

# HOUSE BILL REPORT

## HB 1391

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**As Reported by House Committee On:**  
General Government & Information Technology  
Appropriations

**Title:** An act relating to aligning functions of the consolidated technology services agency, office of the chief information officer, and department of enterprise services.

**Brief Description:** Aligning functions of the consolidated technology services agency, office of the chief information officer, and department of enterprise services.

**Sponsors:** Representatives Hudgins, MacEwen, Parker, Appleton and Magendanz; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:**

General Government & Information Technology: 1/30/15, 2/17/15 [DPS];  
Appropriations: 2/25/15, 2/26/15 [DP2S(w/o sub GGIT)].

**Brief Summary of Second Substitute Bill**

- Transfers all duties and functions relating to information technology in the Office of Financial Management, the Office of the Chief Information Officer, and the Department of Enterprise Services to the Consolidated Technology Services Agency.
- Specifies that the Director of the Consolidated Technology Services Agency is also the State Chief Information Officer.

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### HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Hudgins, Chair; Senn, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; McCabe, Morris and Takko.

**Staff:** Marsha Reilly (786-7135) & Derek Rutter (786-7157).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

In 2011 a bill was enacted to reorganize and streamline the central service functions, powers, and duties of state government, including information technology functions. The Department of Information Services was abolished and its functions were transferred to the Office of Financial Management (OFM) under the newly created Office of the Chief Information Officer (OCIO), the newly created Department of Enterprise Services (DES), and the newly created Consolidated Technology Services Agency (CTS).

### Office of the Chief Information Officer.

The OCIO is headed by the Chief Information Officer. The primary duties of the OCIO include: (1) preparing and leading the implementation of a strategic direction and enterprise architecture for information technology (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.

### Department of Enterprise Services.

The DES provides IT services and application functions, such as the central personnel-payroll system and financial management system. The DES manages the Data Processing Revolving Account established to pay for equipment, supplies, services, salaries, wages, and other costs related to the implementation of information services and telecommunications systems. The DES also is authorized to become a licensed certification authority as part of the system for authenticating digital signatures under the requirements of the Electronic Authentication Act.

### Consolidated Technology Services Agency.

The CTS provides information services to public agencies and public benefit nonprofit corporations. The CTS operates the state data center and offers IT services, including mainframe computing, network operations and telecommunication, shared email, IT security, and storage.

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## **Summary of Substitute Bill:**

Functions and duties of the OCIO and the IT functions of the DES are transferred to the CTS. The Director of the CTS is also the state Chief Information Officer. The Director must appoint a state chief information security officer.

In addition to the other standards and policies it sets, the OCIO must adopt a policy for cybersecurity. The OCIO must require a state agency to obtain an independent compliance audit of its IT security program and controls once every three years to determine whether it is in compliance with the standards and policies established by the CTS and that security controls identified by the state agency are operating efficiently.

The specific requirements regarding what must be included in a state agency's IT portfolio are removed. State agencies and local governments that collect and enter information concerning individuals into electronic records and information systems must review the information collected and justify the purpose for collecting it at least once every five years.

The licensed certification authority for digital signatures is changed from the DES to the CTS.

The Data Processing Revolving Account (DPR Account) managed by the DES is replaced with four IT revolving accounts and the residual balance of funds remaining in the DPR Account are apportioned to the new accounts:

- the CTS Revolving Account, for the acquisition of equipment, software, supplies, and services, and the payment of salaries, wages, and other costs related to those acquisitions;
- the statewide IT System Development Revolving Account, for the development and acquisition of enterprise IT systems;
- the statewide IT System Maintenance and Operations Revolving Account, for maintenance and operations of enterprise IT systems; and
- the shared IT System Revolving Account, for development, acquisition, and maintenance of shared IT systems.

The CTS Revolving Account requires expenditures to be approved by the Director of the CTS, or a designee. The statewide IT System Development Revolving Account is an appropriated account managed by the OFM. The remaining two accounts are non-appropriated accounts that require signatory approval by the OFM for expenditures.

All powers, duties, and functions of the OCIO within the OFM and those pertaining to statewide IT services and applications within the the DES are transferred to the CTS. The bargaining rights and representation of transferred employees within the DES remains the same until modified by the Public Employee Relations Commission.

#### **Substitute Bill Compared to Original Bill:**

The substitute bill makes several changes, as follows:

- clarifies that the OCIO is an office within the CTS;
- distinguishes duties of the CTS from the OCIO;
- requires the OCIO to establish a policy on cybersecurity;
- requires state agencies to review and justify their policy on collecting personal information at least once every five years;
- adds language to ensure that bargaining rights and representation of transferred employees remains the same until modified by the Public Employee Relations Commission;
- clarifies the authority of the Director of the OFM to direct expenditures from the shared IT System Revolving Account and adjusts the effective date of the closure of the DPR Account to January 1, 2016; and
- makes several technical corrections.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect on July 1, 2015.

**Staff Summary of Public Testimony:**

(In support) This bill represents a continuing effort to improve the efficiencies of and services to state agencies. It is largely administrative and will strengthen IT services through consolidation. The bill improves oversight of funds by the OFM. About nine positions will be eliminated, but there will be help to find those people jobs in other places. Alignment under a unified IT function is critical for a common direction and provides greater understanding and transparency. There needs to be flexibility to adapt to changing business needs. This alignment is a continuation of the earlier reorganization done in 2011. Great efficiencies in IT were made in 2011, and this reorganization will offer better alignment and value to customers. The State Chief Information Officer needs to be able to do his job, and the CTS must offer a high quality process.

(With concerns) The Washington Federation of State Employees supports the bill as long as bargaining rights are transferred with employees. In 2011 the Department of Information Systems was eliminated due to some problems in the agency. Now it appears that it is being reassembled, which brings into question the strategy of this alignment.

(Opposed) None.

**Persons Testifying:** (In support) Michael Cockrill, Office of the Chief Information Officer; John Lane, Office of Financial Management; Bill Kehoe, King County Technology Services Board; Butch Leonardson, Technology Services Board; Rob St. John, Consolidated Technology Services; Chris Liu, Department of Enterprise Services; and Lew McMurrin.

(With concerns) Alia Griffins, Washington Federation of State Employees; and Tim Young.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON APPROPRIATIONS**

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on General Government & Information Technology. Signed by 28 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Cody, Condotta, Dent, Fagan, Haler, Hansen, Hudgins, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Carlyle, Dunshee, G. Hunt, S. Hunt and Taylor.

**Staff:** Derek Rutter (786-7157).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On General Government & Information Technology:**

The second substitute bill includes a technical correction to refer to the Office of Financial Management, rather than the Office of the Chief Information Officer, in reference to duties related to the K-20 network, a kindergarten-to-college telecommunications network created by the Legislature in 1996.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill contains an emergency clause and takes effect on July 1, 2015.

**Staff Summary of Public Testimony:**

(In support) This bill is quite simple. Three groups, three leadership teams, three points of contact will be brought into one: one mission, one vision, and one point of accountability. It has three simple goals: (1) align policy and strategy with execution to make central information technology (IT) more responsive to its customers; (2) strengthen the technical oversight of the Office of the Chief Information Officer and the fiscal oversight of the Office of Financial Management over IT spending; and, perhaps most importantly, (3) create the flexibility to significantly strengthen our cybersecurity response and defensive posture.

This alignment saves \$2.4 million, but that is not really the goal. In the 2011 reorganization, the state was trying to reduce spending on IT; with this alignment, the state is trying to use IT to reduce spending in government in general.

This is not a major reorganization, but a continuing effort to improve the state's IT delivery system, making it as efficient as possible to improve service to the Legislature and the taxpayers. Having policy and service delivery together is working in private business and other state governments around the country, and many people in the policy committee were in favor of this change.

(Opposed) None.

**Persons Testifying:** Representative Hudgins, prime sponsor; Michael Cockrill, Office of the Chief Information Officer; and John Lane, Office of Financial Management.

**Persons Signed In To Testify But Not Testifying:** None.