

HOUSE BILL REPORT

E2SHB 1274

As Passed Legislature

Title: An act relating to cloud computing solutions.

Brief Description: Concerning cloud computing solutions.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Hackney, Stokesbary, Robertson, Bateman, Springer, Walen, Leavitt, Berg and Slatter).

Brief History:

Committee Activity:

State Government & Tribal Relations: 1/25/21, 2/15/21 [DPS];

Appropriations: 2/22/21 [DP2S(w/o sub SGOV)].

Floor Activity:

Passed House: 2/25/21, 96-2.

Passed Senate: 3/29/21, 48-1.

Passed Legislature.

Brief Summary of Engrossed Second Substitute Bill

- Permits state agencies to locate new and existing information or telecommunications investments within third-party, commercial cloud computing services.
- Creates a task force, chaired by the Chief Information Officer and consisting of representatives from various interest groups, to review the impact on labor of transitioning to third-party cloud computing services and the needs for retraining that would accompany such a shift.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz,

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

Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Dolan, Graham and Gregerson.

Staff: Jason Zolle (786-7124).

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 State Government & Tribal Relations. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Jessica Van Horne (786-7288).

Background:

Cloud Computing.

The National Institute of Standards and Technology (NIST) within the United States Department of Commerce defined "cloud computing" in a September 2011 publication as "a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction." There are five essential characteristics to cloud computing:

1. On-demand self-service: a consumer can access computing capabilities without human interaction with the service provider.
2. Broad network access: capabilities are available through standard mechanisms like laptops and mobile phones.
3. Resource pooling among multiple consumers: consumers are not assigned unique resources.
4. Rapid elasticity: capabilities are scaled to consumers commensurate with demand.
5. Measured service: resource usage is monitored and reported.

Consolidated Technology Services Agency.

The Consolidated Technology Services agency, also known as Washington Technology Solutions (WaTech), supports state agencies as a centralized provider and procurer of certain information technology (IT) services. Agencies are encouraged to rely on WaTech for services with a business case of broad use, uniformity, scalability, and price sensitivity to aggregation and volume.

Washington Technology Solutions is responsible for: (1) establishing rates and fees for services provided; (2) developing a business plan for services or activities to be contracted; (3) developing plans for the agency's achievement of statewide goals and objectives; and (4) enabling the standardization and consolidation of IT infrastructure across all state agencies to support enterprise-based system development, and improve and maintain service delivery.

Services. Agencies are required to use WaTech to house agency servers or use cloud-based services. The Office of the Chief Information Officer (OCIO) is also required to develop a migration strategy plan to ensure that all state agencies are moving towards WaTech as their central services provider for all utility-based infrastructure services. Utility-based infrastructure services include personal computer and portable device support, servers and server administration, security administration, network administration, telephony, electronic mail (e-mail), and other IT services commonly used by state agencies. Washington Technology Solutions also hosts agency systems on its mainframe.

Cloud Readiness. On January 4, 2021, the OCIO published the Washington State Cloud Readiness Report, which documented the state's existing IT assets, determined agencies' readiness to move assets to the cloud, and calculated the costs and benefits of doing so. The report found that while some agencies have already shifted to cloud-based systems, approximately 90 percent of the state's major business applications are stored on on-premise servers. The OCIO concluded that most agency applications (up to 91 percent) appear to be good candidates for migration to cloud services. The report also highlighted potential challenges, recommended projects and implementation models, and outlined a State Cloud Migration Plan.

State Data Center.

The State Data Center (SDC) was completed in 2011, and includes four halls, two of which are operating as data centers. State agencies must locate all existing and new servers in the SDC. State agencies with a service requirement that requires servers to be located outside the SDC must receive a waiver from the OCIO.

Summary of Engrossed Second Substitute Bill:

State agencies may locate new and existing information or telecommunications investments within third-party, commercial cloud computing services, rather than in the state data center.

A task force is established, chaired by the Chief Information Officer, to review the impact on labor of transitioning to third-party cloud computing services and the needs for retraining that would accompany such a shift. Task force membership consists of:

- the Chief Information Officer;
- the Chief Information Security Officer;
- two representatives from the represented employees' bargaining unit for state

- employees;
- one representative from a company providing third-party cloud computing services;
- one representative from a trade association representing cloud computing providers; and
- one member from the State Board for Community and Technical Colleges.

The task force must provide a report of its findings and recommendations to the Governor and the appropriate committees of the Legislature by November 30, 2021.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony (State Government & Tribal Relations):

(In support) Moving to the cloud will improve security, performance, and reliability. It will also save money; this bill is estimated to save up to \$100 million in five years. Using the cloud, state agencies will be able to scale services with demand and respond more effectively to constituent demand. This bill is not privatization. The savings occur from not needing to purchase or use hardware. Money is saved without reducing staffing levels, and in fact in Seattle and King County switching to the cloud has increased staffing. There is better security using third-party cloud services because companies such as Microsoft have a large staff working to protect against security threats. Many state and local governments have needed to use the cloud to work remotely during the COVID-19 pandemic, and the benefits have been great. This bill is necessary to modernize Washington agencies.

(Opposed) This bill is good in theory but there are concerns about implementation. The manner in which the state transitions to the cloud must ensure that state employees will not lose their jobs.

(Other) Moving to the cloud is a smart move and is consistent with nationwide trends. But the state should be wary of artificial deadlines, and the deadlines in this bill are shorter than those recommended in Washington Technology Solution's cloud assessment report. The transition is not as easy as flipping a switch or as inexpensive as buying storage. There is no loss of jobs with a transition to the cloud.

Staff Summary of Public Testimony (Appropriations):

(In support) This bill changes current state policy to allow agencies to opt into the cloud, rather than the State Data Center. A third party conducted an analysis of the state's cloud readiness and found that around 9,000 servers were good candidates for transition to the

cloud. The third party estimated that the state could achieve \$96 million in savings over five years if the state pursued cloud transition. Cloud services are more secure, scalable, reliable, and resilient. The task force would identify best practices for retraining the state's workforce.

(Opposed) None.

Persons Testifying (State Government & Tribal Relations): (In support) Representative Hackney, prime sponsor; Molly Jones, Washington Technology Industry Association; Michael Mattmiller, Microsoft Corporation; Matthew Cornelius, Alliance for Digital Innovation; and Omid Ghaffari-Tabrizi, Internet Association.

(Opposed) Sandra Toussaint, American Federation of State, County and Municipal Employees Council 28 and Washington Federation of State Employees.

(Other) Shawn Kingsberry, Unisys; Derek Puckett, Consolidated Technology Services/WaTech; and Jay Jennings, Office of the Secretary of State.

Persons Testifying (Appropriations): Rose Feliciano, Internet Association.

Persons Signed In To Testify But Not Testifying (State Government & Tribal Relations): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.