

## SB 1090 STAFF MEASURE SUMMARY

### Joint Committee On Information Management and Technology

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 4/4

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#### WHAT THE MEASURE DOES:

Senate Bill 1090 requires the Oregon Department of Administrative Services to create a program to award grants and provide loans to state agencies for replacing outdated information technology and for certain other purposes. Creates an advisory board that the department must consult in awarding grants and providing loans. Establishes the Technology Modernization Fund and appropriates moneys in the fund to the department for the purpose of the department's program.

*Fiscal impact: May have fiscal impact, but no statement yet issued.*

*Revenue impact: May have revenue impact, but no statement yet issued.*

#### Detailed Summary:

- Requires the Oregon Department of Administrative Services to create a program to award grants and provide loans to state agencies to
  - Retire or replace outdated information technology systems to enhance cybersecurity, transition to cloud computing and other emerging technology platforms, or to otherwise improve the efficiency and effectiveness of information technology that state agencies use to conduct public business;
  - Improve service delivery to residents of this state; and
  - Fund projects that develop or implement artificial intelligence or that develop otherwise innovative approaches to fulfilling the purposes of the grant and loan program.
- Creates a nine (9) member advisory board that the department must consult in awarding grants and providing loans.
  - Directs the department to, in consultation with and approval from the advisory board, develop criteria for evaluating applications and a process for awarding grants or providing loans, as appropriate, to approved recipients.
  - Directs the department and advisory board to prioritize for grants or loans projects that will, or are likely to, result in significant estimated cost savings for the recipient of the grant or loan.
- Establishes the Technology Modernization Fund and appropriates moneys in the fund to the department to fulfill the purposes of the department's grant and loan program.
  - Directs the department to keep a record of all moneys deposited into or withdrawn or transferred from the fund;
  - Continuously appropriates moneys in the fund to the department for administrative expenses and to carry out the department's duties in overseeing and administering the grant and loan program.
- Requires that a recipient of a grant or loan
  - Conduct any procurement with moneys from the grant or loan in an open competitive process in accordance with the Public Contracting Code and other applicable law;
  - Transfer to the department an amount equivalent to the cost savings realized, to the extent those savings are attributable to information technology improvements, upgrades, modernizations or replacements funded by the department's grant and loan program.
- Requires the department to deposit any amounts the department receives from grant or loan recipients to the State Treasury and to the credit of the Technology Modernization Fund.

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- Directs the department, advisory board, and recipients of a grant or loan, to collectively determine how to measure and account for cost savings and adopt a method of measurement and accounting that prioritizes maintaining the solvency of the Technology Modernization Fund.
- Requires the department to submit a report to the Joint Committee on Information Management and Technology not later than July 1 and December 31 of each year. The report must:
  - Assess the ongoing costs of establishing the fund and overseeing and administering the grant and loan program as compared with any savings realized;
  - Evaluate the reliability of cost savings estimates with actual savings realized by grant and loan recipients;
  - Determine and document whether recipients used an open competitive process to procure goods or services using moneys from the grant or loan; and
  - List the numbers of projects for which the department awarded a grant or provided a loan, the amount and recipient of each grant or loan and the purpose and goals of each grant or loan.
- Appropriates \$10,000,000 to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2025, out of the General Fund, to carry out the department's duties described within Senate Bill 1090.

Effective Date:

- Declares an emergency and is effective on passage.

### **ISSUES DISCUSSED:**

### **EFFECT OF AMENDMENT:**

No amendment.

### **BACKGROUND:**

Technology Modernization Funds are one-time or ongoing (replenished) pools of money that a state can establish, typically via direct legislative appropriation or bonding, to provide financial support for projects that utilize technology to address critical needs, improve service delivery, and foster collaboration between multiple state agencies, state agencies and other public bodies, or between public and private entities. Among other purposes, these types of Funds can also provide financial support to:

- Make strategic enterprise, shared service, or agency investments to replace or upgrade legacy systems and technology infrastructure;
- Accelerate the deployment and adoption of enterprise or program-wide (shared) IT systems and services, or migration to cloud services;
- Facilitate research, prototyping, and piloting of emerging technologies;
- Address or reduce cybersecurity risks and improve resiliency; and
- Generate cost savings, improve productivity, or improve operational efficiency through business process automation and system modernization.

According to information gathered in collaboration with the National Association of State Chief Information Officers, more than 25 states (including Oregon) have established a technology investment, innovation, or modernization fund at one point or another over the past 30 years or are proposing the establishment of a similar fund in the 2025 legislative session. Some of those funds have been sustained over time while others have gone dormant for one reason or another or have reached the sunset date in their original authorizing statute.

Oregon established a Productivity Improvement Program (ORS 182.365 - 182.400) in 1989 but the State Productivity Improvement Revolving Fund has been dormant since the early-mid 1990s. Within ORS 182.365, "(1) The Legislative Assembly finds that it is in the public interest to encourage and reward government efficiency and that the present state budgeting system has developed inadequate mechanisms to reward efficiency in government agencies and programs. The Legislative Assembly further finds that it is in the public interest to establish a program to reward efficiency and effectiveness in government agencies and programs."