

FISCAL IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

Measure: SB 872 - A

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Theresa McHugh
Reviewed by: Paul Siebert
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Measure Description:

Establishes Department of Information Technology.

Government Unit(s) Affected:

Department of Administrative Services (DAS)

Summary of Expenditure Impact:

The measure creates the Department of Information Technology and transfers funds and positions from the Office of the State Chief Information Officer to the new agency. Additional costs are indeterminate at this time.

Analysis:

The measure establishes the Department of Information Technology and transfers duties, functions, powers, and responsibilities from the Department of Administrative Services (DAS) to the new agency. It is anticipated that current staff and funding in the Office of the State Chief Information Officer in the DAS will also be transferred to the new agency.

It is anticipated that 230 positions (230.0 FTE) and \$215.4 million will be transferred from DAS to the new agency. Earlier information provided by DAS indicated that the new agency would need 5 additional positions for a total of 235 positions (235.0 FTE) and additional funding of \$1.2 million, for a total of \$216.6 million. However, that information has been updated to indicate that the new positions and funding are no longer anticipated to be needed by the new agency. No justification for the reduced cost estimate was included in the agency's information. The change is concerning to the Legislative Fiscal Office (LFO) as discussed below.

DAS's original fiscal estimate on the costs of creating a new 235 position agency stated that the Department determined that it was necessary to add five strategic positions to ensure that the new Dept. of Information Technology has the requisite internal capacity required to run an agency of comparable size and complexity. The required functions, positions and associated classifications were informed by the members of the DAS Executive Team and their subject matter expertise within each discipline, as well as comparisons with other agencies of similar size. The five new positions originally recommended by DAS included: A Chief Financial Officer (PEM G), a Human Resource Manager (PEM E), a Public Information Officer (PEM E), a Designated Procurement Officer (PEM F) and a Procurement Rules Coordinator (OPA 4). The full biennial cost for these new positions would be \$1,210,040 Other Funds, to be paid through increased assessments changed to all state agencies. LFO believes even this increase could understate the resources necessary to establish a new 235 position department.

LFO notes that it is possible that individual agencies will experience other additional costs depending on how the new department carries out its responsibilities and authorities. Ultimately, the actions of the State Chief Information Officer in implementing the new responsibilities will be a major factor in costs for individual agencies and state government as a whole. The measure does have a subsequent referral to the Joint Committee on Ways and Means, where the changing estimates in the costs of establishing a new Department of Information Technology will be further analyzed.