

Multiple Agency Fiscal Note Summary

Bill Number: 5256 SB	Title: Information technology
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	Non-zero but indeterminate cost. Please see discussion."					
Office of Financial Management	Non-zero but indeterminate cost. Please see discussion."					
Department of Personnel	Non-zero but indeterminate cost. Please see discussion."					
Department of General Administration	Non-zero but indeterminate cost. Please see discussion."					
Department of Social and Health Services	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	0	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 24034

FNS029 Multi Agency rollup

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Financial Management	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Personnel	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of General Administration	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Information Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Social and Health Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Washington State University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Employment Security Department	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

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Prepared by: Regan Hesse, OFM	Phone: 360-902-9820	Date Published: Final
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 24034

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 01/26/2009
Agency Approval: Sarian Scott	Phone: (360) 586-2104	Date: 01/26/2009
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 01/27/2009

Request # 09-045-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 3 of this bill would amend RCW 43.105.340 to require the Attorney General's Office (AGO) to coordinate among state agencies to develop a consumer protection web site.

Sections 2, 4, and 5 would amend various statutes to remove references to the Department of Information Systems (DIS) as it is projected to be closed as of January 1, 2010.

Section 10 would repeal various acts or parts of RCW 43.105, including repealing the statutory authority authorizing the DIS.

The AGO estimates a workload impact (created by section 3) of 1.0 Information Technology Specialist 4 (ITS4) and 0.5 Communications Specialist 1 at a total cost of \$137,411 in Fiscal Year (FY) 2010, and \$132,441 in FY2011 and each FY thereafter. The increase in Consumer Protection (CP) staffing is due to maintaining a portal with the AGO CP information, and the statewide need for accurate consumer information. The increase in information services staffing is for CP web page designing and troubleshooting.

Additionally, we estimate \$34,000 for Interwoven licenses for AGO content managers and hosting set-up, as well as monthly site hosting fees (includes hosting, cooling, back-up power source, on-going maintenance, and, search engine fees).

Based on the lead agencies assumption regarding the dissolution of the DIS on January 1, 2010, the AGO will be required to negotiate new vendor contracts for services currently received from or through DIS (a list of some of those services is shown in the expenditure section). The cost for these services is indeterminate.

This bill is assumed effective July 1, 2009.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Funding needed and identified for section 3 is assumed to be general fund- state dollars.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Due to section 3 the AGO estimates a workload impact of 1.0 ITS4 and 0.5 Communications Specialist 1 at a total cost of \$137,411 in FY2010, and \$132,441 in FY2011 and each FY thereafter. The increase in Consumer Protection (CP) staffing is due to maintaining a portal with the AGO CP information, and the statewide need for accurate consumer information. The increase in information services staffing is for CP web page designing and troubleshooting.

Additionally, we estimate \$34,000 for Interwoven licenses for AGO content managers and hosting set-up, as well as monthly site hosting fees (includes hosting, cooling, back-up power source, on-going maintenance, and, search engine fees).

Based on the lead agencies assumption regarding the dissolution of the DIS on January 1, 2010, the AGO will be required to negotiate new vendor contracts for services currently received from or through DIS. The cost for these services is indeterminate. The AGO receives the following services (not all inclusive) from DIS:

- Active Directory Services
- Ask George Search Services
- Brokering
- Business Continuity Site Services
- Cabling
- Calling Cards-SCAN Plus
- Cellular Phones
- Centrex
- Computers
- Conferencing Services
- Content Management
- Customer Service Agreement
- Customer Support
- Customized Service Solutions
- Data Communication Products & Services
- Data Network Services
- Digital Certificates
- Directory Assistance
- Domain Naming Services (DNS)
- E-Commerce
- E-Forms
- Enterprise Active Directory
- Enterprise Active Directory Services
- Ethernet
- Firewalls
- Fortress Services
- Host On-Demand
- Hosting
- Information Technology Professional Services (ITPS)
- Integration Competency
- Intergovernmental Network (IGN)
- Internet Check
- Internet Connection Services
- IT Services

ITPS Vendor and Contract List
LISTSERV®
Local Telephone Services
Long Distance-SCAN and SCAN Plus
Maintenance
Managed Firewalls
Master Contracts
Master Contracts for both professional services and purchased IT services.
Networking Services
Online Phone Directory
Paging
Paging Service and Equipment
PCs / Networking
Personal Computers & Servers
Personal/Professional
Personal/Professional IT Services
Portfolio Management
Power Management Software for PC Networks
Production Services
Remote Access
Research (Gartner)
SCAN and SCAN Plus
SCAN Books
SCAN long distance and SCAN Plus calling cards
Secure Access (Fortress)
Secure File Transfer
Secure File Transfer
Secure Gateway Services
Shared Exchange E-mail
SIMON Voice Messaging
Small Phone Systems
Software: Adobe
Software: Autodesk
Software: Citrix
Software: Microsoft
Software: Tumbleweed
Software: Verdiem
State Online Phone Directory
System 390 Services
Technology Acquisitions overview
Technology Brokering Consultants
Technology Management Consultants
Telecommunications

Toll-free Calling
Video Production Services
Virtual Private Network - VPN
Voice Messaging Service (SIMON, Enabled & Enhanced)
VPN for Remote Users
WAN (Wide Area Network) Services
Web Hosting, Shared
Wireless
Wireless Communication

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 105-Office of Financial Management
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Stephanie Lidren	Phone: 360-902-3056	Date: 01/27/2009
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 01/27/2009
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 01/28/2009

Request # 020-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The Information Services Division of the Office of Financial Management provides communications and computing support to the staff of OFM and the Governor's Office and also supports over 90 system applications, many of which are used by agencies statewide for accounting, budgeting and other financial management tasks. Currently about 20% of ISD's \$40 million dollar/ biennium budget goes for DIS services.

It is difficult to estimate the net cost impact of switching from DIS to other service providers for this volume of services, given the variety of options that may exist. In our preliminary analysis, we assume that the costs of many services, for example telecommunications, equipment purchases would likely be materially the same. We would expect that costs for certain kinds of server hosting and storage services would be less than the current DIS price based on recent cost comparisons and our current experience with both DIS and in-house operations.

OFM operates the state's accounting system, which runs on a mainframe platform at the DIS data center. At this time we cannot determine what the cost impact might be to outsource this service or to stand up a mainframe data center alone or in partnership with other state agencies with mainframe support needs. There are a number of issues that would need to be addressed in conducting this analysis:

- * Initial rough estimates indicate 4 to 12 additional staff could be needed at OFM depending on the network, server, mainframe and contractor management effort required by the insource/outsource strategies chosen.
- * DIS currently provides 24 hour service support for the mainframe. OFM has expertise currently in the system tasks required, but not in the management of 24 x 7 data center operations.
- * The DIS mainframe service offers some standardization across agencies in terms of platform and processes that provides benefits in integration and security in agency to agency operations and data sharing. There would be a need to provide some kind of provision for a secure governmental network. New encryption processes would need to be negotiated and put in place. In addition there may be delays in processing as data might need to go to hosted sites outside of the government. Processes that provide for secure and coordinated preparation, printing and mailing of warrants and other financial materials would need to be reengineered to support the new provider environment.
- * DIS recently moved agencies to EOS (Electronic Output System) for electronic reporting. If some other replacement is not assumed for this service OFM might need to develop reports through Enterprise Reporting to meet agency needs.
- * It would be difficult to complete a successful transition of all services within one year without sufficient, dedicated, and appropriately skilled resources to ensure adequate planning and execution.

The bill would eliminate the data processing revolving fund. OFM currently recovers the cost of enterprise systems through charges to state agencies through the Data Processing Revolving Fund. For the 2009-11 biennium, OFM projected to collect \$32.6 million dollars through these charges to cover costs of ongoing operations.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 111-Department of Personnel
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Kelly Moore	Phone: 360-664-6314	Date: 02/04/2009
Agency Approval: Kelly Moore	Phone: 360-664-6314	Date: 02/04/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/04/2009

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The proposed legislation eliminates the funding source, data processing revolving fund, for the Information Services Division (ISD) of the Department of Personnel (DOP) effective January 1, 2010. Section 7 states that any funds remaining in the data processing revolving fund on January 1, 2010 must be transferred to the state general fund. DOP currently recovers the cost of enterprise systems through charges to state agencies through the Data Processing Revolving Fund. DOP assumes ISD would need to seek an appropriation from the general fund to continue providing services. ISD's budget for the 07-09 biennium is \$37.5 million. DOP's Financial Service staff may see an increased workload during transition between the two accounts as well as possible increased reporting requirements.

This legislation would eliminate the Department of Information Services (DIS). I have attached a document that lists all services being provided to DOP by DIS. DOP spends approximately \$4 million a year on DIS services. It is difficult to estimate the impact of switching from DIS to other service providers for this volume of services. We would expect some of the costs to remain the same, some may go down, and some may go up. Without getting the bids, it's difficult to have firm numbers. We are able to estimate the cost for the migration to be approximately \$3.3 million dollars and an additional ongoing cost of \$423,780 per year for staff we would need to hire to manage contracts.

The most significant impact would be to our information technology (IT) systems. Our IT systems include the Human Resource Management System (HRMS) (comprised of Human Resources, Payroll, Employee Self Service, Business Intelligence, Grievances, and eRecruiting), Pay 1 mainframe systems (training and insurance), the Combined Fund Drive, and Citrix access for DOP employees who run payroll. DOP would need to outsource these services and support currently provided by DIS, the cost to outsource is unknown at this time. This will require significant contracting time and effort and a complete redesign of SAP security to address the elimination of the enterprise domain and the loss of single sign on access.

All systems will need to be re-architected to fit into the successful vendors' technical structure, which will require technical expert consultants. ISD will need to set up and staff a project management office to manage the contracted services and realign technical staff to support the new model. This bill has minimal impact on the functional configuration of HRMS that manages HR data and payroll processing.

In addition to the services that DIS currently provides, there would be one time as well as ongoing costs to do the migration from DIS to an outside vendor. DOP estimates it would take approximately one year to accomplish the

migration. The estimated costs would include \$2,000,000 for contracted vendors and \$825,000 for hardware and software. These would be one-time costs. The project management office would be an ongoing cost and would include 6.0 FTE's and cost approximately \$423,780 per year.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Current Services DIS provides to DOP

0362 - Policy and Regulation Distribution
0291 - PC Sales
0264 - Leased Equipment
0873 - 800 Voice Mail
0930 - PBX - Oly Campus PBX2
0987 - PBX-Dept of Personnel
1012 - PBX PIC Charge
1013 - DIS PBX PICC Offset
1029 - PBX - DOP HRISD EPN in Lacey
1030 - PBX - DOP1 EPN IN Olympia
0028 - Central Office Olympia
0038 - Toll
0622 - Order Activity
0638 - Central Office - Lacey
0643 - Central Office - Spokane 482
0840 - Central Office - Seattle ATWA
1010 - Central Office PIC Charge
1011 - DIS Central Office PICC Offset
0513 - State Information Assistance
0021 - Conference Calling (Bridge)
0018 - Directory Publishing
0354 - SCAN - Outside Washington State
0355 - SCAN - International/Canadian Calls
0507 - SCAN - Directory Information
0618 - SCAN Instate
1008 - DIS SCAN USF Charge
1015 - DIS SCAN USF Offset
0671 - SCAN Plus Card - Intrastate
0682 - SCAN Plus Card - Interstate
0683 - SCAN Plus Card - Other
1009 - DIS SCAN Plus USF Charge
1016 - DIS SCAN Plus USF Offset
0063 - Shared Data Circuit
0703 - ATS Transport
0784 - ATS Serial Router Port
0798 - ATS Network Management
0832 - IP Routed NWK
0777 - Dedicated T1/Point to Point Circuit
0800 - Time & Material/Repair/Labor
0802 - Monthly Equipment Service
0822 - Monthly Maintenance
1356 - Ethernet Service 10M
1357 - Fast Ethernet Service 100M
0792 - Internet Access
0788 - Sonet Transport
1359 - Core Catalyst 10m/100m Port
0753 - Batch Processing
0754 - Central Processor TSO

0755 - Adabas Processing
0756 - CICS Computer Processing
0759 - Volume Discount Adabas CPU
1314 - Volume Discount S/390 Batch Processing
0658 - Cartridge Tape - 390
0849 - Cartridge Vaulting - 390
1033 - Customer Servers Backup
1364 - TSM Tailored Service
1455 - Tailored SAN Storage
1453 - Server Port Connections
1454 - Storage Port Connections
1342 - Shared SAN
1308 - Disk Archive S/390
0686 - Online Disk Gigabyte Hours
1309 - Virtual Tape (Vtape) S/390
0175 - Online Originals
0177 - Online Microfiche Pages
0178 - Online Microfiche Duplicates
0981 - Original CD
0980 - Charge for additional copies
1291 - Server A` La Carte Service
0107 - 4000 Printing Charges (TSO)
0118 - Spooled Lines Printed/ Local (Batch)
0122 - 4000 Printing Charges (Batch)
0128 - Bursting and Decollating
0129 - Bursting and Decollating Rush
0136 - Form 8021 - 9 x 11 9510AJ
0141 - Form 0421 - 1 Up Label 7691-010-001
0650 - Form 8016 - 14 X 8 1485
1334 - Form 0001 - 11 X 8.5
1355 - Form 006 - Duplex 9X11 9510AJ
1441 - Custom Forms
1327 - Multi-Agency Active Directory-Forest
0935 - Customer Server Management Services
0876 - Shared Web Hosting
1317 - URL Redirect
1371 - Blackberry Hosting Service
1402 - Secure File Transfer-Allocation
1286 - Email List Hosting (LISTSERV) Service
0890 - Produced Video
0897 - Media Duplication
1321 - Audio/Video Streaming
1401 - Security Infrastructure
1020 - Secure (Fortress) Access Services
1400 - Security Gateways
1272 - IPSec Client VPN Remote Access Service
1372 - Web Usability Test Lab & Equipment
1399 - Access Washington/Inside Washington

Department of Revenue Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Indeterminate Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation:	Gerald Sayler	Phone: 360-570-6088	Date: 03/30/2009
Agency Approval:	Don Gutmann	Phone: 360-570-6073	Date: 03/30/2009
OFM Review:	Ryan Black	Phone: 360-902-0417	Date: 03/30/2009

Request # 5256-2-3

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects a revision to the expenditure impacts, and supercedes fiscal note number 5256-1.

This bill eliminates the Department of Information Services and the Information Services Division of the Department of Social and Health Services.

Functions will be absorbed by state agencies.

Sections 2 through 7 have an effective date of January 1, 2010.

Section 8 has an effective date of July 1, 2009.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

REVENUE ESTIMATES

There is no revenue impact as a result of this legislation.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

The Department of Revenue (Department) cannot determine with certainty the net impacts of this legislation.

In implementing this bill, the Department may realize a savings of some costs associated with Department of Information Services (DIS) service charges. However, these potentially saved costs could be offset by additional costs for the Department to provide internet connectivity, phone circuit connections, secure FTP services, and VPN services; an increase in software licensing costs due to the loss of statewide volume purchasing; computer paper form purchases; and efforts to make necessary changes to computer infrastructure and applications. Migration of the applications and processes from the DIS mainframe to the Department's HP Non-Stop mainframe could require some additional staff efforts to develop, test and make changes to existing Production Control processes and procedures. Staff efforts would be necessary to migrate telecommunications to Voice Over Internet Protocol (VOIP). At this point it is not clear how much effort would be required to replicate those services and functions now provided by DIS.

The Department's indeterminate expenditure estimate is driven by a number of factors including:

The Department will be required to negotiate new vendor contracts for services currently received from or through DIS. Costs for these services are indeterminate.

It is difficult to estimate the new cost impact of switching from DIS to other service providers for the volume of services given the variety of replacement options that exist.

Inasmuch as the Office of Financial Management (OFM) operates the state's accounting system, which runs on a mainframe platform at the DIS data center, the Department depends on connectivity continuity with OFM. At this time, OFM cannot determine what the cost impacts might be to either outsource this service or to establish a mainframe data center alone or in partnership with other state agencies with mainframe support needs. Therefore, the Department we cannot determine what costs it might incur under these various scenarios.

Successful planning and implementation of a complicated transition of this nature by January 1, 2010, would require redirection of current personnel and potentially additional staff resources or contracted resources depending upon which options are chosen to replace current services provided by DIS.

The Department would be required to pursue services through individual negotiations and, whenever possible, provide the services internally.

The Department of Revenue would need to implement an internet access gateway. Currently DIS is responsible for security of the statewide gateway for web access. The Department would need to configure its infrastructure to ensure its network is secure.

The Department would need to implement a Virtual Private Network (VPN). DIS currently maintains the statewide access that allows state employees to access their agency's data remotely. This would require the Department to reconfigure its network environment to ensure its network is secure from unauthorized access.

At the time, we cannot determine the cost, if any, associated with a loss of volume pricing and discounts for purchases of network services and computers.

Finally, the Department would need to immediately begin developing application interfaces and processes that would enable it to continue communication and data sharing with other agencies.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 150-Dept of General Administration
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Sherrie Bowman	Phone: 360-902-7347	Date: 02/04/2009
Agency Approval: Tristan Wise	Phone: 360-902-7356	Date: 02/04/2009
OFM Review: Regan Hesse	Phone: 360-902-9820	Date: 02/05/2009

Request # SB 5256-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

New Section - Section 10 (1) thru (34) states that acts or part of acts detailed in sections 1 through 34 are each repealed. This act assumes Agency 155- Department of Information Services (DIS) and the Information Services Board will no longer exist, and all current service offerings will no longer be provided (i.e., state data center, mainframe support, state networks, telephone services, equipment purchases, etc.). Contracts and all leases currently held by DIS will be dissolved.

GA will be required to pursue services through individual negotiations, and/or whenever possible, provide the services internally. In addition, the elimination of services provided by DIS will result in increased costs to contract individually for replacement services.

GA revenue earned from DIS rents, building and grounds maintenance, purchased services, and capital projects will be lost, resulting in a possible reduction to GA services, or necessitate the need for rate increases to GA's other state agency customers for these services.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The cash receipts impact on General Administration is indeterminate.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

The exact impact of SB 5256 on General Administration's revenues and expenses to transition to a service provider other than DIS is indeterminate at this time because the cost of procuring these services is unknown. SB 5256 impacts several GA programs: Information Systems, Property Management, Real Estate Services, and Office of State Procurement. The anticipated impact to each line of business follows:

IMPACT ON GA'S INFORMATION SYSTEMS:

GA would need to enlist the services of Information Technology experts for a period of one year to do the following:

1) Move 5 servers from DIS A la Carte Floor 9 to GA – these servers are currently configured and maintained by DIS to manage and store data for the Washington Electronic Business Solutions (WEBS). GA does not have the expertise to transfer and re-configure these servers.

2) Develop electronic communication relationships with other agencies – DIS currently maintains the Enterprise Active Directory (includes the statewide global address lists for state agencies for e-mail addresses). Current linkages to the active Directory are made from each agency to the central DIS root directory. Each agency would have to link to each other and replicate data to make this work without the current DIS offering.

3) Implement internet access gateway – currently DIS is responsible for security of the statewide gateway for web access. GA would need to configure its infrastructure to ensure its network is secure.

4) Implement Virtual Private Network (VPN) – DIS currently maintains the statewide access that allows state employees to access their agency's data remotely. This would require GA to reconfigure its network environment to ensure its network is secure from unauthorized access.

5) The dissolution of DIS would require GA to develop leases with the State Treasurer for 545 personal computers. With the exception of the initial work to reestablish the leases, it is assumed there would be no additional impact.

IMPACT ON GA'S PROPERTY MANAGEMENT:

GA's Property Management program currently provides contracted services to DIS to provide raised floor maintenance in the server room. The raised floor provides space to install and access power and data cables, provides air circulation to the servers, and includes a fire suppression system. In addition, DIS pays maintenance fees for the building and grounds. If DIS no longer existed, GA would lose billable revenues estimated at one-half million dollars. In addition, GA would lose an estimated \$220,000 as part of the estimated Public and Historic campus maintenance. The costs to GA to maintain the building and grounds would remain without the needed income.

IMPACT ON GA'S REAL ESTATE SERVICES:

GA's Real Estate Services program provides lease renewal services for DIS, and would experience an estimated \$37,000 in lost revenue if the space were to remain vacant. DIS also leases space in privately owned buildings. Real Estate Services earns revenue from negotiating privately owned lease space.

The loss from DIS campus rent allocations to GA for Buildings and Grounds operations, utilities, and parking maintenance for the 09-11 biennium is estimated to be \$1,779,000.

IMPACT ON GA'S OFFICE OF STATE PROCUREMENT:

Previously GA provided master contract support for state agencies for network services, telephone services, software use, etc., and could assume these services again. The impact would be the time necessary to develop master contracts for these services, and the staffing required to manage the contracts. There should be no cost increases to the state to provide the services, because it is assumed GA would be able to leverage the same buying potential and savings realized by DIS.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

If Department of Information Services (DIS) no longer occupies the Office Building 2 (OB2), heat generated from the server room in OB2 that is currently funneled to the NRB building would no longer be available. Capital Projects number 30000054, (Natural Resources Building HVAC upgrades) requests capital funding to upgrade the NRB building heating and ventilation system. This project would require an alternate source of funding if the project were to continue. If the project were not funded, the NRB building would lose this heat source and continue to use energy at a rate that is unnecessarily high. Building control and functionality would continue to diminish.

If the above capital project did not go forward, GA would lose \$384,374 in Fund 289 revenue generated from the capital project surcharge receipts which funds capital project renewals, minor works projects and maintenance on GA owned facilities.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 155-Department of Information Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
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The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Connie Robins	Phone: 360-902-2987	Date: 01/27/2009
Agency Approval: Jim Albert	Phone: 902-9885	Date: 01/27/2009
OFM Review: Regan Hesse	Phone: 360-902-9820	Date: 01/27/2009

Request # 004-4

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 directs the Department of Social and Health Services (DSHS) to eliminate the information system services division (ISSD). ISSD's responsibilities are to be absorbed by other administrations within DSHS's current funding levels.

Section 2 removes the Department of Information Services (DIS) from assisting with the electronic information locator system. The Secretary of State will have sole responsibility for the electronic information locator system.

Section 3 amends RCW 43.105.340 to shift responsibility of the consumer protection web site from DIS to the Attorney General's Office. Removes past due dates from statute.

Section 4 removes the DIS from high-speed internet deployment and adoption initiative.

Section 5 removes the DIS from responsibility for a community technology program web directory, shift it to the Washington State University.

Section 6 (1) decreases the voting membership of the K-20 Educational Network Board from eleven to nine by removing the Chair of the Information Services Board and the Director of the DIS.

Section 6 (2) removes the Director of the DIS as Chair of the K-20 Educational Network Board. The Chair will be selected by the majority of the voting members. Staff support of the K-20 Educational Network Board will be provided by the Office of the Superintendent of Public Instruction, rather than by DIS.

Section 7 transfers the balances of the data processing revolving fund, the K-20 technology account, and the education technology revolving account to the state general fund on January 1, 2010.

Section 8 is an emergency clause, declaring the act is necessary for peace, health, safety, or the support of state government. The act is effective on July 1, 2009.

Section 9 states that sections 2 through 7 are effective on January 1, 2010.

Section 10 repeals most parts of RCW 43.105. The remaining sections are those pertaining to Information technology portfolios, electronic access to public records (responsibility for which is transferred to the Secretary of State, by section 2), consumer protection web site (transferred to the Attorney General's Office by section 3), request for information from providers, public community technology program web directory (transferred to Washington State University by section 5), the K-20 Educational Network Board and its powers and duties (transferred to the Office of Superintendent of Public Instruction by section 6).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1 - No Fiscal Impact, provided the DIS enabling authorizations are repealed per this bill. This section directs the Department of Social and Health Services (DSHS) to eliminate the information system services division (ISSD). ISSD's responsibilities are to be absorbed by other administrations within DSHS's current funding levels.

Section 2 - No Fiscal Impact. This section removes the Department of Information Services (DIS) from assisting with the electronic information locator system. The Secretary of State will have sole responsibility for the electronic information locator system.

Section 3 - This work can be accomplished within current resources. This section amends RCW 43.105.340 to shift responsibility of the consumer protection web site from DIS to the Attorney General's Office. DIS will need to coordinate this transition with the AGO and prepare the site content for transfer.

Section 4 - No Fiscal Impact. This section removes the DIS from high-speed internet deployment and adoption initiative.

Section 5 - This work can be accomplished within current resources. This section removes the DIS from responsibility for a community technology program web directory, shift it to the Washington State University. DIS will need to coordinate this transition with Washington State University and prepare the site content for transfer.

Section 6 - This work can be accomplished within current resources. This section (1) decreases the voting membership of the K-20 Educational Network Board from eleven to nine by removing the Chair of the Information Services Board and the Director of the DIS; and (2) removes the Director of the DIS as Chair of the K-20 Educational Network Board. The Chair will be selected by the majority of the voting members. Staff support of the K-20 Educational Network Board will be provided by the Office of the Superintendent of Public Instruction (OSPI). DIS will need to coordinate with OSPI to transition information in support of the K-20 Board.

Section 7 - Fiscal Impact is Indeterminent. This section transfers the balances of the data processing revolving fund, the K-20 technology account, and the education technology revolving account to the state general fund on January 1, 2010. DIS will need to satisfy any outstanding obligations before funds from the data processing revolving fund, the K-20 technology account, and the education technology revolving account can be transferred to the state general fund. Currently DIS has an outstanding balance on Certificates of Participation (COP) of \$17,156,605. The revenue stream to satisfy these obligations is from contracts with customers. These contracts have terms of either three or four years in support of the COPs and, under current timelines, would not expire until after the effective date of SB 5256. DIS would need to terminate these contracts early in accordance with the dissolution of the agency. Transition plans with customers will be imperative and time beyond the effective date of July 1, 2009 may be needed. Additionally, \$29,518,354 of the funds in the data processing revolving fund are attributable to the Information Technology Pool and are obligated to IT projects that are approved and underway by state agencies. There are also termination liabilities that DIS will incur for contracts that provision circuits for the networks, and for any other contracts with legal liability termination provisions. Final obligations and liabilities to be satisfied from the above funds, prior to any transfer to the state general fund will

depend on the analysis of contracts and options that are available. This analysis will include a review of Federal cost principles to ensure restricted funds are used in compliance with the attendant requirements. Federal funds must be returned to the respective programs and cannot be transferred to the state general fund.

Section 10 - Fiscal Impact is Indeterminent. This section repeals most parts of RCW 43.105. In order to determine the fiscal impact to closing the Department of Information Services (DIS) and ending all service offerings, DIS will need to review its contracts with vendors for termination liabilities, identify options and impacts for dissolution of its equipment and infrastructure, and develop transition plans for operations to state agencies or vendors. Without this analysis, DIS is unable to determine the fiscal impact of SB 5256.

Transition plans - Transition plans are necessary to ensure interruption of services to agency programs is limited as much as possible and may require time beyond the July 1, 2009 effective date of SB 5256. Certain services and applications may be picked up by state agencies, local governments and tribal governments, while others need to be centrally managed. Services that need to be operated centrally might include the state networks, the SCAN phone system, master contract services, the state mainframes, enterprise offerings such as the Enterprise Active Directory, the campus Fiber network, security of the state IT infrastructure from intrusion efforts, management of the security gateways, management of the Domain Name Service (currently delegated to DIS by the Federal Government), assignment of Internet Protocol addressing, operation of Access WA, and the state phone operators. DIS will also need to coordinate with customers of our Personal Computers (PCs) and server lease program. These PCs and servers are the property of DIS and will need to be surplusd or transferred when the agency no longer exists. The financing (COPs) for this equipment will need to be satisfied with the Office of the State Treasurer. Additionally, the state is in negotiations with Sprint/Nextel to implement the 800 mhz radio frequency for emergency and public safety communications. This work would need to be transferred to another state agency.

Termination liabilities - DIS will need to review each of its contracts with vendors for termination liabilities. These contracts cover a wide range of products and services, such as the acquisition of circuits for the networks; maintenance for varied software and hardware; master contracts for licenses, equipment, software, and professional services; and business continuity services. Termination liabilities would be significant, especially in the case of our network circuits. DIS will also need to work with the Department of General Administration to determine the impacts for the current facilities leases for our six office buildings, three node sites, and the state data center.

Equipment and infrastructure - DIS currently insures \$96,125,645 in equipment that is located in 17 locations across the state. The majority of this equipment supports more than one service offering to multiple customers. As an example, a server may host several applications and service offerings, each of which has a variety of customers. Transition plans to coordinate impacts with customers would be necessary to limit any risk of the loss of functionality to meet agency program needs. Certain of the infrastructure would need to be transferred to a central operation, such as the state networks and the campus fiber.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
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The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Steven D Elwanger	Phone: 360-902-6319	Date: 02/04/2009
Agency Approval: Joshua Swanson	Phone: 360-902-6805	Date: 02/04/2009
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 02/04/2009

Request # 5256 SB-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Part II: Explanation

This bill removes Department of Information Services (DIS) and Information Services Board (ISB) involvement in a number of state technology activities and boards. The bill also repeals the majority of RCW 43.105 which eliminates the major functions and services provided by DIS beginning on July 1, 2009 and completed by January 1, 2010.

This bill takes effect July 1, 2009. However, sections two through seven will take effect January 1, 2010.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 8: Declares that the act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and shall take effect on July 1, 2009.

Section 10: Repeals 34 parts of RCW 43.105 - Department of Information Services, removing the majority of their responsibility for planning, managing, operating and overseeing information technology for the State of Washington.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

The costs to fully implement this legislation is indeterminate. We cannot accurately determine the potential costs and the duration of the required L&I IT systems migration. At the same time we cannot identify if there would be loss of volume pricing and discounts for items such as PCs or the cost to purchase network services. It is not possible to identify or quantify security risks and associated costs.

However, we did estimate some costs as described below totaling

\$14,678,000 and 23 FTEs in Fiscal Year 2010

\$214,000 and 2 FTEs in Fiscal Year 2011

\$14,892,000 and 12.5 FTE average for 2001-11 Biennium

Ongoing costs are estimated at \$400,000 and 2 FTEs each biennium afterwards.

For this fiscal analysis Labor and Industries (L&I) used the assumptions provided by Office of Financial Management (OFM) and the lead agency, DIS.

All DIS provided services will be terminated on or before January 1, 2010. As of January 1, 2010, DIS and the ISB will no longer exist. In order to sustain current operations, L&I will continue to need the services and will acquire them directly from separate vendors.

The expenditure estimates in this fiscal note will fund a complete migration of all information technology services from DIS. This will involve 160 business applications with the underlying computer processing infrastructure, data and voice networks/services for the Tumwater offices and all field service locations, and PC leases for approximately 3,500 devices.

The department's strategy for the migration from DIS will be to continue outsourcing these services. In order to do so, a contract would be awarded to a primary vendor, via a Request for Proposal (RFP) and Request for Quote (RFQ) process. This vendor would have overall responsibility to develop the detailed migration plans, and then manage the transition.

While the actual "cutover" to new service providers would need to be complete by January 1, 2010. The department assumes the project would continue for an additional six months with a reduced staff level to complete operational process development and implementation.

Additional assumptions used to project expenditures include:

1. The department will be required to initiate a project to migrate and replace all of the services currently provided by DIS. Currently there are 74 active service level agreements to provide the following major categories of service:
 - Mainframe computing (LINIIS¹, ORION²)

¹ LINIIS is the Labor & Industries Industrial Insurance System. This system manages employer accounts and claims used by Labor & Industries staff.

- Internet/intranet services and application hosting services
 - Printing (including warrants, notices, etc)
 - Voice systems (phones) state-wide
 - Data networks state-wide
 - Technology security services state-wide
 - Email
 - Personal computer leases
 - Network/application server leases
 - Disaster recovery
2. All contracts currently held by the Department of Information Services (DIS) will be dissolved. L&I will pursue those services through individual negotiations.
 3. All leases currently held by DIS will be dissolved. L&I will continue lease purchases through individual negotiations.
 4. Current level appropriation level used for DIS services today will be sufficient to cover the on-going cost of comparable services, once the transition is complete.
 5. A service vendor selected by the department will be able to provide systems and infrastructure components of the same type and in the same configuration as those currently in place at DIS.
 6. The department will need to commit resources, beyond those outlined in this analysis, to begin planning and development of RFP during the May – June 2009 timeframe.
 7. L&I cannot complete the transition from DIS by the January 1, 2010 deadline specified in this legislation without service outage.
 8. It is not possible to identify or quantify information security risks and associated costs.

² ORION stands for “Organized Information Online”. This is our imaging system and integrated desktop for claims information management.

9. L&I's Information Technology staff will need to commit resources to support and augment the transition project team. L&I's direct program delivery staff will be required to conduct testing to verify their applications are functioning correctly.
10. We assume there will be some loss of "volume pricing" and discounts for items such as PCs. However the fiscal impact is unknown.
11. There are other unknowns that have the potential to increase the total cost and duration of the migration.

In addition to the contracted staff to manage the migration plan, 23 project FTEs are required to participate in and support the transition activities. This includes a project manager and other staff with a variety of specialized skills and job classes.

Expenditures Summary:

Estimated one-time costs for contract staff and project FTEs: \$10,560,429

Estimated additional one-time Good & Services costs include:

- Maintaining a parallel data center during a three month transition: \$3,000,000
- Additional software license and software one-time installation costs: \$1,000,000

An increase in two permanent FTEs to handle the additional work load transferred from DIS in the area of contracting and procurement:

- 1.0 Contract Specialist FTE
- 1.0 Procurement Specialist FTE

Total estimated transition costs for the 2009-11 Biennium are \$14,892,000.

Primary Expenditure Areas & Activities

1. Brokering, equipment leasing and contracting:

Today L&I uses DIS contracts and leasing options, and has a significant amount of equipment under lease and contractual agreements for software and hardware maintenance. There is a significant workload to transfer contracts from DIS to L&I (renegotiation included). Existing leases with DIS will be resolved and terminated. A new contract will need to be procured to replace master contracts currently held by DIS.

2. Mainframe services:

Many of L&I's mission critical applications run on the mainframe under DIS mainframe services. A Data Center Migration vendor will need to be procured to plan, develop, and migrate L&I's systems off the DIS mainframe onto another data center. The Data Center Migration vendor would also provide the data center and computing resources needed to support and operate L&I's applications.

Depending on how compatible the vendor's data center is with DIS (operating systems, system software, and hardware) application changes may be required. There is a range of scenarios that go from a medium impact to a large impact in terms of the application changes that could be required such as: Job Control Language (JCL) that run the agency's batch jobs, internet protocol addresses coded in applications, naming conventions, integration and interfaces with other applications on other hardware platforms. There is a degree of change that may occur, which will cause the cost to go up.

3. Server/Application Hosting:

DIS provides state agencies with file server hosting and data storage. L&I uses these services and has approximately 80 servers currently hosted at DIS. Along with managing the server hardware and software, DIS staff also provide application support functions. These include updating L&I business applications with version changes and enhancements, ensuring the applications are running efficiently and adjusting server resources as necessary (memory, storage, CPU, and power). DIS technical staff is also available to assist with application integration problems, and help resolve technical issues with L&I's hosted applications. There is a significant workload involved with moving these servers, network connections, and databases to a new vendor. The effort would require the physical relocation or hosting of existing

applications and then a transition to the day-to-day technical support currently provided by DIS staff. The Data Center migration vendor would play a significant role in this effort.

4. Network/Security WAN/LAN services:

DIS provides state agencies with a central network that connects state and local governments across Washington State, and to external businesses and customers via the internet. The existing system is called the State Government Network (SGN) and is managed by DIS. Additional services provided by DIS include setting up contracts with circuit vendors and managing those contracts. DIS also provides technical management of the SGN by overseeing and configuring the Active Directory network system (a centralized system for combining networks), and other network features such as Voice over IP (allows voice transmission over data networks), and Quality of Service (ensures priority applications are handled correctly and given needed resources as needed). Another service provider will need to maintain these services or services will need to be transferred to another state agency to maintain the current business capability and functionality provided by the SGN. The Network Services migration vendor would play a significant role in this transition effort.

5. SCAN/Phone services /PBX:

DIS provides state agencies with central voice services that state agencies use. L&I has a partnership with DIS telephony services where DIS provides vendor maintenance for L&I owned PBX phone systems, along with some technical support by DIS staff. During this transition the existing vendor contracts would need to be adjusted and reassigned to the new service provider, or, L&I would contract with the PBX vendor directly. Phone hardware and software is already owned by L&I for each of its field office locations. L&I will need to take over the ownership of the PBX system in the Tumwater headquarters office. Monthly costs for continued technical support (provided by DIS staff), would continue, however these would be paid to the new service provider.

SCAN is an additional phone service provided by DIS. This is an internal phone system that agencies use for long distance dialing. It provides a centralized alternative to using public owned companies for long distance services. This centralized long distance service would

either need to continue as a state-managed service, or, would need to transfer to a different long-distance provider. Either way the transition vendor would play a significant role.

6. Disaster Recovery:

DIS provides state agencies with disaster recovery services for the mainframe systems, including a contract with Sun Guard, Inc. to provide a back-up data center for DIS. L&I will need to include this service in some form or fashion. There is workload associated with planning, implementing and conducting a full test of the mainframe disaster recovery environment.

7. System Modification, Verification and Validation:

Migrating approximately 160 business application, 80 servers, databases, network, security and other components to a different vendor running in a different environment has a high risk of failure. The underlying system software, security and network connections are integrated between the applications and databases - including applications that run on file servers accessing data on the mainframe. The applications interact with each other passing data and processing transactions. This interaction and level of integration will require testing to verify everything is working properly. If significant changes are necessary to system configurations and application code, the level of testing increases. There is workload associated with full regression testing and validation of the systems before going to a full on-line production mode.

Expenditure estimates are allocated by fund based on L&I's cost allocation model used to allocate agency wide indirect services and activities by fund.

FTE Standard Costs

Permanent and temporary FTE costs include salary and benefits, and the standard costs associated with a new FTE. These standard costs include:

- Leased office space.
- Work unit (desk, file cabinet, etc.) and furniture (if needed).
- Telephone and communication expenses.
- Training.

- Travel.
- Leased PC equipment.

We assume new FTEs require new leased office space. Costs are included, prorated on a per FTE basis, to cover tenant improvements necessary to lease more office space. Tenant improvements include:

- One-time expenditures for GA real estate and architectural fees.
- Phone and data wiring.
- Copy room and conference room equipment and furniture.
- Lunch and break room equipment.
- Staff moving costs.
- Security system.
- Other miscellaneous supplies.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

A summary of costs we could estimate is provided below.

IT Expenditure Summary

Description	FTEs	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Salaries – IT FTEs							
- Project Manager	1.0	85,392	0	0	0	0	0
- ITS5 – System Migration	8.0	631,290	0	0	0	0	0
- ITS 6 / Security Verification & Validation	5.0	435,560	0	0	0	0	0
- ITS4 / Application Verification & Validation	7.0	500,457	0	0	0	0	0
- ITAS 2 - Procurement Specialist	1.0		58,666	58,666	58,666	58,666	58,666
- Office Assistant 3	1.0	33,513	0	0	0	0	0
- Contracts Specialist 3	1.0	64,774	64,774	64,774	64,774	64,774	64,774
Total IT FTEs	24.0	1,750,986	123,440	123,440	123,440	123,440	123,440
Benefits – IT FTEs		574,276	41,306	41,306	41,306	41,306	41,306
Total IT FTE Costs (Salary & Benefits)		2,325,262	164,746	164,746	164,746	164,746	164,746
Personal Services Contracts							
- Data Center Migration partner		3,388,800	0	0	0	0	0
- Procurement Services		250,000	0	0	0	0	0
Total Personal Services		3,638,800	0	0	0	0	0
Purchased Services Contracts							
- Parallel Data Center Operations		3,000,000					
- System Mod., Verification & Validation		3,984,000					
Total Purchased Services		6,984,000	0	0	0	0	0
Software License Purchase or Upgrades		1,000,000	0	0	0	0	0
Standard FTE Related Costs		729,938	49,254	35,254	35,254	35,254	35,254
Annual Total		14,678,000	214,000	200,000	200,000	200,000	200,000

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
--

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Marilyn Black	Phone: (360) 664-6529	Date: 02/03/2009
Agency Approval: Sam Knutson	Phone: (360) 902-3644	Date: 02/03/2009
OFM Review: Alyson Cummings	Phone: 360-902-0576	Date: 02/03/2009

Request # 5256 SB-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

Section 1 eliminates the Department of Social and Health Services' Information System Services division; and requires that the division's current responsibilities be absorbed by the department's various administrations within the department's current funding levels. Requires any funds remaining in the data processing revolving fund, the K-20 technology account, and the education technology revolving fund on January 1, 2010, be transferred to the state general fund.

Section 2 removes DIS from the pilot project with the state library and the state archives to establish a pilot project to design and test an electronic information locator system that will allow members of the public to locate and access electronic public records.

Section 3 amends RCW 43.105.340 to shift responsibility of the consumer protection web site from DIS to the Attorney General's Office.

Sections 4, 5 and 6 removes DIS and the Information Services Board (ISB) involvement from existing statutes.

Section 7 transfers any remaining money in the data processing revolving fund, K-20 technology account, to the state general fund on 1/1/2010.

Section 8 provides an effective date of July 1, 2009.

Section 9 provides that sections 2 through 7 of this act will take effect January 1, 2010.

Section 10 repeals 34 existing statutes within RCW 43.105 that establishes the functions of the Department of Information Services (DIS) relating to coordination, planning and management of state information services. Statutes that remain in 43.105 relate to the IT Portfolio (updates still required); electronic access to state and local records; consumer protection websites and K-20 Educational Network Board.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Fiscal impact of this bill for the Department of Licensing is non-zero but INDETERMINATE.

Section 10 repeals 34 existing statutes within RCW 43.105 that establishes the functions of the Department of Information Services (DIS).

Based on assumptions received from the lead agency, DIS, for purposes of this fiscal note the Department Of Licensing (DOL) assumes that:

- As of January 1, 2010 the DIS, and the Information Services Board, will no longer exist and all current service offerings will no longer be provided, ie: state data center, mainframe support, state networks, etc.
- In order to sustain operations, DOL will require the services currently received from DIS. All services that are currently outsourced to DIS would be outsourced to other entities and at an equivalent monthly cost to what is currently paid to DIS.
- All program infrastructure, application code, and information related to the consumer information portal shall be transferred to the State Attorney General's Office.

- All contracts currently held by DIS will be dissolved and DOL will pursue those services through individual negotiations. All existing DOL contracts issued from the DIS master contracts will remain in effect (with minor contract amendments) until the contract term expires or they are terminated. DOL staff time will be needed to negotiate new contracts as needed.

II. C – Expenditures

Fiscal impact of transition is indeterminate until a final implementation plan is developed. Initial cost estimates during the FY2009-2011 biennium are \$392,000 and are based on the following assumptions:

Assumptions related to specific services currently provided by DIS:

Contract Project Management - \$115,000

Six months of a contract project manager would be required to ensure that all details of the transition are properly identified and tracked. This contractor would be responsible for scheduling, coordination of activities, overall reporting of the effort and tracking of project issues.

IBM Mainframe Hosting – Fiscal Impact \$60,000

DOL currently has one application (and associated data), the Master License Service application, that resides on the DIS IBM mainframe. DOL will locate a vendor offering hosted service for applications running in this environment and contract with the vendor for this service. It is assumed the on-going monthly costs will be equivalent to what is currently paid to DIS. DOL will hire a contractor to assist in the planning and migration of the MLS application and data to the new hosting environment at an estimated cost of \$60,000.

Network – Net zero fiscal impact

DOL would take over vendor management of our wide area network by negotiating directly with outside wide area network vendors for the same services currently provided by DIS (network service, 24/7 network monitoring, service oversight, technical service coordination, firewall management, problem ticket monitoring, handle change requests, track service requests and changes, etc). DOL will contract out for these services and assumes it will cost the same amount currently paid to DIS. Net zero fiscal impact.

Telecom – Net zero fiscal impact

DOL would take over vendor management of telecommunication services by negotiating directly with outside vendors for the same services currently provided by DIS (service oversight, technical service coordination, problem ticket monitoring, handle change requests, track service requests and changes, etc.). DOL will contract out for this service and assumes it will cost the same amount currently paid to DIS.

Data Center (Ala Carte Services) - Fiscal Impact: \$100,000

DOL currently has nineteen (19) server racks hosted at the DIS data center. DOL will secure server hosting services from an outside vendor at a different location. DOL will contract with a move specialist to move 19 servers from the DIS data center to a new facility at an estimated cost of \$100,000. It is further assumed that DOL will pay the new landlord at the same rate currently paid to DIS that covers floor space, power, air, and restricted security access. Fiscal Impact: \$100,000.

Contracts/equipment purchases – Net zero fiscal impact

DOL would implement an “always bid” purchasing process to procure equipment/services currently purchased through DIS. It is assumed that current vendor contracts would remain in effect for the life of those contracts.

Secure Access – Net zero fiscal impact

DOL assumes the following two services will be available from another state agency or outside vendor and will be offered at the same rate currently charged by DIS. DOL would contract with another agency or outside vendor for these services:

1. Access Washington (Fortress)
2. Secure Access Washington (SAW)

Active Directory – Fiscal Impact in FY2009-2011 of \$117,000 with On-going cost of \$54,000 per year
DOL assumes no central state active directory forest service will be available. DOL will require an additional .50 FTE at the IT Specialist 4 level to manage active directory in house.

Video services – Net fiscal impact

These are one-time services with a small monthly cost for access to the service. Assume services will be replicated through another outside vendor at the same rate currently paid to DIS. Net zero fiscal impact.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Marcia Wendling	Phone: 360-902-7769	Date: 01/28/2009
Agency Approval: Dan Winkley	Phone: 360-902-8179	Date: 01/28/2009
OFM Review: Eric Mandt	Phone: 360-902-0543	Date: 01/29/2009

Request # 09SB5256.1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 eliminates the Information System Services Division (ISSD) within the Department of Social and Health Services (DSHS), requires that the functions be absorbed by the other administrations, and prohibits DSHS maintaining a similar division in the future.

Section 10 repeals most of RCW 43.105 relating to the Department of Information Services (DIS), thus eliminating the department.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Until expenditures can be determined, we cannot estimate a revenue impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1 – Fiscal Impact is Indeterminate. This section directs DSHS to eliminate ISSD and prohibits maintaining a similar division in the future. ISSD’s responsibilities are to be absorbed by other administrations within DSHS’s current funding levels.

The bill would impact the department’s current and future use of information technology (IT) policies, tools and services by decentralizing IT planning and deployment, and reducing efficiencies and IT cost savings gained through economies of scale. The bill would place the responsibility for all department information technology policy within the individual DSHS administrations, and would require that this be completed without any additional funds. In order to determine the fiscal impact of eliminating ISSD and decentralizing all information technology activities for DSHS, ISSD will need to develop transition plans to move the centralized IT operations to the various DSHS administrations and identify options and impacts for distribution of responsibility for its equipment and infrastructure.

ISSD funding is located in the administrations. ISSD FTEs would need to transfer to the administrations.

- ISSD management of enterprise technologies includes agency-wide responsibility to strategically plan, manage and direct the enterprise. This includes security, policies and standards, site licenses, interoperability between existing and new applications, systems and networks.
- DSHS is heavily dependent on Microsoft technologies and interdependent platforms. The industry roadmap to date requires a degree of central management, offering limited options for distributed management. Historically, this constraint increases with new releases. Central technology solutions are in direct response to industry requirements, often to mitigate security and legal risks. Eliminating central support and shifting to a distributed model challenges the technology

model, introduces security risks, will not benefit from economies of scale, requires expenditures where equipment/resources were previously shared, and in some cases may not be technically feasible.

Section 10 – Fiscal Impact is Indeterminate. This section repeals most parts of RCW 43.105, and closes DIS. In order to determine the fiscal impact from closing DIS, DSHS will need to review the services it currently receives from DIS and develop transition plans.

DSHS, other agencies, and external entities depend on DIS's network infrastructure in support of mission-critical services. In close partnership with DIS, ISSD manages multiple large-scale mission-critical enterprise IT services, impacting DSHS and business partners statewide. External impact includes counties, Indian tribes and local government agencies. Integrated voice and data networks managed by DIS and ISSD provide vital connectivity for more than 18,000 DSHS staff statewide and approximately 2,200 staff in non-profit agencies, county prosecutors and private contractors in more than 350 offices.

- Specific to the Wide Area Network (WAN), the network design and inter-dependent support model is based on resource sharing to leverage economies of scale. This includes network and security design, enterprise-level configuration, bundled purchases, circuit optimization, and ongoing monitoring to ensure uptime requirements are met. DSHS has co-located offices that physically share the network resources, which are centrally managed. It would be very difficult to decentralize management of that shared infrastructure.
- Inventory of key technology or technology program offerings that will be negatively impacted by a distributed model:
 - o Data Center, hosting and housing mission-critical applications, managed by DIS and ISSD
 - o WAN infrastructure, managed by DIS and ISSD in a federated model
 - o Telephone Systems, including Private Branch Exchange (PBX) and Interactive Voice Response Systems (IVR), managed by DIS and ISSD
 - o Enterprise Service Bus, managed by DIS and ISSD in a federated model. The Service Bus manages flow of data within DSHS and between other State and federal agencies
 - o Exchange E-mail, including anti-spam, anti-virus and secure messaging, managed by DIS and ISSD in a federated model
 - o Citrix Virtual WorkPlace, managed by ISSD
 - o BlackBerry Enterprise Service, including Wallace Incident Communicator Infrastructure Emergency Coordinators, managed by ISSD
 - o IT Security program, including coordinated IT and data security policy and practice.
 - o Enterprise Architecture program, which is managed by DIS and supported within DSHS by governance, policies and practice led by staff within ISSD. This program supports data integration and system interoperability.
 - o IT Portfolio Management which is managed by DIS at a state level and supported within DSHS by governance, policies, practice led by staff within ISSD. This program supports decision-making on technology investments that support strategic planning and an enterprise view.
- Additional impacts such as DIS mainframe application support and processing, desktop computer leases, Master Contract usage, shared/leased facilities, and other items will be evaluated as the transition plan develops.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 310-Department of Corrections
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
--

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Ronna Cole	Phone: 360-725-8263	Date: 01/28/2009
Agency Approval: Susan Lucas	Phone: (360) 725-8277	Date: 01/28/2009
OFM Review: Adam Aaseby	Phone: 360-902-0539	Date: 01/28/2009

Request # 029-3

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 8 requires that the proposed law change take effect July 1, 2009.

Section 10 repeals RCW 43.105 the enabling statutes for the Department of Information Services.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The proposed legislation would eliminate the Department of Information Services (DIS) effective July 1, 2009. The Department of Corrections paid DIS \$14.4 Million in Fiscal Year 2008. The attached table outlines the services that are provided by DIS and the cost that DOC paid from that service during FY08. The table also identifies the services that DOC may consider managing rather than contract for the service. Specific costs for each service are subject to Requests for Proposal and will not be known until the RFP process is complete.

The Department currently contracts with DIS for the lease purchase costs of a mainframe system and computers. The impacts to the Department each year for the lease purchase agreement exceeds \$4.2 million per year. The Department assumes that it would be obligated to continue the lease purchase cost for the equipment through the time with which it is financed.

The effective date of the proposed legislation of July 1, 2009 does not allow the Department sufficient time to plan, implement, convert its systems, test, and put into production the services currently hosted by DIS. Therefore, the Department's systems would be inoperable beginning July 1, 2009. These systems include offender data, e-mail, offender records, and retrieval of any electronic information. The Department has no estimation of the time that it would take to bring the systems back into production.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Corrections

DIS Service Description		DOC Strategy to Replace	FY08 Actual Expenditure to DIS	Estimated Impact
1	0291 - PC Sales - DIS brokers IT purchases hardware and software and charges a fee for the service	DOC will contract with a vendor(s) to purchase hardware and software.	\$ 1,891,197	Increase Costs
2	0264 - Leased Equipment - DOC leases equipment from DIS	DOC will contract with a vendor(s) to lease equipment.	\$ 3,106,382	Neutral
3	SCAN summary	DOC will contract with vendor to provide long distance service.	\$ 76,460	Increase
4	0825 - CFN Shared Transport - Physical connection at DIS between DOC equipment and Comcast router	DOC would have no need for this. All our equipment would be located at DOC HQ.	\$ 300	Savings
5	0703 - ATS Transport - Data traverses between DOC Enterprises and local offices throughout the state using the DIS statewide MPLS backbone; Fiber Optic Ring.	DOC would have no need for this. All our equipment would be located at DOC HQ.	\$ 607,413	Savings
6	0704 - ATS DIS Installation - Cost of DIS installing items for DOC	DOC would pay vendor in ATS transport.	\$ 8,200	Savings
7	0784 - ATS Serial Router Port - Physical Connection point of Telco circuit to DIS Node router or switch. DOC pays a port cost of each of our physical locations.	DOC would pay vendor in ATS transport.	\$ 175,695	Increase Costs including one-time
8	0798 - ATS Network Management - DIS charges a network management fee between \$25 and \$100 depending on the type of circuit.	DOC would pay vendor in ATS transport.	\$ 104,316	Savings
9	0799 - ATS Facility Services (Floor Space) - Charge for the space of the computer cabinet at DIS	DOC would use cabinet space at DOC HQ.	\$ 7,200	Savings
10	0832 - IP Routed NWK - Monthly fee for usage of IP Address administration	This is mainframe printer addresses; should probably be done whoever mainframe services are contracted with.	\$ 72	Savings
11	0777 - Dedicated T1/Point to Point Circuit - Vendors charge for the "last mile" circuit (from Telco central office to DOC office) and bills DIS who then passes the charge to DOC. This portion is Telco charges	DOC would pay the vendor directly for these circuits for network connectivity.	\$ 327,787	Savings
12	0807 - Frame Relay Circuit - Monthly and one time charges for vendor provided Ethernet	DOC would pay the vendor directly for these circuits for network connectivity.	\$ 159,738	Savings
13	1356 - Ethernet Service 10M	DOC would pay the vendor directly for these circuits for network connectivity.	\$ 123,362	Increase Cost
14	0792 - Internet Access	DOC would contract with vendor directly for Internet Access.	\$ 15,000	Increase Cost
15	0788 - Sonet Transport - This portion of the MPLS Backbone service is the connection between Telco Central Offices and DIS node locations using DIS owned and managed equipment and owned/leased Telco circuits.	DOC would pay the vendor directly for these circuits for network connectivity.	\$ 93,123	Savings
16	1153 - Sonet Installation	DOC would contract with a vendor which would include installation charges for circuits for network connectivity.	\$ 7,200	Savings
17	1359 - Core Catalyst 10m/100m Port - Monthly port charge for utilizing WAN Core network	DOC would no longer pay for this.	\$ 7,200	Savings

Department of Corrections

18	1291 - Server A` La Carte Service - Cabinet space at DIS	DOC would provide	\$ 12,000	Savings
19	1327 - Multi-Agency Active Directory-Forest - Secure common authentication/authorization platform for state agencies to access applications and a global e-mail address list.	DOC would host their own Active Directory Domain.	\$ 57,804	Increase Cost with start-up equipment needs
20	1371 - Blackberry Hosting Service - Monthly DIS Blackberry device charge. Does not include vendor fees.	DOC would host their own RIM service.	\$ 21,520	Increase Cost
21	1286 - Email List Hosting (LISTSERV) Service - Hosts discussion and one-way mailing lists administered by the customer. Communication services subscribed to by users of lists. Currently have 3 lists, but only use two	DOC would provide distribution lists with external email addresses.	\$ 1,260	Neutral
22	1425 - Enterprise IPSEC VPN Service - Virtual Private Networks enable staff to safely connect to DOC web sites and networks from remote locations.	DOC would host their own VPN service.	\$ 2,040	Increase
23	1337 - SecureID Tokens - VPN tokens for laptop computers	DOC would contract with vendor for VPN tokens.	\$ 6,131	Savings
24	1272 - IPSec Client VPN Remote Access Service - Provides secure communication over public Internet infrastructure resulting in increased efficiency for a mobile workforce and a low-cost alternative to a direct circuit for the remote office.	DOC would host their own VPN services.	\$ 79,530	Savings
25	1320 - Firewall Management	Contract	\$ 36,000	Increase
29	1221 - Tailored Service (CIP-Channel INT) - Customized transport service from customer site to DIS OB2 West Building	Mainframe Application Services (OMNI/OBTS) The Department of Correction's initial strategy would be to contract out these services. The expense to the Department to host mainframe services internally would be enormous. This is primarily due to the number of specialized staff, hardware, and licensing requirements. We would also look at hosting OMNI on a server environment (maintaining OBTS on the mainframe due to software restrictions), although this approach would require application/infrastructure changes and could increase risk during porting and stabilizing on a new platform. However, we feel that this approach would produce a net savings in the long run. Supporting info regarding the mainframe: I. Mainframe: A) Software i) Examples (1) zOS (2) DB2	\$ 77,460	Increase costs including substantial investment for contracting and equipment.
30	0815 - Tailored Services Software Expense - Cost of the software products on the mainframe--DL2, IMS, CICS, DB2, z/OS -IBM software products that run on the mainframe. We are shutting down some of the environments that use these products. (Environ's are like virtual computers-pay licensing based on environment).		\$ 941,000	
31	0877 - Tailored Services Processing - CPU cost. There are 2 Z9s, one is shared with 2 other agencies and one is DOC. They are funded differently. We are buying line 68. We pay for our part of it based on how much CPU usage. Look at our historical use and base fee on that amount. Example if don't go over 350 MIPS, here is the cost. If regularly exceed, then renegotiate--ask if we stay under, also negotiate lower rate. We're using less and less. OMNI running on computer we bought so using less storage and usage.		\$ 4,170,000	
32	0816 - Tailored Services Consulting		\$ 20,730	
33	1444 - DOC OMNI Z9 Only Tailored Svc Proc - Purchase of the Z9--mainframe computer. The one DOC buying		\$ 502,000	
34	1440 - DOC OMNI Storage - Will be going up--will need to buy more storage space. We bought this storage no matter how much we use--line 73 based on usage. This one bought but starting to fill up.		\$ 59,796	

35	0658 - Cartridge Tape - 390 - We backup, how long retention period. Ask Jerry. See line 74-converted to Vtape Ultimately virtual tape gets put on physical tape. Eventually gets backed up to physical--same amount--shouldn't cost reflect. Does this also include backup on some storage media	(3) IMS (4) DL2 (5) CICS (6) RACF (7) SMF/RMF (8) WLM	\$ 23,269	
36	0849 - Cartridge Vaulting - 390 - DIS storing offsite	(9) WebSphere	\$ 12,884	
37	1308 - Disk Archive S/390 - ?	(10) FileAid	\$ 5,364	
38	0686 - Online Disk Gigabyte Hours - This is the shared storage-on line gigabyte hours--we are actually using it--really disk usage-	(11) Backup Productions (12) Omegamon (13) CA	\$ 1,062,000	
39	1309 - Virtual Tape (Vtape) S/390 - Provides customer applications access to tape drives without the need for a physical tape drive for each application.	(14) CA7 (15) Expediter (16) Endeavor (17) Vision Results (DYL280)	\$ 12,884	
40	0981 - Original CD - Cost of DIS provided CDs to DOC	(18) Virtual Tape (19) Host on Demand	\$ 3,600	
41	0107 - 4000 Printing Charges (TSO) - TSO real time--ask report	(20) SAW or equivalent (21) Digital Certificates	\$ 312	
42	0122 - 4000 Printing Charges (Batch) - Provides output with variable printed data, including warrants, earning statements, eligibility letters, financial data, statements of account, JCL printouts, and many other forms of correspondence.	ii) Software Licensing costs iii) Software support B) Hardware i) To support OMNI/OBTS/MSA ap	\$ 6,993	
43	1400 - Security Gateways - Provides secure access to internal government web-enabled applications.	(1) Backups (2) Hardware acquisition costs (3) Hardware support costs (4) Infrastructure	\$ 117,905	
44	0935 - Customer Server Management Services - Description requested from DIS	(a) Physical data center (5) LAN/WAN (6) Security infrastructure	\$ 15,939	
48	1402 - Secure File Transfer-Allocation - Allows almost any two Internet-connected computers to exchange data. Rates based on FTEs	DOC would provide	\$ 35,539	Increase Costs one-time start-up
49	1401 - Security Infrastructure - Protects the perimeter of the Washington State network from cyber threats using a variety of applications and infrastructure providing policy detection, intrusion detection, and security information correlation.	Contract	\$ 143,190	Increase Costs
53	0362 - Policy and Regulation Distribution - Account for the costs of the oversight section of DIS	DOC will not have a need for this.	\$ 114,981	Savings
54	0886 - Studio Webcast - DIS produced videos	DOC will contract with vendor for this service.	\$ 3,144	Increase Cost
55	0890 - Produced Video	DOC will provide service.	\$ 9,382	Neutral
56	1321 - Audio/Video Streaming	DOC will provide service.	\$ 6,475	Small Increase
57	1376 - Media Buy - DIS brokered media buy	DOC will provide service.	\$ 16,875	Small Increase
58	1296 - Web Project Development	Replaced with SharePoint.	\$ 16,000	Savings
59	1323 - Ask George web search	DOC will contract with vendor	\$ 3,200	Small Increase
60	1399 Access Washington/Inside Washington - Access Washington, the official state government Web Site, is the Internet portal to hundreds of online services and information.	DOC will host, secure and link to other agencies.	\$ 90,993	Increase
61	0136 - Form 8021 - 9 x 11 9510AJ and 1334 - Form 0001 - 11 X 8.5	DOC will buy the license.	\$ 5,955	Savings
62	0876 - Shared Web Hosting - Web hosting	DOC will provide service.	\$ 3,540	Increase

Department of Corrections

64	0841 - CFN Transport SR	DOC would have no need for this. All our equipment would be located at DOC HQ.	\$ 600	Savings
65	1439 - OBII East/West Route - Physical connection at DIS between DOC equipment and Comcast router	DOC would have no need for this. All our equipment would be located at DOC HQ.	\$ 300	Savings
66	1020 - Secure (Fortress) Access Services	This service changed to security gateways (#43) and is no longer needed.	\$ 1,750	Savings
67	Increased support for help desk 24/7	Would need 5 FTE's at ITS3 level.	New activity	Increase

**FY08 Actual
Expenditures**
\$14,410,990

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 350-Supt of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
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The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Quynh Vu	Phone: 360 725 6297	Date: 01/30/2009
Agency Approval: Berge JoLynn	Phone: 360725-6293	Date: 01/30/2009
OFM Review: Amy Skei	Phone: 360-902-0572	Date: 01/30/2009

Request # SB 5256-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Senate Bill (SB) 5256, section 6, part 2 states that the Office of the Superintendent of Public Instruction (OSPI) shall provide staffing to the K-20 Education Network Board. The Department of Information Services currently provides staffing to the K-20 Board and those duties would be transferred to OSPI.

Section 10 repeals most of RCW 43.105 relating to the Department of Information Services (DIS), thus eliminating the department. If this section should pass, OSPI would have to replace the services provided by DIS with other vendors.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Fiscal impact is indeterminate.

Section 6 - The K-20 Education Network Board meets four times per year. The support includes the annual costs associated with a .3 FTE. Those costs are \$43,333 for salary and benefits, \$11,031 for goods and services, \$3,200 for travel, and \$5,000 for one time setup costs. Assuming that the technical portion of the K-20 board support is contracted out (as it is currently to NCI) at a rate of \$115.60/hr. the cost per year for a purchase service contract would be \$66,586. This is based on 4 meetings per year x 18 person days per meeting x 8 hours per day, which is 576 total hours times the rate of \$115.60. Tasks include agenda development, presentation materials preparation, publication and distribution, presenter coordination, facilities engineering, and policy issue research activities.

Section 10 – Fiscal impact is indeterminate. This section repeals most parts of RCW 43.105, and eliminates the department. On average, the Office of the Superintendent of Public Instruction (OSPI) receives less than \$40,000 per month of services from Department of Information Services (DIS). In order to determine the fiscal impact from closing DIS, OSPI will need to review the services it currently receives from DIS and gather quotes from other vendors to replace the services formerly provided by DIS. Currently, OSPI does not use as many DIS services as other agencies but receives data communications, telecommunications, leasing & brokering, security, consulting services, and website services from DIS.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 365-Washington State University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
--

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Kelley Westhoff	Phone: 5093350907	Date: 01/26/2009
Agency Approval: Matt Skinner	Phone: 509-335-1836	Date: 01/26/2009
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 01/29/2009

Request # -1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The bill provides that as of January 1, 2010 DIA and ISB will no longer exist. Services currently received from those departments will need to be absorbed internally or outsourced to third parties.

Under the language of the original law (RCW 43.105.360) the Department of Information Services (DIS) in consultation with Washington State University was to identify and make publicly available a web directory of public facilities that provide community technology programs throughout the state. The proposed bill places responsibility for the web directory solely on WSU.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

There are two potential impacts from this bill

1. The proposed amendment would shift the obligation to "...identify and make publicly available a web directory of public facilities that provide community technology programs throughout the state." from DIS to WSU. As currently written the size and scope of the project is unclear. For fiscal note purposes WSU assumes at a minimum, the project would involve a statewide study to identify public facilities that provide community technology programs to be listed on the web directory. The cost of the project will vary depending upon the definition of "public facility", and how many entities must be surveyed. Depending upon the definition of "public facility" applied; this might range from a contact population of between several hundred and (conceivably) several thousand. Data management, analysis, cataloging, indexing, creation of an accessible web format, maintenance and updating would add to the workload and fiscal impact. For purposes of this request, it is assumed that the most restrictive interpretation of "public facility" would apply we would expect the cost to be approximately \$178,000 in the first year and on-going costs of \$32,000 per year.

2. Based on the lead agency assumptions provided, DIS would be eliminated with individual agencies left to determine how those services will be acquired. A variety of services currently provided by DIS could be outsourced or absorbed into WSU operations. The state requires that all WSU transactions be transmitted to the state's accounting system each month. This includes all payroll, healthcare data, benefits, vendor payments, general ledger transactions, appropriations, capital appropriations, budgets, etc. DIS facilitates these transfers. The cost for WSU to create and maintain a similar interface with the state would be substantial.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 461-Department of Ecology
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
--

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Allen Robbins	Phone: 360-407-7099	Date: 02/02/2009
Agency Approval: Patricia McLain	Phone: 360-407-7005	Date: 02/02/2009
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/02/2009

Request # 09-037-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Under current law, information technology functions at the Department of Ecology are operated using different kinds of computer technology and services. Ecology has the primary responsibility for operating many of these services; others are managed cooperatively or by other agencies, primarily the Department of Information Services. This bill would eliminate the Department of Information Services, effective January 1, 2010.

Section 1 would reorganize information technology functions within the Department of Social and Health Services.

Sections 2 through 5 would eliminate references to the Department of Information Services and its role in statutes related to the State Library, the Attorney General's Office, Community, Trade, and Economic Development, and Washington State University.

Section 6 would change the makeup of the K-20 Educational Network Board, and section 7 would move to the General Fund the remaining funds in the Data Processing Revolving Fund, the K-20 Technology Account, and the Education Technology Revolving Fund.

Sections 8 and 9 would set effective dates for the preceding sections.

Section 10 would repeal several statutes related to the establishment and ongoing operations of the Department of Information Services (DIS).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 10 is understood to eliminate the Department of Information Services (DIS), by repealing statutory provisions for its establishment and ongoing operations, effective January 1, 2010.

In order to provide continuity of agency functions, the transition from managing Information Technology (IT) through and with DIS to non-DIS alternatives would be very complex. Based on past experience with major IT projects, we are unable to make reasonable assumptions on which to base estimation of the workload and costs of transitioning major systems within six months or a year. IT transitions at the proposed scale and time frame would require defining, planning, and making investments in most systems simultaneously, since most require inter-operability, then testing their interoperability, training users in new procedures and software, and bringing the new systems on-line in a way that maintains data integrity and continuity of operations. Requirements for new infrastructure, software, staff, contracts, and contract negotiations are complex and costly for individual systems and services, and indeterminate at this time at the

scale proposed. Also, the timeframe given is not sufficient to allow Ecology to apply our existing successful approaches to system development. There would not be time to perform due diligence in implementing the required systems, contracts, and staff, and account for the intangibles needed for a safe and functioning computing environment. Therefore, the financial impact would be very large, but is indeterminate at this time.

Ecology relies on DIS for a number of statewide, enterprise-wide functions and services. The current DIS billing for Ecology is approximately \$5,150,000 for the 07-09 biennium. Ecology assumes that access to budget, fiscal, and other data systems would revert back to other central service agencies to manage and would continue to be billed at the same rate. Other DIS services we receive include:

- Internet Hosting - Includes web applications, content management, Geographic Information Systems (GIS) –including statewide repository for Orthoimagery data, Web search, URL redirects and backups, secure access, and Fortress
- Telecommunications - Includes Simon, Scan, Scan Plus, cell phones and cell phone vendor contracts, instant messaging, SCAN directory, land line directory, and toll-free number services.
- Networking - Includes hardware, software, and services for MPLS, network monitoring tools, VPN concentrators, WebEx servers, Blackberry Enterprise Server, and vendor hardware contracts.
- Exchange – Includes AD domain, global addresses, servers, licenses, and premier support maintenance contract.
- Security - Includes disaster recovery activities and hardware, anti-malware, anti-spam, intrusion detection, security monitoring, and portfolio management.
- Contract Management - Includes management of multiple contracts for hardware, software, Microsoft renewal (select and software assurance), cell phone vendor management, and tracking contracts, payments, and licensing.
- 24/7 Support - Includes infrastructure for 24/7 monitoring and support of network activities.

One of the largest impacts to Ecology is in the telecommunications area. Ecology is totally dependent on DIS (and their contract vendors) for land line phone use (non-PBS type system) and the associated services of SIMON, SCAN, and SCAN Plus. Ecology also functions as an “anchor tenant” for central office phone lines (Centrex) and accounts for a negotiated base number of phone lines so that other smaller agencies can benefit from Centrex aggregated phone line costs in an “economies of scale” mode.

There are also intangible benefits Ecology is currently realizing, like the efficiencies gained through a global address list, and economies of scale, such as the aggregate purchasing power for IT software and goods. These would have financial impacts for operational inefficiencies and purchasing costs, but at this time, in the absence of a well-defined alternative, we have no basis for making reasonable assumptions about the size of these impacts.

We assume the services and functions listed above would be managed using a combination of the following approaches:

- 1) Ecology would manage the function or service in-house. This would require purchasing start-up equipment and software, start-up staff, training, and ongoing staff to manage and maintain the new assets and functions.
- 2) Ecology would out-source the functions or services. This would require staff resources to negotiate and develop new contracts, and ongoing staff resources to manage the contracts.
- 3) Ecology would partner with other agencies to gain back some of the aggregate purchasing power and enterprise-wide coordination lost with the elimination of DIS.
- 4) Some shared equipment and infrastructure (such as state networks and campus fiber) would be transferred to another

state agency to be managed, and Ecology would continue to be billed based on usage.

If a specific mix of these alternatives could be settled upon, we could begin estimating costs. However, given the scale of changes required, the simultaneous nature of the system development requirements, and the time frame, the financial impact is indeterminate at this time.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 490-Department of Natural Resources
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
--

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Eric Fiedler	Phone: 360-902-2165	Date: 01/30/2009
Agency Approval: Bonnie Bunning	Phone: (360) 902-1603	Date: 01/30/2009
OFM Review: David Giglio	Phone: 360-902-0654	Date: 01/30/2009

Request # 09-14-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 10 eliminates the Department of Information Services (DIS) and the Information Services Board effective January 1, 2010. All current DIS service offerings will no longer be provided, such as the state data center, mainframe support, state networks, etc.

This will require DNR to replace the services it currently receives from DIS. These will include, but not limited to: (1) converting remaining mainframe applications and Master code tables that currently run on the DIS mainframe to run within the DNR application infrastructure; (2) obtain and maintain our own wide-area-network connectivity circuits; (3) take over the mail servers currently being hosted at DIS and provide email support and backup services; (4) obtain new telephone services; (5) provide secure remote access to State and DNR networks; (6) create lists of preferred vendors for personal and purchased services, and hardware/software acquisitions; (7) provide internet service; (8) recreate security firewalls and manage access to applications and datasets currently managed by DIS; and (9) provide servers and storage for statewide orthophoto imagery currently housed by DIS' ArcGIS server and Image server.

It is also unknown how the elimination of DIS would impact DNR's interaction with other state agencies and systems such as the state accounting system and the Human Resource Management System. Operating costs of all the central service agencies could be affected and passed along to other state agencies. Lack of standardized systems and software amongst state agencies might create new costs.

The cost for assuming DIS services and the related impacts are indeterminate. DNR currently spends approximately \$3,000,000 per biennium for DIS services. Assuming these services would drive a combination of one-time transition costs -- including the purchase of servers, other hardware, and software plus new staff and private contractors -- and ongoing costs for staff to manage and maintain these systems and services. To successfully plan and implement this complicated transition by January 1, 2010 would require significant effort. Once the transition is completed, it is possible that DNR's costs would be similar to its current DIS costs if equivalent levels of service and quality are achieved.

This bill is effective July 1, 2009. Per lead agency assumptions, the elimination of DIS is effective January 1, 2010.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No Impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

No Impact.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No Impact.

Individual State Agency Fiscal Note

Bill Number: 5256 SB	Title: Information technology	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.
--

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Preparation: Bryce Carlen	Phone: 360-438-4028	Date: 01/27/2009
Agency Approval: Randi Warick	Phone: 360-902-9423	Date: 01/27/2009
OFM Review: Tammy Hay	Phone: 360-902-0553	Date: 01/28/2009

Request # 015-ITSD-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 amends RCW 43.20A.060 to permanently eliminate the department of social and health services (DSHS) information technology unit. Administrations within DSHS are directed to absorb current information technology responsibilities within present funding levels.

Section 2 amends RCW 43.105.290 to remove the department of information (DIS) services from assisting with the establishment of an electronic information locator system so the public can access electronic public records.

Section 3 amends RCW 43.105.340 by requiring the attorney general's office, instead of the department of information services, to coordinate state agencies efforts to develop a consumer protection website.

Section 4 amends RCW 43.105.350; because later portions of SB5256 eliminate DIS entirely, Section 4 removes references to DIS' gathering of information in its role as a member of a statewide high speed internet working group.

Section 5 amends RCW 43.105.360 by removing the department of information services from assisting Washington State University in implementing a web directory of community technology programs across the state by January 1, 2009.

Section 6 amends 43.105.800 by decreasing the K-20 board from eleven voting members to nine. It also removes the authority of the director of the department of information services to serve on the board in any capacity or appoint a designee to serve. It directs that the chair be elected by a majority vote of the voting members.

Section 7 adds a new section to transfer all funds remaining in the data processing revolving fund, K-20 technology account, and education technology revolving fund as of January 1, 2010 to the state general fund.

Section 8 adds a new section. This act takes effect July 1, 2009.

Section 9 adds a new section. Sections 2 through 7 take effect January 1, 2010.

Section 10 adds a new section that repeals acts pertaining to the establishment, purpose, and duties of the Department of Information Services and Information Services Board. It eliminates the DIS and the Information Services Board (ISB), by repealing DIS' and the ISB's enabling legislation.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This bill does not impact cash receipts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

SECTION 1 removes the Department of Social and Health Service's (DSHS) Information Systems Services Divisions' (ISSD) responsibilities and transfers them to Administrations within DSHS. There is little expected impact on the Employment Security Department from this section of the bill. Most of the DSHS systems used by ESD in support of WorkFirst are already administered by DSHS' economic services administration. ESD assumes that central Information technology functions currently provided by ISSD, such as security and networking for DSHS, are transferred to other DSHS administrations.

SECTION 10 abolishes the Department of Information Services (DIS) and the Information Services Board (ISB) effective January 1, 2010; thereby eliminating the technology services currently provided by DIS. The resources managed by DIS, include not only the data centers, but the statewide voice and data networks. ESD, along with other agencies, have significant investment in this infrastructure. The elimination of DIS will have an immediate effect on ESD. The impacts will be of great financial and operational significance; however, the fiscal impact of replacing the DIS services is indeterminate at this time.

In FY 2008 ESD received approximately \$8 million worth of services from DIS. The following current service offerings received by ESD will no longer exist:

- The state data center that houses the majority of ESD servers which host key applications such as the ESD agency website, imaging applications, administrative systems, and file and print servers.
- Mainframe services that support the ESD mission critical tax and benefits systems.
- Warrant processing for ESD Unemployment Insurance benefits.
- Project management and oversight services.
- The DIS-provided statewide network that connects ESD field offices.
- Virtual Private Network services which enable staff to access remotely the statewide network.
- Statewide Controlled Area Network (SCAN) long distance and conferencing calling services.
- All statewide Master contracts currently held by the Department of Information Services (DIS) from which ESD purchases IT commodities like PCs, wireless phone and related services.

ESD will also lose the benefits of DIS' aggregate purchasing power for software and IT commodities; examples include including Microsoft, Oracle and Adobe applications which are in everyday use across the state. DIS also provides consultative assistance in the administration of these contracts which would be difficult to replace. Finally, there are a countless products and services currently available through DIS for which ESD will be required to expend time and resources to find other providers. An abbreviated list includes Active Directory Services, Blackberry Services, Conferencing Services, Directory Assistance, Directory Services, Enterprise Active Directory Services, Fortress Services, Online Phone Directory, SCAN Books, TechMall, and Video Production Services.

Given the breadth of the impact of the loss of these services, it is not possible to predict with any degree of certainty how the total cost of like or similar services on the open market would compare to the cost of such services purchased from DIS today. ESD estimates a transition away from DIS could take three to five years to complete. The extended timeframe is due largely to the complexity of the services managed by DIS and the need to maintain linkages to numerous

other state agency systems which would also be undergoing a concurrent migration.

In order to accomplish a transition, ESD would utilize a mixture of three strategies including all of the following:

- (1) contracting for services;
- (2) creating the internal infrastructure and network internally;
- (3) partnering with other agencies (this could include either partnering on outside contracts or on internally developed infrastructure).

Some of the services currently provided by DIS, e.g. mainframe computing services, are highly specialized, and the transition would be costly, complex, difficult, and risky. There is also a major privacy issue associated with transferring critical systems which house confidential data (social security numbers and wage data on all workers in Washington) to an outside contractor.

Finally, ESD will need to immediately begin developing application interfaces and processes that would enable ESD to continue communication and data sharing with other agencies.

This bill would lead to increased support costs and complexities for ESD, starting immediately. Costly and timely modifications will be required on all of ESD's mission critical applications. Additionally, with the removal of DIS as the manager of the statewide IT security infrastructure, ESD would need to invest in new IT security staff and equipment to maintain the appropriate level of security for its key applications. ESD will need to hire additional staff to procure and manage IT contracts. More billing and fiscal staff will be necessary to accommodate the increase in telecommunications and networking invoices from a multitude of new providers. Furthermore, ESD will incur increased facility charges due to the hiring of new staff, potential equipment space needs, and computer data center support requirements.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

This bill would not impact the capital budget. The department assumes any additional space needs would be leased facilities.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5256 SB	Title: Information technology
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Staff time to replace existing contracts for goods and services; potentially higher ongoing costs for some services.
- ☒ Counties: Staff time to replace existing contracts for goods and services; potentially higher ongoing costs for some services.
- ☒ Special Districts: Staff time to replace existing contracts for goods and services; potentially higher ongoing costs for some services.
- ☐ Specific jurisdictions only: Staff time to replace existing contracts for goods and services; potentially higher ongoing costs for some services.
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Staff time to replace existing contracts for goods and services.
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: The amount of staff time to replace existing contracts and the difference in cost to replace existing goods and services.

Estimated revenue impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$					

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Alice Zillah	Phone: 360-725-5035	Date: 01/30/2009
Leg. Committee Contact: Aaron Gutierrez	Phone: 360-786-7448	Date: 01/20/2009
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/30/2009
OFM Review: Regan Hesse	Phone: 360-902-9820	Date: 01/30/2009

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

The legislation would eliminate the Department of Information Services (DIS), the Information Services Board, and the information services division of the Department of Social and Health Services (DSHS).

Cities, counties, fire districts, hospital districts, ports and other qualified special districts receive a broad range of services from DIS. These services include technology brokering (purchasing technology goods and services from the state master contract), SCAN long distance, conference calls, internet services, wide area network services, and enterprise technology services. In fiscal year 2008 the value of contracts with DIS totaled \$7,725,357 for cities, \$7,909,079 for counties, \$286,758 for fire districts, \$1,604,264 for hospitals, and \$1,425,290 for ports. In addition, many local governments lease equipment through DIS's Certificate of Purchase (COP) program.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

The legislation would have an indeterminate, but likely substantial impacts on local government.

Cities, counties, fire districts, hospital districts, ports and other qualified special districts receive a broad range of services from DIS. These services include technology brokering (purchasing technology goods and services from the state master contract), SCAN long distance, conference calls, internet services, wide area network services, and enterprise technology services. Cities' contracts with DIS for all services totaled \$7,725,357 in 2008. Counties' contracts totaled \$7,909,079 for the same time period. The total for fire districts, hospital districts, and ports was \$3,316,312. Other special districts also have contracts with DIS but those figures were not immediately available. All of these contracts and corresponding costs would be terminated. However, the Local Government Fiscal Note Program (LGFN) assumes that local governments would need to replace the services and goods they receive through DIS.

One large county estimated costs to process one technology-related bid at approximately \$35,920. That county processed 231 transactions in 2008, and of those, they estimated that 150 would have required the county to go through a bid process if they had not purchased through the DIS-managed state master contract. This county estimated that utilizing the DIS master contract and technology brokering services resulted in a savings of \$4,500,000 for 2008.

The large variation among local government districts in the services and goods received through DIS, and the staff time required to replace those services and goods, make it difficult to accurately assess the financial impact of the legislation on local government.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The legislation would have no impact on local government revenue.

SOURCES

Pierce County Information Technology Department
Association of Washington Cities
Department of Social and Health Services
Department of Information Services