

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3099 - C**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Theresa McHugh
Reviewed by: Paul Siebert, Daron Hill
Date: July 1, 2015

Measure Description:

Transfers certain duties, functions and powers related to enterprise information technology and telecommunications from Oregon Department of Administrative Services to State Chief Information Officer.

Government Unit(s) Affected:

Statewide, Department of Administrative Services (DAS)

Summary of Expenditure Impact:

See Analysis below

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure transfers policy, planning, oversight and operational authority for Enterprise IT and Telecommunications from the Department of Administrative Services (DAS) to the State Chief Information Officer (SCIO). While the bill maintains the Office of the SCIO as a component of DAS, it clarifies that specified duties of the SCIO are under the direction of the Governor and provides that the Governor will resolve any dispute between the SCIO and DAS relating to the provisions of this bill. Other major provisions of the bill include:

- Requires DAS and state agencies to follow rules, policies and standards adopted by the SCIO
- Requires the SCIO to review all information technology contracts of \$1 million or more and authorizes the SCIO to review and approve all information technology and telecommunications contracts prior to the contracts being released
- Specifies when the SCIO has the authority to approve, pause or stop IT projects
- Specifies that the SCIO is responsible for the Enterprise Information Resources Management Strategy
- Outlines work and reports of agencies that must align with and support the Enterprise Information Resources Management Strategy
- Maintains current authority of agencies for their own IT operations and procurement
- Allows the DAS director to delegate additional procurement authority to the SCIO
- Authorizes the SCIO to make all administrative and organizational decisions for the Office of the SCIO
- Makes the SCIO responsible for specified work groups, advisory boards and committees
- Creates the Information Technology Operating Fund to be used for the expenses of the Office of the SCIO
- Requires the offices of the Secretary of State and the State Treasurer to submit specified information to the Legislative Fiscal Officer and to adopt, in collaboration with the SCIO, information technology and telecommunications plans, policies, standards and procedures that are, to the extent possible, compatible with those adopted for all other state agencies

Some of the changes in the bill will not create additional costs for DAS, including the Office of the SCIO, as they simply transfer work from one part of the agency to another part of the agency. However, other components of the bill increase the scope of duties and authority of the SCIO and make clear in the law the level of review and direction that is expected to be completed by the SCIO for state agency IT and telecommunications operations, contracts and projects. To implement these changes, the Office of the SCIO will need additional resources, although the amount of staffing and funding needed will remain indeterminate until the SCIO determines how the new requirements will be implemented, as well as to what degree the SCIO chooses to exercise authority that is granted, but not required, under the measure. For context, one IT analyst 2 position costs approximately \$250,000 for the full 2015-17 biennium, which does not include associated services and supplies costs. Again, it is unclear how many additional FTE would be needed to fulfill the required components of the measure.

It should be noted that there are policies currently in place requiring agencies to seek the approval of DAS or the SCIO for IT investments and telecommunications systems or contracts; however, a recent audit conducted by the Office of the Secretary of State determined that the Office of the SCIO is currently understaffed to be able to adequately fulfill its statutory duties and current policies. DAS proposed a policy option package that adds 12 positions at a cost of \$3.4 million in 2015-17 to augment the Office of the SCIO, which has been approved. The Office of the SCIO has indicated that with the package's approval, they have the capacity to complete much or all of the work required under the measure. It would still remain to be determined if additional staff and resources would be needed to exercise provisions of the law that the SCIO is authorized, but not required, to perform. The Office of the SCIO notes that they may need to return to the Legislature to request an increase in their budget authority and staffing once the full effect of the changes are known.