine major information technology projects completed in the previous
17 biennium to determine the performance of the implementing agency, cost
18 and value effectiveness, and timeliness and other performance metrics
19 necessary to assess the quality and value of the investment. The
20 report must also examine projects two years after completion for
21 progress toward meeting performance goals and operating budget savings.
22 The first report is due December 15, 2011, and every two years
23 thereafter.

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

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

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

34 (a) Developing personal computer replacement policies for the
35 state, with consideration given to alternative models of personal
36 computer usage for state government use, such as thin client, software

1 as a service, browser-based functionality, mobile computing, and other
2 models that are less dependent upon traditional computing;

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

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

8 (d) Developing data storage policies and record retention
9 requirements and schedules for state agencies, in consultation with the
10 office of the secretary of state, the state archivist, and the state
11 records committee, where appropriate;

12 (e) Reviewing existing software maintenance contracts to identify
13 opportunities to renegotiate the price of those contracts or the level
14 of service; and

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

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

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

27 (2) The office of financial management shall work with the
28 appropriate state agencies, including the department of information
29 services, to generate savings that arise pursuant to this act from the
30 improved acquisition and delivery of information technology products
31 and services. To accomplish this objective, state agencies must
32 provide timely, accurate total cost of ownership data to the office of
33 financial management upon request regarding information technology
34 products and services. The savings must be at least equal to those
35 specified in the omnibus appropriations act. The office of financial
36 management shall reduce agency allotments by the amounts specified in

1 the omnibus appropriations act to reflect these savings. The allotment
2 reductions shall be placed in unallotted status and remain unexpended.

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

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

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

13 (1) The department, in collaboration with state agencies, shall
14 conduct an inventory from existing data sets of information technology
15 assets owned or leased by state agencies. This inventory must be used
16 to inform the development of a state information technology asset
17 management process. Prior to implementation of any state information
18 technology asset management process, the department must submit its
19 recommended approach, including an estimate of the associated
20 implementation costs, to the board for approval.

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

26 NEW SECTION. **Sec. 13.** (1) The office of financial management, in
27 consultation with the department of information services and the
28 information services board, shall develop and execute a pilot program
29 to contract with one or more private providers for the delivery,
30 support, maintenance, and operation of information technology through
31 application managed services or other similar programs across one or
32 more functional areas of information technology, or for the information
33 technology needs of one or more state agencies. In selecting a private
34 provider for the pilot program, the office of financial management must
35 engage in a competitive bid process or request for proposals process.

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

6 (3) The department of information services and the office of
7 financial management shall prepare a report of the findings of the
8 pilot assessments by September 1, 2010, and a final report of the pilot
9 results by June 30, 2011. The final report must include the following:
10 Identification of short and long-term costs, risks, benefits, and other
11 organizational impacts of implementing application managed services or
12 other similar programs within the pilot agencies. The final report
13 must also identify opportunities for other state agencies to benefit
14 from application managed services or other similar programs. The
15 results of the pilot program must be provided to the information
16 services board, the governor, the senate committee on ways and means,
17 and the house of representatives committee on ways and means.

18 NEW SECTION. **Sec. 14.** The department of information services
19 shall, by November 1, 2010, report on the efforts to develop a
20 centralized information project management office pursuant to section
21 142, chapter 522, Laws of 2007. The report shall address the current
22 status of the effort, lessons learned, and recommended changes to the
23 program.

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

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

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

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

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

35 (b) The occupancy rate for the consolidated state data center, as

1 compared to total capacity, that will result in revenue exceeding total
2 capital and operating expenses;

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

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

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

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

14 NEW SECTION. **Sec. 16.** (1) The department of information services
15 and the office of financial management shall review existing statutes,
16 procedures, data, and organizational structures to identify
17 opportunities to increase efficiency, customer service, and
18 transparency in information technology. This effort shall include:

19 (a) Identifying and addressing financial data needed to
20 comprehensively evaluate information technology spending from an
21 enterprise perspective;

22 (b) A review of best practices in information technology
23 governance, including private sector practices and lessons learned from
24 other states; and

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

28 (2) The department of information services and the office of
29 financial management shall report findings and recommendations to the
30 governor and the appropriate committees of the legislature by December
31 1, 2010.

32 NEW SECTION. **Sec. 17.** RCW 43.105.017 (Legislative intent) and
33 1992 c 20 s 6, 1990 c 208 s 2, & 1987 c 504 s 2 are each repealed.

34 NEW SECTION. **Sec. 18.** If specific funding for the purposes of

1 this act, referencing this act by bill or chapter number, is not
2 provided by June 30, 2010, in the omnibus appropriations act, this act
3 is null and void.

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