

# SENATE BILL REPORT

## SB 5315

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As Reported by Senate Committee On:  
Government Operations & Security, January 27, 2015  
Ways & Means, April 1, 2015

**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:** Senators Roach, Liias, McCoy, Pearson and Benton; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:** Government Operations & Security (Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security): 1/22/15, 1/27/15 [DPS].  
Ways & Means: 2/11/15, 4/01/15 [DP2S].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

**Majority Report:** That Substitute Senate Bill No. 5315 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Pearson, Vice Chair; Liias, Ranking Minority Member; Habib and McCoy.

**Staff:** Samuel Brown (786-7470)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5315 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hatfield, Kohl-Welles, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

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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.*

**Staff:** Julie Murray (786-7711)

**Background:** The Office of the Chief Information Officer (OCIO). OCIO sits within the Office of Financial Management (OFM) and is responsible for the preparation and implementation of a strategic information technology (IT) plan and enterprise architecture (EA) for the state. OCIO, led by the Chief Information Officer (CIO), works toward standardization and consolidation of IT infrastructure, establishes standards and policies for EA, educates and informs the state on IT matters, evaluates current IT spending and budget requests, and oversees major IT projects, including procurements. The CIO is appointed by the Governor and subject to Senate confirmation.

Consolidated Technology Services (CTS). CTS provides a variety of technology-based services to state and local agencies including telecommunications and computing services; procurement of technology equipment through master contracts; and IT support functions such as server hosting and network administration, telephony, security administration, and email.

The Department of Enterprise Services (DES). DES, an executive branch agency, is tasked with providing products and services to support state agencies, other governmental entities, and nonprofits. DES provides various IT services to state agencies, including purchase of wireless devices and digital signature authority. DES also maintains and operates the state's central personnel-payroll system.

**Summary of Bill (Recommended Second Substitute):** The functions of OCIO, CTS, and IT services within DES are consolidated in a new executive branch agency, the CTS Agency. The CIO serves as director of the Consolidated Technology Services Agency. The CIO's powers and duties include the following:

- developing statewide IT standards and policies, including policies for the acquisition, management, staffing, oversight, and disposition of information technology investments;
- developing statewide technical policies and procedures;
- approving standards for new or expanded telecommunications networks proposed by state agencies;
- providing direction concerning strategic planning goals and objectives;
- establishing standards for periodic state agency performance review;
- identifying and monitoring opportunities for savings and efficiencies in IT expenditures;
- developing statewide standards for purchases of IT networking equipment and services;
- establishing technical standards to facilitate information sharing, access, and interoperability of information systems; and
- oversight and management of significant IT investments.

Several IT revolving accounts are created, for the following specified purposes:

- the CTS revolving account, to be used 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, to be used for the development and acquisition of enterprise IT systems;
- the statewide IT system maintenance and operations revolving account, to be used for maintenance and operations of enterprise IT systems;
- the shared IT system revolving account, to be used for development, acquisition, and maintenance of shared IT systems; and
- the OFM central service revolving account to be used to fund the budget, accounting, and forecasting functions at OFM.

A workgroup is created with DES, CTS, OCIO, the Legislative Evaluation and Accountability Program Committee, and legislative staff to review the central service model and chart of accounts of the agencies after the reorganization.

A taskforce is created to review and make recommendations on IT human resources issues. The Select Committee on Pension Policy is requested to review pension options for IT professionals.

Risk management and human resources functions at DES are transferred to OFM. OFM's statewide budget, accounting, and forecasting functions are funded through a new central service charge to state agencies on all funds and accounts consistent with OFM's statewide cost allocation plan for federal funds.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute):** Makes several technical changes to clarify that OCIO is an office within CTS and distinguishes duties of CTS from OCIO. Broadens OCIO authority to oversee IT investments rather than major projects. IT investment is defined as acquisition of IT goods, services, products, and equipment, whether individually or as a project. OCIO may delegate authority to state agencies the authority to purchase IT investments without OCIO oversight based on a risk assessment conducted by OCIO. However, for investments that exceed \$5 million and require more than one biennia to complete or finance, OCIO must provide specific oversight for the state agency's investment project. A taskforce is created with OFM, CTS' Technology Service Board, and an additional represented state employee to review IT human resources issues including qualifications, compensation, and classifications to recruit and retain talented IT professionals in state government. The Select Committee on Pension Policy, with assistance of State Actuary and OCIO, is requested to review pension options for IT professionals.

Central service functions, activities, and their funding are changed. Risk management and human resources functions at DES are transferred to OFM. An OFM Central Services Revolving Account is created for the deposit of a new central service charge to all state agencies and their funds and account for support of OFM's statewide budget, accounting, and forecasting functions. A workgroup is created with DES, CTS, OCIO, the Legislative Evaluation and Accountability Program Committee, and legislative staff to review the central service model and chart of accounts of the agencies after the reorganization.

**EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & SECURITY COMMITTEE (Recommended First Substitute):** The authority of the OFM director to

direct expenditures from IT revolving accounts is clarified. The effective date of the closure of the data processing revolving fund is adjusted to January 1, 2016.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2015.

**Staff Summary of Public Testimony on Original Bill (Government Operations & Security):** PRO: This bill is straightforward and largely administrative. It takes three IT groups, three leadership teams, three points of contact, and makes them one, increasing accountability. The bill puts people in charge of security policy in the same organization and structure as the people actually implementing the policy, allowing state government to put IT security issues more front and center. This is the best way to make sure we can do better, especially responding to security concerns. The bill aligns organizations into a simplified, streamlined team, enabling quicker adoption of leading technology practices. The Legislature will gain more confidence and oversight into how IT dollars are spent. The bill also would strengthen OFM's fiscal oversight over everything central IT spends. This will enable us to use IT to spend less money in government.

A similar change in IT direction for King County was crucial – bringing together previously disparate organizations has brought us tremendous benefits. IT services need to enable, not constrain, business strategy. Similar restructuring led to increased employee engagement in King County, because employees understand how they participate in the vision and the value they bring on a daily basis. State agencies need to get as close to the citizen customer as possible, focusing on the citizen experience, not the infrastructure. This will free up many businesses to focus on providing core services, rather than infrastructure investments.

**Persons Testifying (Government Operations & Security):** PRO: Senator Roach, prime sponsor; Michael Cockrill, State CIO; John Lane, OFM; Bill Kehoe, King County CIO; Butch Leonardson, Cornerstone Advisors, Inc.

**Staff Summary of Public Testimony on Substitute (Ways & Means):** PRO: This is not just a savings bill, but a bill to align us to do a better job. This is an area that needs to be strengthened. This bill aligns information technology functions in state government and achieves savings from reduced executive management and overhead. This bill is straightforward and largely administrative to put information technology in one place with one person accountable. It will make it simpler for state agencies and make solutions quicker.

**Persons Testifying (Ways & Means):** PRO: Senator Roach, prime sponsor; Michael Cockrill, OCIO; John Lane, OFM.

**Persons Signed in to Testify But Not Testifying:** No one.