Multiple Agency Fiscal Note Summary

Bill Number: 3178 P S HB	**Title:** State govt technology use

Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Personnel	0	0	0	(170,301)	0	(74,638)
Total $	**0**	**0**	**0**	**(170,301)**	**0**	**(74,638)**

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 26703

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Joint Legislative Systems Committee	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	2.3	687,933	687,933	1.0	268,425	268,425	.0	(25,253)	(25,253)
Department of Personnel	.0	0	0	.0	0	(170,301)	.0	0	(74,638)
Department of Revenue	Fiscal note not available								
Department of Information Services	Fiscal note not available								
Washington State Patrol	.0	(42,105)	(144,443)	.0	(47,335)	(162,383)	.0	26,043	89,344
Department of Labor and Industries	.0	0	(424,000)	.0	0	(626,000)	.0	0	(381,000)
Department of Licensing	.0	0	118,042	.0	(2,000)	(147,452)	.0	(1,000)	(148,596)
Department of Social and Health Services	Fiscal note not available								
Department of Health	Fiscal note not available								
Department of Corrections	.0	0	0	.0	(1,004,339)	(1,004,339)	.0	(914,402)	(914,402)
University of Washington	Fiscal note not available								
Washington State University	Fiscal note not available								
Eastern Washington University	Fiscal note not available								
Central Washington University	Fiscal note not available								
The Evergreen State College	Fiscal note not available								
Western Washington University	Fiscal note not available								
Department of Transportation	.0	0	275,000	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	(23,922)	(95,682)	.0	(18,291)	(73,161)	.0	(9,209)	(36,839)
Employment Security Department	.1	0	25,000	.0	0	(84,000)	.0	0	106,000
Community and Technical College System	Fiscal note not available								
Total	2.4	$621,906	$441,850	1.0	$(803,540)	$(1,999,211)	0.0	$(923,821)	$(1,385,384)

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

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

** See local government fiscal note

FNPID 26703

Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Labor and Industries						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Department of Licensing						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Employment Security Department						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Washington State Patrol						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total $	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Prepared by: Tristan Wise, OFM	**Phone:** (360) 902-0538	**Date Published:** Preliminary

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

** See local government fiscal note

FNPID 26703

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 038-Joint Legislative Systems Committee

Part I: Estimates

[X] **No Fiscal 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:

[ ] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Larry Watilo	Phone: 360-786-7002	Date: 02/23/2010
Agency Approval:	Cathy Munson	Phone: 3607867725	Date: 02/23/2010
OFM Review:	Mike Steenhout	Phone: 360-902-0554	Date: 02/23/2010

Request # LSC-FN1002-1

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.

As stated in Section 14 of proposed legislation, the Legislative Service Center (LSC) will participate in a pilot study, at the direction of DIS and OFM, to determine the feasibility of applying application managed services to existing IT portfolios. LSC's partication is anticipated to require the equivalent of one half-time FTE for the period between April and September, 2010. LSC will use existing staffing resources to conduct assessment.

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.

ASSUMPTONS:
Proposed legislation would require agency to dedicate the equivalent of one half-time FTE to complete IT portfolio assessment, complete pilot reporting, correspond with pilot principals, and attend pilot meetings. Assessment will leverage LSC's existing application program area life-cycle management documents and other information. The anticipated timeframe spans April through September, 2010.

LSC will use existing staffing resources to complete assessment. Related pilot project costs absorbed will be: FY2010 - Object A $13,650; Object B $2,931 FY 2011 - Object A $13,650; Object B $2,931

Agency has applied a definition of "application managed services" to include application product life-cycle management and support.

FISCAL NOTE CONSTRAINTS:
Fiscal note instructions define application managed services to mean "outsourcing some or all of the work associated with maintaining or operating existing applications."

Costs beyond the assessment phase of the pilot project can not be determined 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: 3178 P S HB	Title: State govt technology use	Agency: 105-Office of Financial Management

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.3	4.3	2.3	1.0	0.0
Account					
General Fund-State 001-1	30,930	657,003	687,933	268,425	(25,253)
Total $	30,930	657,003	687,933	268,425	(25,253)

Estimated Capital Budget Impact:

Total $						

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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Stephanie Lidren	Phone: 360-902-3056	Date: 02/23/2010
Agency Approval:	Aaron Butcher	Phone: 360-902-0406	Date: 02/23/2010
OFM Review:	Cheri Keller	Phone: 360-902-0563	Date: 02/24/2010

Request # 091-2

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.

Section 3 requires agencies to purchase wireless devices or service through state master contracts unless a waiver is received from the Office of Financial Management.

Section 5 (1)(a) states that the Department of Information Services may develop a personal computer replacement policy for all personal computers owned or leased by state agencies. The policy must include a replacement cycle of at least five years. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 6 requires agencies to develop data storage policies to achieve greater storage efficiency. The Department of Information Services shall offer tiered data storage services to state agencies.

Section 7 requires the Department of Information Services in collaboration with the Office of Financial Management to conduct a detailed inventory of all information technology assets owned or leased by state agencies.

Section 8 (2) requires the Office of Financial Management to establish policies and standards consistent with portfolio-based information technology management to govern the funding of projects developed under this section.

Section 8 (4) (a-c) requires prior approval from the Office of Financial Management to purchase or implement new technology projects and to purchase or upgrade specified hardware and software during 2009-2011 biennium. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 9 (1) requires that the Office of Financial Management's operating budget instructions to agencies include instructions for collecting cost information on technology projects.

Section 9 (2) requires the Governor's budget to include an information technology plan that will include a list of all of the proposed projects, their future costs, and measurable metrics. This information must be submitted electronically. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 9 (4) requires the Office of Financial Management to institute a method of accounting for information technology-related expenditures, including creating common definitions for what constitutes an information technology investment. The Director of the Office of Financial Management shall report total state expenditures on information technology by funding source and by object of expenditure. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 10 requires the Director of the Office of Financial Management to establish policies and standards governing the funding of major information technology projects as required under RCW 43.105.190(2), and direct the collection of additional information on information technology projects and submit an information technology plan as required under section 9 of this act. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 11 (1) (a) requires the Information Services Board to coordinate with the Office of Financial Management to develop contracting standards for information technology acquisition and purchased services and will work with state agencies to ensure deployment of standardized contracts. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 12 requires the Department of Information Service, in coordination with the Information Services Board and the Office of Financial Management, to evaluate agency budget requests for major information technology projects identified under RCW 43.105.190, including those proposed by the superintendent of public instruction, in conjunction with educational service districts, or statewide or regional providers of K-12 education information technology services.

Section 14 (1) requires the Department of Information Services, in conjunction with the Office of Financial Management, to direct and coordinate pilot projects for four state agencies to demonstrate the value of application managed services. These four pilot agencies are the Department of Transportation, the Department of Social and Health Services, the legislative service center, and the Office of Financial Management. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 14 (4) requires the Department of Information Services and the Office of Financial Management to prepare a report of the findings of the pilot assessments by September 1, 2010, and a final report of the pilot results by June 30, 2011. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 15 (1) requires the Information Services Board, with the assistance of the Department of Information Services and the Office of Financial Management, to identify the most reasonable strategies that will achieve the savings identified in the omnibus appropriation act. The analysis shall identify savings by agency and fund that will result from the implementation of these strategies.

Section 15 (2) requires the Office of Financial Management to work with the appropriate state agencies to generate savings that arise pursuant to this act from the improved acquisition and delivery of information technology products and services. This section has a fiscal impact to OFM. Please see section II C of the fiscal note for more details.

Section 17 changes the Data Processing Revolving Fund to an appropriated account.

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 3 - since OFM currently uses state master contracts for wireless devices or services there is no fiscal impact.

Section 5 - savings in the amount of $86,519 in fiscal year 2011 and $111,067 fiscal year 2015 are estimated. Additional costs of $705 in fiscal year 2012, and $85,814 in fiscal year 2014 are estimated. Both the savings and cost estimates are from extending the PC/Notebook replacement cycle to five years.

Section 6 - until the tiered data storage services are developed by DIS we cannot calculate the fiscal impact of this section.

Section 8 - it is estimated that OFM will need one additional FTE for fiscal year 2011 to manage the workload associated with this section.

Section 9 – it will be the Office of Financial Management's responsibility to collect the data necessary to meet the requirements of this section. In direct response to this bill, certain OFM systems will need to be modified to capture the data. We estimate the cost of the enhancements that cannot be absorbed will be $80,000. If more in-depth data is needed to support the outcomes of the work in subsection (4), more substantial system changes, or possibly new systems, may be needed. We cannot estimate these system costs until the subsection (4) definition work is completed. In addition to the system costs, it is estimated that OFM will need one additional FTE through June 30, 2013, to manage the workload associated with subsection (4).

Section 10 - it is estimate that OFM will need an additional 0.5 FTE to manage the data gathering, analysis, and reporting related to the information technology plan referenced in this section and section 9.

Section 11 – it is estimated that OFM will need an additional .25 FTE for 9 months in OFM's Contracts Unit to assist in developing standards.

Section 14 - it is assumed that "application managed services" refers to contracted services to maintain and/or operate existing applications, but not to make significant enhancements to the applications. The requested assessment would determine whether using these kind of contracted services would provide a net benefit to the agency. OFM assumes the assessment would cover things like:

- Reviewing the current application maintenance and operations work processes
- Assessing the current tools, infrastructure and processes against best practice models
- Identifying gaps between the current state and the best practices and other improvement opportunities
- Estimating the cost to make the changes necessary to close the gaps
- Estimating the difference in costs between maintaining and operating applications in the current state and in the improved state
- Providing a recommendation on how to proceed

OFM currently maintains and operations about 90 applications; approximately 70% of these are medium to large applications. It is estimated that 14 to 20 FTEs are involved in application maintenance and operations, depending on whether application training and help desk work is considered to be part of this category. OFM assumes hiring a contractor to conduct such an assessment; an assessment for our scale of an organization would require three to four months of elapsed time and would will cost between $80,000 and $120,000.

Section 15 - it is estimated that OFM will need one additional FTE for the period of April 1, 2010 - June 30, 2011 to accomplish the workload of this section.

Cost assumptions:
Miscellaneous goods and services and travel have been calculated and included for all FTEs.

$80,000 in contract dollars are included to modify the necessary OFM systems.

$85,000 in contract dollars are included for the application managed services assessment.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.3	4.3	2.3	1.0	
A-Salaries and Wages	19,500	351,672	371,172	173,832	
B-Employee Benefits	4,830	84,900	89,730	41,088	
C-Personal Service Contracts		165,000	165,000		
E-Goods and Services	6,000	102,000	108,000	48,000	
G-Travel	600	10,200	10,800	4,800	
J-Capital Outlays		(56,769)	(56,769)	705	(25,253)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$30,930	$657,003	$687,933	$268,425	$(25,253)

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Budget Analyst	78,000	0.3	3.0	1.6		
Contracts Specialist	82,032		0.3	0.1		
Financial Coordinator	86,916		1.0	0.5	1.0	
Total FTE's	246,948	0.3	4.3	2.3	1.0	0.0

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.

2009-2011 STAFF AND SUPPORT COST ESTIMATES

2/23/2010

TITLE	RANGE	SALARIES	JUL 11	AUG 11	SEPT 11	OCT 11	NOV 11	DEC 11	JAN 12	FEB 12	MAR 12	APR 12	MAY 12	JUN 12	SFY 10 YEARS TOTALS
Acctg															
3178-PSHB (acctg 11-13)															
0.00															
Financial Coordinator	0.0	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	86,916
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STAFF MONTH TOTAL			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	12.00
Staff Bodies														Total FTE's	1.00
SALARIES TOTAL	**A**		7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	7,243	86,916
BENEFITS															
OASI .0765 $72,900-00, $75,600-01 (.0620 OASI, .0145 MEDICARE)			554	554	554	554	554	554	554	554	554	554	554	554	6,648
RETIREMENT .061 SFY08, .061 SFY09			442	442	442	442	442	442	442	442	442	442	442	442	5,304
HEALTH $707 IN SFY08, $707 IN SFY09 PER STAFF MONTH			707	707	707	707	707	707	707	707	707	707	707	707	8,484
IND. INS./MED. AID PER STAFF MONTH		9.45	9	9	9	9	9	9	9	9	9	9	9	9	108
BENEFITS TOTAL	**B**		1,712	1,712	1,712	1,712	1,712	1,712	1,712	1,712	1,712	1,712	1,712	1,712	20,544
GOODS & SERVICES PER STAFF MONTH		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
LEASE COSTS PER PERSON PER MONTH		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
GOODS AND SERVICES TOTAL	**E**		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
TRAVEL PER STAFF MONTH		200	200	200	200	200	200	200	200	200	200	200	200	200	2,400
TRAVEL TOTAL	**G**		200	200	200	200	200	200	200	200	200	200	200	200	2,400
EQUIPMENT COSTS ONE TIME CHARGE		7,000	0	0	0	0	0	0	0	0	0	0	0	0	0
EQUIPMENT TOTAL	**J**		0	0	0	0	0	0	0	0	0	0	0	0	0
0.00			0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	**0.00**		0	0	0	0	0	0	0	0	0	0	0	0	0
STATE		100.00%													133,860
FEDERAL		0.00%													0
LOCAL		0.00%													0
TOTAL FUNDS			11,155	11,155	11,155	11,155	11,155	11,155	11,155	11,155	11,155	11,155	11,155	11,155	133,860
STAFF MONTHS															
Financial Coordinator			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

2009-2011 STAFF AND SUPPORT COST ESTIMATES

2/23/2010

Acctg																	
3178-PSHB (acctg 11-13)																	
0.00															SFY 11	09/11	11/13
															YEARS	BIEN	BIEN
TITLE	RANGE	SALARIES	JUL 12	AUG 12	SEPT 12	OCT 12	NOV 12	DEC 12	JAN 13	FEB 13	MAR 13	APR 13	MAY 13	JUN 13	TOTALS	TOTALS	TOTALS
Financial Coordinator	0.0	7,243	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	89,520	176,436	179,040
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STAFF MONTH TOTAL			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	12.00	24.00	24.00
Staff Bodies														Total FTE's	1.00	2.00	2.00
SALARIES TOTAL	**A**		7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	89,520	176,436	179,040
BENEFITS																	
OASI .0765 $72,900-00, $75,600-01 (.0620 OASI, .0145 MEDICARE)			571	571	571	571	571	571	571	571	571	571	571	571	6,852	13,500	13,704
RETIREMENT .061 SFY08, .061 SFY09			455	455	455	455	455	455	455	455	455	455	455	455	5,460	10,764	10,920
HEALTH $707 IN SFY08, $707 IN SFY09 PER STAFF MONTH			707	707	707	707	707	707	707	707	707	707	707	707	8,484	16,968	16,968
IND. INS./MED. AID PER STAFF MONTH		9.45	9	9	9	9	9	9	9	9	9	9	9	9	108	216	216
BENEFITS TOTAL	**B**		1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	20,904	41,448	41,808
GOODS & SERVICES PER STAFF MONTH		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	24,000	24,000
LEASE COSTS PER PERSON PER MONTH		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	24,000	24,000
GOODS AND SERVICES TOTAL	**E**		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	48,000	48,000
TRAVEL PER STAFF MONTH		200	200	200	200	200	200	200	200	200	200	200	200	200	2,400	4,800	4,800
TRAVEL TOTAL	**G**		200	200	200	200	200	200	200	200	200	200	200	200	2,400	4,800	4,800
EQUIPMENT COSTS ONE TIME CHARGE		7,000	7,000	0	0	0	0	0	0	0	0	0	0	0	7,000	7,000	0
EQUIPMENT TOTAL	**J**		7,000	0	0	0	0	0	0	0	0	0	0	0	7,000	7,000	0
0.00			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	**0.00**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STATE		100.00%													143,824	277,684	273,648
FEDERAL		0.00%													0	0	0
LOCAL		0.00%													0	0	0
TOTAL FUNDS			18,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402	143,824	277,684	273,648
STAFF MONTHS																	
Financial Coordinator			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			

2009-2011 STAFF AND SUPPORT COST ESTIMATES

2/23/2010

Budget, acctg, IS															
PSHB 3178															
0.00															SFY 10
															YEARS
TITLE	RANGE	SALARIES	JUL 09	AUG 09	SEPT 09	OCT 09	NOV 09	DEC 09	JAN 10	FEB 10	MAR 10	APR 10	MAY 10	JUN 10	TOTALS
Budget Analyst	0.0	6,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Budget Analyst	0.0	6,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Budget Analyst	0.0	6,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Coordinator	0.0	7,243	0	0	0	0	0	0	0	0	0	0	0	0	0
Budget Analyst	0.0	6,500										6,500	6,500	6,500	19,500
Contracts Specialist	0.0	6,836	0	0	0	0	0	0	0	0	0	0	0	0	0
STAFF MONTH TOTAL												1.00	1.00	1.00	3.00
Staff Bodies														Total FTE's	0.25
SALARIES TOTAL	**A**		0	0	0	0	0	0	0	0	0	6,500	6,500	6,500	19,500
BENEFITS															
OASI .0765 $72,900-00, $75,600-01 (.0620 OASI, .0145 MEDICARE)			0	0	0	0	0	0	0	0	0	497	497	497	1,491
RETIREMENT .061 SFY08, .061 SFY09			0	0	0	0	0	0	0	0	0	397	397	397	1,191
HEALTH $707 IN SFY08, $707 IN SFY09 PER STAFF MONTH			0	0	0	0	0	0	0	0	0	707	707	707	2,121
IND. INS./MED. AID PER STAFF MONTH		9.45	0	0	0	0	0	0	0	0	0	9	9	9	27
BENEFITS TOTAL	**B**		0	0	0	0	0	0	0	0	0	1,610	1,610	1,610	4,830
GOODS & SERVICES PER STAFF MONTH		1,000	0	0	0	0	0	0	0	0	0	1,000	1,000	1,000	3,000
LEASE COSTS PER PERSON PER MONTH		1,000	0	0	0	0	0	0	0	0	0	1,000	1,000	1,000	3,000
GOODS AND SERVICES TOTAL	**E**		0	0	0	0	0	0	0	0	0	2,000	2,000	2,000	6,000
TRAVEL PER STAFF MONTH		200	0	0	0	0	0	0	0	0	0	200	200	200	600
TRAVEL TOTAL	**G**		0	0	0	0	0	0	0	0	0	200	200	200	600
EQUIPMENT COSTS ONE TIME CHARGE		7,000	0	0	0	0	0	0	0	0	0	0	0	0	0
EQUIPMENT TOTAL	**J**		0	0	0	0	0	0	0	0	0	0	0	0	0
0.00			0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	**0.00**		0	0	0	0	0	0	0	0	0	0	0	0	0
STATE		100.00%													30,930
FEDERAL		0.00%													0
LOCAL		0.00%													0
TOTAL FUNDS			0	0	0	0	0	0	0	0	0	10,310	10,310	10,310	30,930
STAFF MONTHS															
Budget Analyst			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Budget Analyst			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Budget Analyst			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Financial Coordinator			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Budget Analyst			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Contracts Specialist			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

2009-2011 STAFF AND SUPPORT COST ESTIMATES

Budget, acctg, IS																	
PSHB 3178																	
0.00															SFY 11	09/11	11/13
															YEARS	BIEN	BIEN
TITLE	RANGE	SALARIES	JUL 10	AUG 10	SEPT 10	OCT 10	NOV 10	DEC 10	JAN 11	FEB 11	MAR 11	APR 11	MAY 11	JUN 11	TOTALS	TOTALS	TOTALS
Budget Analyst	0.0	6,500	13,390	13,390	13,390	13,390	13,390	13,390	13,390	13,390	13,390	13,390	13,390	13,390	160,680	160,680	321,360
Budget Analyst	0.0	6,500	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	40,176	40,176	80,352
Budget Analyst	0.0	6,500	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	3,348	40,176	40,176	80,352
Financial Coordinator	0.0	7,243	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	7,460	89,520	89,520	179,040
Budget Analyst	0.0	6,500	0	0	0	0	0	0	0	0	0	0	0	0	0	19,500	0
Contracts Specialist	0.0	6,836	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	21,120	21,120	42,240
STAFF MONTH TOTAL			4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	51.00	54.00	102.00
Staff Bodies														Total FTE's	4.25	4.50	8.50
SALARIES TOTAL	**A**		29,306	29,306	29,306	29,306	29,306	29,306	29,306	29,306	29,306	29,306	29,306	29,306	351,672	371,172	703,344
BENEFITS																	
OASI .0765 $72,900-00, $75,600-01 (.0620 OASI, .0145 MEDICARE)			2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	2,242	26,904	28,395	53,808
RETIREMENT .061 SFY08, .061 SFY09			1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	21,456	22,647	42,912
HEALTH $707 IN SFY08, $707 IN SFY09 PER STAFF MONTH			3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	36,060	38,181	72,120
IND. INS./MED. AID PER STAFF MONTH		9.45	40	40	40	40	40	40	40	40	40	40	40	40	480	507	960
BENEFITS TOTAL	**B**		7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	7,075	84,900	89,730	169,800
GOODS & SERVICES PER STAFF MONTH		1,000	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	51,000	54,000	102,000
LEASE COSTS PER PERSON PER MONTH		1,000	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	51,000	54,000	102,000
GOODS AND SERVICES TOTAL	**E**		8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000	108,000	204,000
TRAVEL PER STAFF MONTH		200	850	850	850	850	850	850	850	850	850	850	850	850	10,200	10,800	20,400
TRAVEL TOTAL	**G**		850	850	850	850	850	850	850	850	850	850	850	850	10,200	10,800	20,400
EQUIPMENT COSTS ONE TIME CHARGE		7,000	29,750	0	0	0	0	0	0	0	0	0	0	0	29,750	29,750	0
EQUIPMENT TOTAL	**J**		29,750	0	0	0	0	0	0	0	0	0	0	0	29,750	29,750	0
0.00			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	**0.00**		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STATE		100.00%													578,522	609,452	1,097,544
FEDERAL		0.00%													0	0	0
LOCAL		0.00%													0	0	0
TOTAL FUNDS			75,481	45,731	45,731	45,731	45,731	45,731	45,731	45,731	45,731	45,731	45,731	45,731	578,522	609,452	1,097,544
STAFF MONTHS																	
Budget Analyst			2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00			
Budget Analyst			0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50			
Budget Analyst			0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50			
Financial Coordinator			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			
Budget Analyst			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Contracts Specialist			0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25			

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 111-Department of Personnel

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT		FY 2010	FY 2011	2009-11	2011-13	2013-15
Data Processing Revolving Account-Non-Appropriated	419-6				(170,301)	(74,638)
Total $					(170,301)	(74,638)

Estimated Expenditures from:

		FY 2010	FY 2011	2009-11	2011-13	2013-15
Account						
Data Processing Revolving Account-Non-Appropriated	419 -6	0	0	0	(170,301)	(74,638)
Total $		0	0	0	(170,301)	(74,638)

Estimated Capital Budget Impact:

Total $						

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:

- [X] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Kelly Moore	Phone: 360-664-6314	Date: 02/23/2010
Agency Approval:	Kelly Moore	Phone: 360-664-6314	Date: 02/23/2010
OFM Review:	Ryan Black	Phone: 360-902-0417	Date: 02/23/2010

Request # 20-1

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.

PSHB3178 establishes the Department of Information Services (DIS) as the service provider for technology and technology facilities management. DIS must develop a personal computer replacement policy for all personal computers owned or leased by state agencies. The replacement policy must consist, at a minimum, of a replacement cycle of at least five years. The Department of Personnel (DOP) uses a three year replacement cycle.

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 Department of Personnel's savings are incurred in the Data Processing Revolving Account, therefore agency billings would be reduced by the amount of savings incurred by DOP.

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 per lead agency instructions.

Section 2. No fiscal impact per lead agency instructions.

Section 3. No fiscal impact, the Department of Personnel (DOP) currently uses the state master contract for cellular phone service.

Section 4. No fiscal impact per lead agency instructions.

Section 5. The Department of Personnel personal computers are on a three year replacement cycle. If DOP were required to move to a five year replacement cycle, the timing of replacing personal computers would result in cash savings of $170,301 during the 2011-2013 biennium and $74,638 during the 2013-2015 biennium. See attachments for calculations.

Section 6. Per lead agency assumptions, costs associated with this section are to be absorbed within the agency's IT program administrative budget.

Sections 7-15. Per lead agency assumptions no fiscal impacts to DOP for these sections.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services				(170,301)	(74,638)
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$0	$0	($170,301)	$(74,638)

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.

Calculating impacts of HB 3178 for PCs on a 3-year refresh cycle

Instructions: In the column "G" green input area, enter your agency's PCs ages by year. For example, a PC that is six months old would should be entered in the "one-year old" cell, "G5". The formulas adjust for moving from a 3-year to a 5-year replacement cycle. It also assumes that in year 4, 12% of the PCs will be out of warranty and fail requiring replacement with a new PC. A 14% failure/replacment rate is assumed for the 5th year. For fiscal note purposes use the savings items from row 42 below.

Please answer the following questions for those PCs in your agency that are on a three-year refresh cycle:	
Of your agency's current inventory, how many PCs are one year old?	0
Of your agency's current inventory, how many PCs are two years old?	300
Of your agency's current inventory, how many PCs are three years old?	0
Are the PCs leased? If so, Type "Yes". If not, type "No"	Yes

# of desktops intended to be purchased/leased	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
		-	300.0	-	-	300.0
If Leased		10,800.0	10,800.0	10,800.0	10,800.0	10,800.0
Planned Expenses	-	91,269	91,269	91,269	91,269	91,269

Remaining 3-year lease cost	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Remaining 3-year lease cost		80,469	-			

# of desktops purchased/leased on a 5-year term	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
				-	-	-
			36.0	37.0	227.0	
		-	-	-		-
Total PCs purchased/Leased	-	-	36.000	36.960	227.0	-
If Leased		10,800.0	10,800.0	10,800.0	10,800.0	10,800.0
Estimated Expenses	-	10,800	16,819	22,999	60,960	60,960

Savings*						
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
	-	-	74,449	68,270	30,309	30,309

*NOTE: a positive number indicates savings, and therefore would be included in the Fiscal Note as a negative expenditure.

Calculating impacts of HB 3178 for Notebooks on a 3-year refresh cycle

Instructions: In the column "G" green input area, enter your agency's Notebooks ages by year. For example, a Notebook that is six months old would should be entered in the "one-year old" cell, "G5". The formulas adjust for moving from a 3-year to a 5-year replacement cycle. It also assumes that in year 4, 30% of the Notebooks will be out of warranty and fail requiring replacement with a new Notebook. A 33% failure/replacment rate is assumed for the 5th year. For fiscal note purposes use the savings items from row 42 below.

Please answer the following questions for those Notebooks in your agency that are on a three-year refresh cycle:	
Of your agency's current inventory, how many Notebooks are one year old?	0
Of your agency's current inventory, how many Notebooks are two years old?	50
Of your agency's current inventory, how many Notebooks are three years old?	0
Are the Notebooks leased? If so, Type "Yes". If not, type "No"	Yes

# of Notebooks intended to be purchased/leased						
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
		-	50.0	-	-	50.0
If Leased		1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
Planned Expenses	-	20,411	20,411	20,411	20,411	20,411

Remaining 3-year lease cost						
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Remaining 3-year lease cost		18,611	-			

# of Notebooks purchased/leased on a 5-year term						
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
				-	-	-
			15.0	11.6	23.5	
		-	-	-		-
Total Notebooks purchased/Leased	-	-	15.0	11.6	23.5	-
If Leased		1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
Estimated Expenses	-	1,800	5,280	7,960	13,401	13,401

Savings						
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
	-	-	15,131	12,451	7,010	7,010

*NOTE: a positive number indicates savings, and therefore would be included in the Fiscal Note as a negative expenditure.

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 225-Washington State Patrol

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
General Fund-State 001-1	0	(42,105)	(42,105)	(47,335)	26,043
State Patrol Highway Account-State 081-1	0	(102,338)	(102,338)	(115,048)	63,301
Total $	0	(144,443)	(144,443)	(162,383)	89,344

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total $	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

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:

[X] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Shawn Eckhart	Phone: 360-596-4080	Date: 02/24/2010
Agency Approval:	Bob Maki	Phone: (360) 596-4045	Date: 02/24/2010
OFM Review:	Alyson Cummings	Phone: 360-902-0576	Date: 02/24/2010

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 2 changes the services that the Department of Information Services (DIS) may provide, adding procurement and maintenance of personal computers, servers, virtualization services, and data storage services. It eliminates language allowing for agencies to use these services at their discretion.

Section 3 requires that purchase of cellular or mobile phone service be made through the state master contract unless the agency secures a waiver in advance of the purchase from the Office of Financial Management (OFM).

Section 4, new to the bill in the proposed substitute, requires the Information Services Board (ISB) to develop a pilot project for providing telephony and e-mail services centrally among piloted agencies. State agencies are encouraged to purchase telephony services through the DIS when upgrading or maintaining their equipment.

Section 5 authorizes the DIS, with the approval of the ISB, to develop a personal computer replacement policy for all personal computers owned or leased by state agencies. The replacement cycle of this program must have a minimum of five years. State agencies are encouraged to buy personal computers from the state master contract. The original bill had required that DIS develop the replacement policy, and had required that state agencies purchase computers from the state master contract.

Section 6 requires that state agencies develop data storage policies to achieve greater storage efficiency, including review of what is currently digitally stored, where it is stored, how it is used, and the business and legal requirements for its retention. The ISB is required to develop data retention policy for state agencies in consultation with affected state agencies. DIS is required to offer tiered data storage services to state agencies. State agencies are encouraged to purchase additional data storage through DIS. The original bill had required state agencies to purchase additional data storage through DIS.

Section 7 requires the DIS, in collaboration with the OFM, to conduct a detailed inventory of all information technology (IT) assets owned or leased by state agencies and report to the governor and the legislature by December 1, 2010. This section is newly proposed in the proposed substitute bill.

Section 8 places limits applicable to only the 2009-2011 biennium: A) State agencies are required to receive OFM approval before purchasing or implementing new IT projects and OFM may only approve these projects if they contribute towards an enterprise strategy or meet a critical, localized need of the requesting agency; B) State agencies are required to receive OFM approval before purchasing servers, virtualization, data storage, or related software through operational funds or through a separate IT budget item and OFM may only approve these requests if they are consistent with the state's overall migration strategy to the state data center and critical to the operation of the agency; C) State agencies are required to receive OFM approval before upgrading existing software, and OFM may only approve these requests if the agency can show that the upgrade is critical to its operation.

In addition to the changes mentioned above in the proposed substitute bill over the original bill, all the following sections are newly introduced in the proposed substitute:

Section 9, in general, requires standardization and transparency in reporting on IT projects. Related to that, Section 10 requires the OFM to direct the collection of additional information on IT projects and submit an IT plan per requirements in Section 9.

Section 11 requires ISB to coordinate with OFM to develop contracting standards for IT acquisition and purchased services and to work with state agencies to ensure deployment of standardized contracts. ISB is required to obtain independent, technical staff to review all IT efforts under its purview, and such reviews are required to be based on independent technical and financial information regardless whether the projects or services are provided by public or private providers. The ISB, in consultation with OFM, is required to review all state agency IT budgets.

Section 12 requires DIS to evaluate agency budget requests for major information technology projects identified under RCW 43.105.190, and to do so in coordination with ISB and OFM. The current statute requires this upon the request of OFM. In addition to providing recommendations to OFM on funding all or parts of requests, the bill requires the recommendations also be provided to the legislature. Recommendations include consolidating similar proposals or identifying other efficiencies among proposals.

Section 13 makes additional reporting requirements to DIS in the major technology projects portion of the biennial state performance report on IT.

Section 14 requires DIS, in conjunction with OFM, to direct and coordinate pilot projects for four state agencies to demonstrate the value of application managed services. The four state agencies are the Department of Transporation, Department of Social and Health Services, Legislative Service Center, and Office of Financial Management.

Section 15 requires ISB, assisted by DIS and OFM, to identify the most reasonable strategies that will, consistent with this act and without affecting direct program activities, achieve the savings identified in the omnibus appropriations act. The analysis shall identify savings by agency and by fund that would result from implementation of these strategies. This must be submitted to OFM by July 1, 2010. OFM is required to work with agencies to achieve these savings, and to direct the agencies to move the identified savings into unallotted status and to leave the amount unspent. This expires June 30, 2011.

Section 16 requires DIS to report on the efforts to develop a centralized information project management office pursuant to chapter 522, Laws of 2007.

Section 17 changes the data processing revolving fund to an appropriated fund.

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.

There are no provisions for cash receipts to the Washington State Patrol (WSP) in PSHB 3178.

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 3 does not have a fiscal impact for WSP. We currently purchase our cellular and mobile services off the state contract.

We have reviewed the impact of Section 5 to the WSP, using the assumptions OFM and DIS provided as guidance. This fiscal note compares the cost of future computer replacement under our current plan, which is based on a four-year replacement schedule, to the cost of a five-year replacement schedule under the assumptions provided. In the bill, implementing a five-year policy is discretionary to DIS and subject to approval from the ISB, but the direction for our fiscal note is to assume that such a policy will be implemented. Our analysis only looks at laptop and desktop computers and not other standardized components like monitors, keyboards, mice, etc. Though in the long term, the five-year schedule would save on expenditures over the four-year schedule, there will be points in time when the number of computers to be replaced in a specific fiscal year is less under the four-year plan, such as fiscal years 2014 and 2015. This is because we have purchased computers in uneven quantities in past fiscal years. This evaluation only looks at computers currently in our replacement schedule. It does not include hardened laptops purchased with grant funding for in-car applications.

In the absence of additional information, we see no fiscal impact from Section 6, assuming that future data retention policies are consistent with our current data retention policies.

Section 15 requires ISB, DIS and OFM to identify strategies that will achieve the savings identified in in the omnibus appropriation act. The impact of this to WSP is indeterminate at this time.

We do not see fiscal impact to WSP from the other areas of the bill.

If we should find that our estimates for the fiscal impact from any of these sections in the bill are inaccurate, then we will request an appropriation adjustment through the legislative budget process.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays		(144,443)	(144,443)	(162,383)	89,344
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$(144,443)	$(144,443)	($162,383)	$89,344

Part IV: Capital Budget Impact

PSHB 3178 has no impact on WSP's capital budget.

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.

PSHB 3178 does not require rule changes for WSP.

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 235-Department of Labor and Industries

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
Accident Account-State 608-1	0	(212,000)	(212,000)	(313,000)	(191,000)
Medical Aid Account-State 609 -1	0	(212,000)	(212,000)	(313,000)	(190,000)
Total $	0	(424,000)	(424,000)	(626,000)	(381,000)

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total $	$0	$0	$0	$0	$0	$0

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:

- [X] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Steven D Elwanger	Phone: 360-902-6319	Date: 02/24/2010
Agency Approval:	Victoria Kennedy	Phone: 360-902-4997	Date: 02/24/2010
OFM Review:	Matthew Bridges	Phone: (360) 902-0575	Date: 02/25/2010

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

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services		(424,000)	(424,000)	(626,000)	(381,000)
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$(424,000)	$(424,000)	($626,000)	$(381,000)

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Information Services (030)		(424,000)	(424,000)	(626,000)	(381,000)
Total $		(424,000)	(424,000)	(626,000)	(381,000)

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 legislation requires:

- Organization and consolidation of information technology (IT) systems and resources.
- Department of Information Services (DIS) to:
    1) Make certain information available related to procurement and maintenance of mainframe and personal computers, services, and virtualization services.
    2) Develop a personal computer replacement policy for all personal computers owned or leased by state agencies.
    3) Revise the state master contract for personal computers.
    4) Offer tiered data storage services to state agencies.
    5) Report to the Governor and the Legislature on the findings of inventory for state owned and leased information technology assets.
- The Information Services Board (ISB) to:
    1) Develop a pilot project for providing telephony and electronic mail services centrally among piloted agencies.
    2) Information Services Board to develop a data retention policy for state agencies.
    3) In consultation with DIS and the Office of Financial Management (OFM), to identify strategies that will achieve the savings specified in the Omnibus Appropriation Act.
- State agencies, under certain circumstances, to not purchase or implement the following items:
    1) Cellular or mobile phone service;
    2) New information technology projects;
    3) Servers, virtualization, data storage, or related software; and
    4) Upgrades to existing software.
- The OFM to:
    1) Obtain specific information about information technology projects.
    2) Develop a system of accounting for information technology projects.
    3) Submit an information technology plan as part of the Governor's budget.

4) Work with state agencies to generate savings that arise from improved acquisition and delivery of IT products and services. These savings must be at least equal to those specified in the Omnibus Appropriation Act.
    - Requires the OFM to reduce agency allotments to reflect these savings.

This bill takes effect as follows:

Effective	Description
December 1, 2010	DIS to provide an information technology inventory report to the Governor and the Legislature.
July 1, 2011	The Section 7 requirement to take information technology inventory and report to the Governor and the Legislature expires.
July 1, 2010 to June 30, 2011	Without securing prior authorization from the Office of Financial Management, state agencies are not permitted to: • Purchase or implement new information technology projects. • Purchase servers, virtualization, data storage, or related software through their operational funds or through a separate information technology budget item. • Upgrade existing software.
July 1, 2010	The ISB with the assistance of DIS, and OFM will report to the Director of OFM on the analysis of strategies identified that will achieve savings specified in the Omnibus Appropriation Act.
June 30, 2011	Section 15 requiring a report to the Director of OFM on the analysis of savings strategies identified in the Omnibus Appropriation Act expires.
September 1, 2010	Report of findings on the pilot projects involving four state

Effective	Description
	agencies to demonstrate the value of application managed services is due to the ISB, Governor, and the Ways and Means Committees.
June 30, 2011	The final report on the pilot projects involving the four state agencies is due to the ISB, Governor, and the Ways and Means Committees.
December 15, 2011	The first biennial state performance report on information technology is due to the Governor and Appropriations Committees.
January 15, 2013	The first report from OFM on the total state expenditures on information technology is due to the Appropriations Committees each biennium.
90 days from sine die.	The remaining portions of the bill.

The fiscal impact of this fiscal note is the same as the HB 3178 version submitted February 17, 2010. The PSHB 3178 bill version differs from the HB 3178 2010 Session bill version as follows:

PC Replacement

- Removes the authority granted to DIS over personal computer (PC) purchase, lease, and replacement for the state.
- Provisions pertaining to PC purchases by state agencies are permissive rather than mandatory.

Pilot Project for Telephony and E-mail

- Authorizes the Information Services Board (ISB) to conduct a pilot project to centrally provide e-mail and telephony across state agencies through either the DIS or a private provider.

- Encourages state agencies to purchase telephony services through the DIS.

Inventory of Information Technology Assets

- The DIS, in collaboration with the OFM, must conduct an inventory of all information technology (IT) assets owned or leased by state agencies.

Project Review by the Information Services Board

- Specifies that IT projects subject to review and approval by the ISB must be analyzed based on independent technical and financial information.
- Specifies that the ISB will be given independent technical staff support if funds are appropriated for this purpose.

IT Information in Budgeting

- Requires the OFM to institute a method of accounting for IT related expenditures.
- Specifies that the OFM must revise its budget instructions to obtain specific information about IT project costs.
- Specifies that the Governor's budget must include an IT plan that lists all proposed projects and their current and future costs.
- Requires the DIS to send IT funding recommendations to the Legislature and report on major IT projects.

Pilot for Application Managed Services

- Requires the DIS and the OFM to coordinate a pilot project for four state agencies (which are the Department of Transportation, the Office of Financial Management, the Legislative Services Center, and the Department of Social and Health Services) to assess the use of application managed services for IT.

IT Savings

- Requires the ISB, in consultation with the DIS and the OFM, to identify strategies that will achieve the savings specified in the Omnibus Appropriation Act.

- Specifies that the OFM must work with state agencies to generate savings that arise from improved acquisition and delivery of IT products and services. These savings must be at least equal to those specified in the Omnibus Appropriation Act.
- Requires the OFM to reduce agency allotments to reflect these savings.

Data Processing Revolving Account

- Makes the Data Processing Revolving Account an appropriated account.

II. A – Brief Description of what the Measure does that has Fiscal Impact

Section 3: Limits cell phone purchase methods. Unless given a waiver in advance by the Office of Financial Management (OFM) or the Department of Information Services (DIS), state agencies are not permitted to purchase cell phones or mobile services except through the state master contract.

Section 5 (New): DIS with the approval of the ISB may develop a personal computer replacement policy owned or leased by state agencies. DIS is directed to create a PC lease and purchase policy, which must include a replacement cycle of at least five years. DIS may discontinue leases inconsistent with the five year replacement cycle. State agencies are encouraged to participate in this master computer lease contract.

Section 6 (New): Requires policy development for data storage and a DIS tiered-storage offering.

1. Agencies must develop data storage policies for greater efficiency. They must review what digital information exists, where it is, how it's used, and business and legal retention requirements.
2. The Information Services Board (ISB) must develop a data retention policy. They must consult the agencies to determine business, legal and storage management needs.
3. (a) DIS must offer tiered data storage services to the agencies. To develop the services, they must consult with the agencies about their data storage demands and needs.

(b) Agencies are encouraged to purchase additional data storage through DIS.

Section 8: Amends 43.105.190 – Information Technology (IT) major project standards & policies.

Subsection 4 is added, limited to the 2009–11 biennium.

Without securing prior authorization from the OFM, state agencies are not permitted to:

- Purchase or implement new information technology projects.
- Purchase servers, virtualization, data storage, or related software through their operational funds or through a separate information technology budget item.
- Upgrade existing software.

Section 9: Requires state agencies to track additional project implementation and maintenance expenditure data for IT projects.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

Computer Lease Savings

The legislation allows for the extension of existing computer leases with the DIS. The extension of computer leases will create a savings in lease costs. The total lease cost savings by fiscal year are:

Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
Notebook PC Lease Savings	(221,815)	(182,528)	(102,764)	(102,764)	(87,458)	(697,329)
Desktop PC Lease Savings	(201,762)	(43,861)	(297,202)	(95,175)	(95,175)	(733,174)
Total	(423,577)	(226,389)	(399,966)	(197,939)	(182,633)	(1,430,503)

The leased computer savings are based on the following assumptions:

1. Notebook computer leases will be extended from three years to five years.
2. Desktop computer leases will be extended from four years to five years.
3. There is a $3 monthly lease fee for each leased computer in addition to the monthly lease cost.
4. Based on the Gartner report provided by OFM, the failure rates of notebook and desktop computers are:
   a. Failure rate for desktop computers:
      i. Fourth year of operation – twelve percent.
      ii. Fifth year of operation – fourteen percent.
   b. Failure rate for notebook computers:
      i. Fourth year of operation – thirty percent.
      ii. Fifth year of operation – thirty three percent.
5. If a computer fails in the fourth or fifth year a new five year lease will be entered into with DIS.

Lease Cost Savings for Desktop Computers

Lease cost savings for desktop computers will result in savings of $733,174 from Fiscal Years 2011 through 2015. The $733,174 in savings is calculated below by taking the existing inventory and estimating the costs out for the next five fiscal years. These costs under the current lease plan are then compared with the costs under the PSHB 3178 lease extension plan.[1]

Current Desktop PC Inventory

Lease Year	# of PCs Leased
1	0
2	1,405
3	11
4	1,112
5	0
Total	2,528

[1] The lease cost calculations were derived by the spreadsheet for calculating the lease impacts as a result of House Bill 3178 provided by the Department of Information Services.

Lease Cost of Desktop PCs Under Current Lease Plan

	Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
	Total # Leased	0.0	1,112.0	11.0	1,405.0	0.0	1,112.0	2,528.0
A	3$ Monthly Fee for 2,528 PCs	$0	$91,008	$91,008	$91,008	$91,008	$91,008	$455,040
B	Lease Cost	$0	$517,856	$517,856	$517,856	$517,856	$517,856	$2,589,282
C	Total Lease Cost	$0	$608,864	$608,864	$608,864	$608,864	$608,864	$3,044,322
D	Total # of PCs Leased Each Year	0.0	2,528.0	2,528.0	2,528.0	2,528.0	2,528.0	2,528.0
E	Annual Lease Cost (B / D) per Unit	$0	$204.85	$204.85	$204.85	$204.85	$204.85	$204.85
F	Remaining Four Year Lease Cost	$0	$290,065	$287,812	$0	$0	$0	$577,877

Lease Cost of Desktop PCs Under PSHB 3178

	Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
	# of PCs Leased	0.0	155.7	957.9	206.2	1208.3	0.0	2,528
	3$ Monthly Fee for 2,528 PCs	$0	$91,008	$91,008	$91,008	$91,008	$91,008	$455,040
G	Lease Cost	$0	$26,030	$186,184	$220,654	$422,682	$422,682	$1,278,231
H	Total Cost	$0	$117,038	$277,192	$311,662	$513,690	$513,690	$1,733,271
I	Total # of PCs Leased Each Year	0.0	155.7	957.9	206.2	1,208.3	0.0	2,528.0
J	Annual Lease Cost (G / I) per Unit	$0	$167.20	$167.20	$167.20	$167.20	$167.20	$167.20

Savings

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
Net Savings (C - F - H)	$0	($201,762)	($43,861)	($297,202)	($95,175)	($95,175)	($733,174)

Lease Cost Savings for Notebook Computers

Lease cost savings for notebook computers will result in savings of $697,329 from Fiscal Years 2011 through 2015. The $697,329 in savings is calculated below by taking the existing inventory and costing it out of the next five fiscal years. These costs under the current lease plan are then compared with the costs under the PSHB 3178 lease extension plan.

Current Notebook PC Inventory

Lease Year	# of PCs Leased
1	0
2	0
3	733
4	0
5	0
Total	733

Lease Cost of Notebook PCs Under Current Lease Plan

	Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
	Total # Leased	0.0	733.0	0.0	0.0	733.0	0.0	733.0
A	3$ Monthly Fee for 733 PCs	$0	$26,388	$26,388	$26,388	$26,388	$26,388	$131,940
B	Lease Cost	$0	$272,837	$272,837	$272,837	$272,837	$272,837	$1,364,185
C	Total Lease Cost	$0	$299,225	$299,225	$299,225	$299,225	$299,225	$1,496,125
D	Total # of PCs Leased Each Year	0.0	733.0	733.0	733.0	733.0	733.0	733.0
E	Annual Lease Cost (B / D) per Unit	$0	$372.22	$372.22	$372.22	$372.22	$372.22	$372.22
F	Remaining Four Year Lease Cost	$0	$0	$0	$0	$0	$0	$0

Lease Cost of Notebook PCs Under PSHB 3178

	Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
	# of PCs Leased	0.0	219.9	169.3	343.8	0.0	66.0	733
	3$ Monthly Fee for 2,528 PCs	$0	$26,388	$26,388	$26,388	$26,388	$26,388	$131,940
G	Lease Cost	$0	$51,022	$90,309	$170,073	$170,073	$185,379	$666,856
H	Total Cost	$0	$77,410	$116,697	$196,461	$196,461	$211,767	$798,796
I	Total # of PCs Leased Each Year	0.0	219.9	169.3	343.8	0.0	66.0	733
J	Annual Lease Cost (G / I) per Unit	$0	$232.02	$232.02	$232.02	$232.02	$232.02	$232.02

Savings

Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
Net Savings (C - F - H)	$0	($221,815)	($182,528)	($102,764)	($102,764)	($87,458)	($697,329)

Software upgrades

No impact. This legislation prohibits the upgrading of software, unless permission is received from OFM. The standard practice at Labor and Industries is to upgrade software that is significant and technically deemed necessary to allow for current business operations. Therefore, we assume that the technically necessary software upgrades would be approved by OFM and the cost for upgrading software from year to year would be same under current business practices.

Data Storage

No impact. This legislation requires policy development for data storage. L&I has data storage policies that are already developed and implemented that identifies information that currently exists in digital format, where it is stored, how it is being used, and the business and legal requirements for retaining the information and therefore assumes that there will be no impact in this area.

Tracking IT Project Implementation and Maintenance Expenditure Data

- L&I is required to track additional project acquisition and maintenance expenditure data for IT projects within the Agency Financial Reporting System (AFRS) as a result of this legislation.
    - This additional expenditure data will create increased costs in the AFRS system due to additional lines of coding to track the project acquisition and maintenance costs, which create increased data storage costs. We are unable to estimate the increased financial reporting data costs at this time since the following is unknown:
        - Total number of future IT projects.
        - The specific new OFM accounting requirements for IT projects.
- L&I to track staff time worked on IT projects.
- DIS to make recommendations for consolidation of projects across agencies. Project consolidations will result in L&I to partner with outside entities. Partnering with outside entities will require more project implementation time.
- The requirement to report on progress towards project performance goals will require additional staff time to track and report on the status of the IT projects.

It is difficult to determine the amount of staff time needed to plan, track, and report on IT projects as a result of this legislation. However, we assume that we will be able to absorb any increased staff time with existing resources.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 240-Department of Licensing

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
General Fund-State 001-1	0	0	0	(2,000)	(1,000)
Professional Engineers' Account-State 024-1	0	0	0	(2,000)	(1,000)
Real Estate Commission Account-State 026-1	0	(1,000)	(1,000)	(3,000)	(3,000)
Master License Account-State 03N-1	0	(2,000)	(2,000)	(11,000)	(11,000)
Uniform Commercial Code Account-State 04E-1	0	(1,000)	(1,000)	(3,000)	(3,000)
Business and Professions Account-State 06L-1	0	(1,000)	(1,000)	(4,000)	(4,000)
Highway Safety Account-State 106 -1	0	133,042	133,042	(73,452)	(75,596)
Motor Vehicle Account-State 108 -1	0	(8,000)	(8,000)	(41,000)	(42,000)
DOL Services Account-State 201 -1	0	(2,000)	(2,000)	(8,000)	(8,000)
Total $	0	118,042	118,042	(147,452)	(148,596)

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total $	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

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:

- [X] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Marilyn Black	Phone: (360) 664-6529	Date: 02/24/2010
Agency Approval:	Sam Knutson	Phone: (360) 902-3644	Date: 02/24/2010
OFM Review:	Alyson Cummings	Phone: 360-902-0576	Date: 02/25/2010

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

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
E-Goods and Services		118,042	118,042	(147,452)	(148,596)
Total:	$0	$118,042	$118,042	($147,452)	$(148,596)

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Information Services (200)		118,042	118,042	(147,452)	(148,596)
Total $		118,042	118,042	(147,452)	(148,596)

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 amends RCW 43.105 to describe legislative intent to develop a strong statewide information technology (IT) strategy that will result in increased efficiency, effectiveness and significant savings
Section 2 directs the Department of Information Services (DIS) to make information services available to state agencies on a cost-recovery basis and adds the following to the list of services that may be made available:

- Procurement and maintenance of mainframe and personal computers (PCs), servers, and virtualization services; and
- Data Storage services; Use of these services is no longer discretionary.

Section 3 requires state agencies purchasing cellular or mobile phone service to purchase it through the state Master Contract, unless a waiver is granted by the Office of Financial Management (OFM).

Section 4 authorizes the Information Services Board (ISB) to conduct a pilot project to centrally provide e-mail and telephony across state agencies through either the DIS or a private vendor and encourages state agencies to purchase telephony through the DIS.

Section 5 directs the DIS, with approval by the ISB, to develop a personal computer (PC) purchase and replacement policy that must consist of a replacement cycle of at least five years.

Section 6 directs state agencies to develop data storage policies to achieve greater storage efficiency; directs the ISB to develop a data retention policy for state agencies and directs DIS to offer tiered data storage services as an optional service to state agencies. State agencies are encouraged to purchase their storage through DIS.

Section 7 directs DIS, in collaboration with the Office of Financial Management (OFM), to conduct a detailed inventory of all information technology (IT) assets owned or leased by state agencies and report to the legislature by December 1, 2010. This section expires July 1, 2011.

Section 8 RCW 43.105.190 is amended to place the following restrictions on IT procurement:

- For the 2009-2011 Biennium, state agencies must get prior approval from OFM to purchase or implement new IT projects. Approval will only be granted for IT projects that contribute towards an enterprise strategy or meet a critical need.
- State agencies may not purchase servers, virtualization software, data storage, or related software without prior authorization from OFM.
- State agencies are not permitted to upgrade existing software without prior approval from OFM.

Section 9 directs OFM to collect additional and specific information regarding Information Technology projects as part of the operating budget submittal including:

- Estimated project implementation costs by staffing, contracted services, hardware purchases and maintenance, software license purchases and maintenance, hardware lease or finance, maintenance and operations, training and travel;
- Estimated project maintenance costs for the above categories;
- Project expenditures in previous biennia;
- Estimated project duration and start date;
- Estimated ongoing operating savings or other benefits;
- An explanation of the purpose and benefits of the project;
- An explanation of reengineering and streamlining of the underlying business process and efforts to gather business and technical requirements.

The Governor's budget must include an IT plan that will include a list of all proposed projects, their next biennium costs by funding source, projected costs over the next two biennia and through project completion by funding source, a statement of project purpose, and measurable metrics upon which to assess the program.

This section directs OFM to institute a method of accounting for IT-related expenditures; create common definitions for what constitutes an IT investment and report total state expenditures on IT by funding source and object of expenditure to the legislature. The first report is due by January 15, 2013.

Section 10 directs OFM to collect additional information on IT projects and submit and IT plan as required under section 9.

Section 11 directs the ISB to coordinate with OFM to develop contracting standards for IT acquisition and purchased services. The ISB, in consultation with OFM, will review all IT efforts under its purview based on independent technical and financial information, regardless of whether the projects or services are being provided by public or private providers. Subject to appropriation, this review must be conducted by independent, technical staff support. The ISB may acquire project management assistance in reviewing state agencies budgets.

Section 12 directs the Department of Information Services (DIS) to coordinate with the ISB and OFM to evaluate agency IT-related budget requests and submit recommendation for funding to the legislature. DIS must also submit recommendation for consolidation of similar proposals or other efficiencies it finds in reviewing proposals.

Section 13 requires DIS to include additional detail in the portion of the biennial state performance report on information technology regarding major IT projects including:

- Final budget by staffing costs, contracted service, hardware purchase or lease, software purchase or lease, travel, and training. The original budget must also be included for comparison.
- The original project schedule and the final actual project schedule.
- Goals and performance measures for the project
- Discussion of lessons learned on the project, performance of any contractors used, and reasons for project delays or cost increases.
- An examination of major technology projects completed in the previous biennium and projects two years after completion. The first report is due December 15, 2011 and every two years thereafter.

Section 14 requires DIS and OFM to coordinate a pilot project for four state agencies (Department of Transportation, Office of Financial Management, Legislative Services Center and the Department of Social and Health Services) to assess the use of application managed services for IT. Pilot projects that proceed beyond the assessment phase will transition to application management services, methods, tools, and resources, as well as operation of managed services. DIS and OFM must report on the results of the pilot in September 2010 and June 2011.

Section 15 directs the ISB, with assistance from DIS and OFM, to identify the most reasonable strategies to achieve the savings identified in the omnibus appropriation act. Results shall be provided by state agency and fund source to OFM by July 1, 2010. OFM shall reduce agency allotments by the amounts specified. The allotment reductions will be placed in unallotted status and remain unexpended. This section expires June 30, 2011.

Section 16 directs DIS to report on development of a centralized information project management office by November 1, 2010. The report shall include the current status of the effort, lessons learned and recommended changes to the program.

Section 17 changes the data processing revolving fund from non-appropriated to appropriated.

Section 18 repeals RCW 43.105.017 (Legislative Intent).

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

Section 1 – No impact.

Section 2 – No impact.

Section 3 – No impact. DOL already uses the DIS Master Contracts for wireless devices or services.

Section 4 - DIS will bear the cost of developing a pilot project for providing telephony and email services to state agencies. No impact to DOL.

Section 5 - DOL used the following assumptions provided by OFM, the lead agency:

- *All personal computers will be kept for the required five years (60 months) regardless of lease period or cash refresh period.*
- *State agencies that currently replace personal computers on a five year or longer cycle, assume no fiscal impact.*
- *State agencies are not to consider the virtualization of computers when preparing their fiscal notes.*
- *There will be no 4th or 5th year maintenance agreement unless already procured or part of leasing program.*
- *State agencies will replace any Desktop or Notebook computers that fail in the 4th year of operation with a new machine. The failure rate in the 4th year of operation is estimated to be at 12% for a Desktop and 30% for a Notebook (Data from Gartner – Cost Optimization: Re-evaluating Your PC Hardware Replacement Strategies, March 27, 2009, ID: G00166285).*
- *State agencies will replace any Desktop or Notebook computers that fail in the 5th year of operation with a new machine. The failure rate in the 5th year of operation is estimated to be at 14% for a Desktop and 33% for a Notebook (Data from Gartner – Cost Optimization: Re-evaluating Your PC Hardware Replacement Strategies, March 27, 2009, ID: G00166285).*
- *The price of a new Desktop Computer System (tower and keyboard) is $758.42 (Dell PC Tower) and for a new Notebook is $1,052.45 (Dell Latitude 6400). (Both amounts are from a DIS master contract). These amounts must be used for calculating replacement machines. It is assumed that monitors will not be purchased for Desktop replacement machines.*
- *All leases that are currently in place will continue under the terms and conditions as written and not be amended.*
- *If you have a DIS lease that expires prior to the 60 month mark, there will still be $3 per month per PC system administrative fee until the five years have been met.*
- *All personal computers will be kept for the required 60 months regardless of the lease period. For example: agencies using a 36 month lease program should assume once the lease ends your agency will maintain that machine for an additional 24 months (until the 60 month requirement is met).*
- *If you participate in PC leasing program (through DIS or other), leased PCs will remain with the state agency at the expiration of the contract.*

Section 6 – As directed, this requirement will be absorbed within the agency's IT program administrative budget.

- Each agency will perform a data storage efficiency review and provide this information to the Department of Information Services upon completion (section 5.1).
- The review should include at a minimum the following items –
  - Email retention and backup schedules
  - Document retention and backup schedules
  - Database retention and backup schedules
  - Network attached storage (network drives)
  - Storage area networks
- Agencies will provide this inventory to DIS by January 31, 2011.

- DIS in partnership with the Information Systems Board and the Secretary of State's Office will develop a data retention policy for state agencies by November 1, 2011, with input from state agencies. Individual state agency policies will be developed after the statewide policy is developed.
- OFM and DIS will review the information obtained from the storage efficiency review in developing records retention recommendations (section 5.2).
- No storage services are currently offered on a tiered structure and therefore no price can be provided at this time (section 5.3). DIS will develop tiered data storage services for state agencies by March 31, 2011.

Section 7 - DIS and OFM will collaborate to conduct a detailed inventory of IT assets owned or leased by state agencies. State agencies should document their costs to provide a detailed inventory of their technology assets to DIS and OFM by November 1, 2010, and should assume no fiscal impacts since this information is contained within agency asset inventory systems and IT software/hardware tracking applications.

Section 8 and 9 – DOL assumes no fiscal impact associated with these sections, since state agencies already provide much of this information through their IT Portfolios and IT addendums required for each technology-related decision package.

Section 10 - This is an OFM requirement to produce an information technology plan as part of the Governor's budget. No impact to DOL.

Section 11- OFM will work with the ISB and state agency stakeholders to develop standards and deploy standardized contracts for IT acquisitions. OFM will also work with the Board and state agency stakeholders to review state agency IT budgets. DIS will assist the Board with obtaining independent technical staff to review all technology efforts under the board's purview. No impact to DOL.

Section 12 - This is a DIS and OFM requirement to provide a report to appropriation committees regarding recommendations concerning consolidation or other efficiency IT proposals. No impact to DOL

Section 13 - This is a DIS requirement to add this information to the biennial state performance report on information technology. No impact to DOL.

Section 14 – Assumptions for Pilot Agencies (OFM, DOT, DSHS, and Legislative Service Center): Although "application managed services" is not defined, assume that it means outsourcing some or all of the work associated with maintaining or operating existing applications. State agencies named in this section should document their costs to provide the information requested in subsection 2 of this section. No impact to DOL.

Section 15 - This is an OFM requirement to work with state agencies to generate savings from improved acquisition and delivery of information technology products and services. No impact to DOL.

Department of Licensing (DOL) ASSUMPTIONS:
DOL will use OFM assumptions and calculation worksheets to develop fiscal impact associated with implementing Section 4 of this bill.

- DOL is currently on a 4-year replacement cycle for desktops and laptops and replacement equipment is leased through the Department of Information Services (DIS).
- Estimates include a total count of PCs and laptops (excluding field office equipment).
- DOL is not currently funded for field office equipment replacement (agency decision package was not funded), therefore field office equipment was excluded from this calculation.
- DOL equipment replacement schedule is not fully funded. Funding was reduced as part of the 2009-2011 budget reduction.
- The operating systems on License Services Office PCs are now at end of life and will no longer be supported by Microsoft after June, 2010.

- To minimize impact of PC equipment and operating system failure, DOL must add additional memory ($50 ea.) and upgrade the operating systems ($206 ea.) for existing License Service Office (LSO) PCs in Fiscal Year 2011.
- DOL allocated only $250k for equipment replacement in the 2009-2011 Biennium. DOL reduced equipment replacement allotments to a critical replacement schedule only as part of the budget reduction for this biennium. Many required equipment requests were approved, and appear in the allotments, but the agency will be monitoring equipment needs and the equipment budget closely throughout the biennium and equipment will only be replaced on a case-by-case basis.

II. B – Cash Receipt Impact

No Impact to Cash Receipts.

II. C – Expenditures

DOL used OFM assumptions and calculation worksheets to develop fiscal impact associated with implementing section 4 of this bill.

Equipment counts used in calculations:

Of your agency's current inventory, how many PCs are one year old?	146
Of your agency's current inventory, how many PCs are two years old?	127
Of your agency's current inventory, how many PCs are three years old?	148
Of your agency's current inventory, how many PCs are four years old?	118
Are the PCs leased? If so, Type "Yes". If not, type "No"	Yes

Of your agency's current inventory, how many Notebooks are one year old?	180
Of your agency's current inventory, how many Notebooks are two years old?	203
Of your agency's current inventory, how many Notebooks are three years old?	141
Of your agency's current inventory, how many Notebooks are four years old?	41
Are the Notebooks leased? If so, Type "Yes". If not, type "No"	Yes

Estimated Savings						
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
PCs		22,410	31,296	33,057	41,286	20,292
Notebooks		8,516	31,428	51,671	57,500	29,518

Cost to upgrade memory and operating systems for select PCs at License Service Office locations: The operating systems on LSO PCs are now at end of life and will no longer be supported by Microsoft after June, 2010. To minimize impact of PC equipment and operating system failure, DOL must add additional memory ($50 ea.) and upgrade the operating systems ($206 ea.) for existing License Service Office (LSO) PCs in Fiscal Year 2011.

578 PCs require operating system upgrade at a cost of $203 per PC (578 * $206 =$119,068)

578 PCs require memory upgrade at a cost of $50 per PC (578 * $50 =$28,900)

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

	FY 10	FY 11	09-11 Total	11-13 Total	13-15 Total
Goods and Services		118,042	118,042	(147,452)	(148,596)
Total		118,042	118,042	(147,452)	(148,596)

III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

Object E Breakdown:	FY 10	FY 11	09-11 Total	11-13 Total	13-15 Total
EH Leased Services		(29,926)	(29,926)	(147,452)	(148,596)
EZ Other Goods & Svcs		147,968	147,968		
Total Goods & Svcs		118,042	118,042	(147,452)	(148,596)

III. A (2) – Detail of Expenditures by Fund

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3644.

III. B – Expenditures by Program (optional)

Program	FY 10	FY 11	09-11 Total	11-13 Total	13-15 Total
100 - Mgmt & Support Services					
200 - Information Services		118,042	118,042	(147,452)	(148,596)
300 - Driver & Vehicle Services					
600 - Driver Policy & Planning					
700 - Business & Professions					
Total	-	118,042	118,042	(147,452)	(148,596)

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 310-Department of Corrections

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
General Fund-State 001-1	0	0	0	(1,004,339)	(914,402)
Total $	0	0	0	(1,004,339)	(914,402)

Estimated Capital Budget Impact:

Total $						

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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Ronna Cole	Phone: 360-725-8263	Date: 02/23/2010
Agency Approval:	Susan Lucas	Phone: (360) 725-8277	Date: 02/23/2010
OFM Review:	Adam Aaseby	Phone: 360-902-0539	Date: 02/23/2010

Request # 102-1

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 adds a new statute in RCW 42.105 providing the legislative intent to streamline and restructure the States information technology for effectiveness and efficiencies that will result in savings.

Section 2 modifies RCW 43.105.052 clarifying Department of Information Systems (DIS) role to include procurement and maintenance of mainframe and personal computers, servers, virtual services, and data storage services. Proposed bill strikes language allowing state agencies to utilize alternative services if they are found to be more cost effective.

Section 3 adds a new statute in RCW 43.105 requiring state agencies to purchase communication/wireless devices and services through the state master contracts. Any purchases outside the master contracts must be prior approved by OFM. OFM will ensure that agency policies are consistent state-wide for wireless usage.

Section 4 adds a new statute in RCW 43.105 requiring the Information Services Board to develop a pilot project for providing telephony and electronic mail services centrally. The proposed bill encourages State Agencies to purchase telephony services through DIS.

Section 5 adds a new statute in RCW 43.501 allowing DIS to develop a personal computer replacement policy for all personal computers owned or leased by state agencies. Cycle requires at least a 5 years for replacement. State agencies are encouraged to participate in the master contract.

Section 6 adds a new statute in RCW 43.105 requiring all state agencies to develop data storage policies to achieve efficiency. Agencies are to review what information currently exists in digital format, where it is stored, how it is used, and business/legal requirements for retention.
ISB shall develop a retention policy for state agencies in consultation with the Secretary of State's Office.
DIS shall offer tiered data storage services as an optional service to state agencies.

Section 7 new section requiring DIS in collaboration with OFM shall conduct a detailed inventory of all information assets owned or leased by state agencies. DIS shall report to the governor and the legislature finding from the inventory by December 1, 2010.

Section 8 amends RCW 43.105.190 requiring for the 2009-2011 biennium:
1. State agencies are not permitted to purchase or implement new IT projects without securing prior authorization from OFM.
2. State agencies are not permitted to purchase servers, virtualization software, data storage, or related software through their operational funds or through a separate IT budget without prior authorization from OFM.
3. Agencies are not permitted to upgrade existing software without prior approval from OFM.

Section 9 adds a new statute in RCW 43.88 requiring OFM to include comprehensive information in a standard format regarding the total cost of ownership of technology spending, projects, products, programs, personnel, and other services as part of the operating budget instructions.

Agencies must submit the following information:
1. Estimated project implementation costs by staffing, contracted services, hardware purchases/maintenance, software license purchase/maintenance, hardware lease or finance, maintenance, and operations, training, and travel.
2. Estimated project maintenance costs by staffing, contracted services, hardware purchase/maintenance, software license purchase and maintenance, hardware lease or finance, maintenance and operations, training, and travel.
3. All project expenditures in previous biennia.
4. Oversight level as determined by the ISB if available;
5. Estimated project duration and start date;
6. Estimated ongoing operating savings or other benefits resulting from the project
7. An explanation of the purpose and benefits of the project; and
8. An explanation of reengineering and streamlining of the underlying business process, if pursing the development or purchase of new software.

The Governor's budget must include an information technology plan that includes a list of all proposed projects, biennium costs by funding sources, projected costs of the two biennia, a statement of purpose of the project, and measurable metrics upon which to assess the program. Must be submitted electronically.
OFM shall also institute a method of accounting for IT related expenditures including common definitions.

Section 10 amends RCW 43.88.560 requiring the Director of OFM to direct the collection of additional information on IT projects under Section 9 of this act.

Section 11 amends RCW 43.105.041 requiring the ISB to coordinate with OFM to develop contracting standards for IT acquisitions and purchased services and will work with State Agencies to ensure deployment of the standards. Additionally, the board shall review all IT efforts under its purview based on independent technical and financial information, regardless of whether the projects or services are being provided by public or private providers. ISB and OFM shall review State Agency IT budgets.

Section 12 amends RCW 43.105.180 requiring DIS, ISB and OFM to review each agency budget request for major IT projects.

Section 13 amends RCW 43.105.160 to include requiring DIS in their report regarding major IT projects to include:
1. Final total cost of ownership budget data, including capital and operational costs, broken down by staffing costs, contracted services, hardware purchases or lease, software purchases or lease, travel, and training in comparison to the original budget.
2. Original proposed project schedule and the final actual project schedule.
3. Data regarding progress towards meeting the original goals and performance measures of the project
4. Discussion of lessons learned.

Section 14 requires DIS in conjunction with OFM shall direct and coordinate pilot projects for 4 agencies to demonstrate the value of application managed services.

Section 15 requires the ISB with assistance from DIS and OFM must identify the most reasonable strategies that will achieve the savings identified in the omnibus appropriation act. Analysis will show savings by agency and fund. The analysis is due by July 1, 2010.

OFM will work with the appropriate state agencies to generate savings that arise from this act. OFM shall reduce state agency allotments by the identified amounts.

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.

Fiscal Impact:
Sections 1-4 have no fiscal impact to the Department.

Section 5 - The Department of Corrections currently leases PC utilized by staff for 4 years (N=6,915). The Department estimated the impacts of converting to a 5 year lease utilizing the projection tool provided by DIS. The estimated savings are ($703,899) FY12, ($300,440) FY13, ($630,872) FY14, (283,530) FY15.

The Department also has 2,649 “owned” computers. These computers are not part of the Department’s network, however, many manage critical functions across the agency. These computers support cameras, master control, housing units, maintenance, lighting, radio systems, fire alarms/suppression systems, Correctional Industries, offender education, and perimeter security. Many of these computer are old and the replacement funds are not in the Department’s base budget. The Department will maintain for 5 years or until they fail. The cost of these replacements is indeterminate as the Department is unable to predict their failure that would result in a replacement. The following illustrates the age of these computers:

Purchase Date	Count
1994	2
1999	9
2000	13
2001	15
2002	51
2003	62
2004	350
2005	606
2006	318
2007	903
2008	60
Unknown	260

The Department would replace these PC’s upon failure. Because of the unique requirements some of these PC’s replacement may require a unique machine because of the safety, security, and maintenance functions that they support.

Because the Department is unable to determine the failure rate of these machines, the fiscal impact is indeterminate.

Section 6 Data Storage:
No Fiscal Impact. The Department will develop the policies as outlined in the proposed bill.

Section 7 requires DIS in collaboration with OFM to conduct a detailed inventory. The Department has over 140 sites as well as lap top computers mounted in vehicles. The Department would be required to escort staff in prison facilities if a visual inventory was required.

Section 8 Enforcement to State Agencies for the 2009-2011 Biennium:
- State agencies are not permitted to purchase or implement new IT projects without prior authorization from OFM.
- Agencies cannot purchase servers, virtualization, data storage, or related software without prior authorization from OFM.
- Agencies are not allowed to upgrade existing software without prior approval from OFM.

The Department assumes a process will be established to request exception through DIS. It is a concern that the Department yearly renews software maintenance agreements with various vendors to continue support from the vendor for the service. For example:
1. The Department's Executive Information System which downloads AFRS data in to an Excel database allowing complex analysis of fiscal data requires a yearly maintenance renewal and software system support. The Department upon renewal many times will receive an upgraded version of the software.
2. Kalos is the vendor for our pharmacy tracking system. The yearly maintenance/support agreement includes routine software upgrades for the system.

Many times the vendor as part of the maintenance renewal will upgraded the software version to fix glitches in the software programs or provide a more efficient product. The Department may not know in advance that the vendor is sending an upgraded version until the renewal is received by the Department.

Section 9 outlines new requirements for biennial budget submittals on IT projects. The Department assumes a standard process, definitions, and format will be provided by OFM for the submittal. The Department would therefore foresee no fiscal impact.

Section 10 through 15 no fiscal impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services				(1,004,339)	(914,402)
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$0	$0	($1,004,339)	$(914,402)

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Administrative Services (100)				(150,651)	(137,161)
Institutional Services (200)				(602,603)	(548,641)
Community Corrections (300)				(251,085)	(228,600)
Total $				(1,004,339)	(914,402)

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: 3178 P S HB	Title: State govt technology use	Agency: 405-Department of Transportation

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
Motor Vehicle Account-State 108 -1	0	275,000	275,000	0	0
Total $	0	275,000	275,000	0	0

Estimated Capital Budget Impact:

Total $						

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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Bob Loveless	Phone: 360-705-7860	Date: 02/23/2010
Agency Approval:	Bill Ford	Phone: 360-705-7501	Date: 02/23/2010
OFM Review:	Clint McCarthy	Phone: 360-902-0419	Date: 02/24/2010

Request # 10-085-1

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 2 modifies services that may be offered by the Department of Information Services (DIS) to include procurement and maintenance of mainframe and personal computers, servers, and virtualization services; and data storage services. It also eliminates the option for customers to use other alternative services.

Section 5 requires a minimum of five-year personal computer replacement policy.

Section 6 requires WSDOT to develop a data storage policy to achieve storage efficiency.

Section 8 prevents WSDOT from purchasing or implementing new information technology projects; purchase servers, virtualization, data storage or related software; or upgrade existing software, for the 2009-11 biennium, without the approval from the Office of Financial Management (OFM).

Section 14 requires WSDOT to participate in pilot projects to evaluate the benefit of application managed services; and these one-time costs are detailed in the expenditure section. WSDOT assumes that "application managed services" refers to contracted services to maintain and/or operate existing applications (but not to make significant enhancements to the applications). The requested assessment is intended to determine whether using these kinds of contracted services would provide a net benefit to the agency.

WSDOT assumes that the assessment would address reviewing the current application maintenance and operations work processes; assessing the current tools, infrastructure and processes against best practice models; identifying gaps between the current state and the best practices and other improvement opportunities; estimating the cost to make the changes necessary to close the gaps; estimating the difference in costs between maintaining and operating applications in the current state and in the improved state; and providing a recommendation on how to proceed. WSDOT assumes there would be consulting costs relating to this pilot project.

A recent review from the State Auditor's Office on information technology services concluded that WSDOT currently offers several services in Section 2 of this proposal at a lower cost than DIS. WSDOT assumes that this proposal will not increase the costs of these services. Per the fiscal note lead agency instructions, sections 2, 5 and 6 are assumed to have no fiscal impact to WSDOT. WSDOT began implementing a five to six-year personal computer replacement cycle to meet the 2009-11 biennium reductions; therefore, WSDOT assumes section 4 has no fiscal impact.

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.

Based on 240 applications, with 88 percent being medium to large, the evaluations required in Section 14 are estimated to cost WSDOT $275,000. This is based on OFM's estimated costs of $82,000 for 90 applications with 70 percent being medium to large applications. These estimates are detailed in a statement of work developed for the Office of Financial Management regarding applications and maintenance assessment. This statement was prepared on February 22, 2009, by Sierra Systems.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts		275,000	275,000		
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$275,000	$275,000	$0	$0

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Office of Information Technology (c)		275,000	275,000		
Total $		275,000	275,000		

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: 3178 P S HB	Title: State govt technology use	Agency: 461-Department of Ecology

Part I: Estimates

- [X] **No Fiscal 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:

- [ ] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Allen Robbins	Phone: 360-407-7099	Date: 02/23/2010
Agency Approval:	Patricia McLain	Phone: 360-407-7005	Date: 02/23/2010
OFM Review:	Linda Steinmann	Phone: 360-902-0573	Date: 02/23/2010

Request # 10-123-1

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.

Compared to HB 3178, PSHB 3178 would make the following changes:
1) Add 11 additional sections to the original bill and renumber some sections;
2) Authority granted to Department of Information Services (DIS) over PC purchase, lease, and replacement for the state would be removed, and provisions pertaining to PC purchases by state agencies would be permissive rather than mandatory.
3) The Information Services Board (ISB) would conduct a pilot project to centrally provide email and telephony across state agencies.
4) DIS, in collaboration with the Office of Financial Management (OFM), would inventory information technology (IT) assets owned or leased by state agencies.
5) IT projects would be subject to review and approval by the ISB.
6) A method to account for IT related expenditures would be instituted by OFM. OFM would revise its budget instructions to obtain specific information about IT project costs. The Governor's budget would include an IT plan listing all proposed projects and their current and future costs. DIS would send IT funding recommendations to the Legislature and would report on major IT projects.
7) DIS and OFM would coordinate to pilot application managed services with 4 state agencies (DOT, OFM, Legislative Services Center, and DSHS).
8) ISB, in coordination with DIS and OFM, would identify strategies that would achieve IT savings, and would report findings to the director of OFM by July 1, 2010.
9) The Data Processing Revolving Account would become an appropriated account.

The changes in PSHB 3178 do not change Ecology's fiscal impact.

Section 1 of this bill states the legislative intent and findings. The intent of this bill would be to create efficiencies in the use of technology in state government through an enterprise-based information technology strategy that ensures the state is receiving the highest quality information technology products and services at the best price from public or private providers. The strategy would also ensure that there is transparency and accountability regarding how information technology resources are being allocated, how decisions are being made, and who is accountable for on-time, on-budget delivery.

Section 2 would identify the powers and duties of DIS. Section 2 (2)(b) would be amended to include information services for procurement and maintenance of mainframe and personal computers, servers, and virtualization services. Section 2 (2)(c) would be amended to include data storage services.

Section 3 would require state agencies to purchase cellular or mobile phone service through participation in the state master contract unless a waiver is secured in advance of the purchase from OFM or DIS. OFM would ensure that there was greater consistency among state agencies in pursuing efficient use policies for wireless devices.

Section 4 would require ISB to develop a pilot project for providing telephony and electronic mail services centrally among piloted agencies, either through DIS or through a private provider, whichever would result in the lowest cost for the same level of service.

Section 5 would require DIS to develop a personal computer replacement policy for all personal computers owned or leased by state agencies. The replacement policy would consist of, at a minimum, at least a five year replacement cycle and state agencies would be encouraged to purchase or lease personal computers through participation in the state master contract.

Section 6 would require state agencies to develop data storage policies to achieve greater storage efficiency. ISB would develop a data retention policy for state agencies. DIS would offer tiered data storage services to state agencies.

Section 7 would require DIS, in collaboration with OFM, to conduct an inventory of all IT assets owned or leased by state agencies. DIS would prepare a report to the Governor and the Legislature outlining the findings of the inventory by December 1, 2010. This section would expire July 1, 2011.

Section 8 (4) would establish limitations on information technology procurement for the 2009-2011 biennium. These limitations would include securing prior authorization from OFM to purchase or implement new information technology projects, to purchase servers, virtualization, data storage, or related software, and upgrading existing software.

Section 9 would require agencies to submit standardized information about specific projects in decision package requests.

Sections 10 through 18 refer primarily to DIS, OFM, ISB, and state agency requirements, other than Ecology.

There would be no fiscal impact associated with this bill to the Department of Ecology. Ecology already utilizes the state master contract for the purchase of cellular or mobile phone services as identified in Section 3 of this bill. Ecology has already instituted a minimum five year replacement cycle for all personal computers in the agency as identified in Section 5 of this bill. Ecology is already working on a review of data storage efficiency as identified in Section 6 of this bill. Ecology is currently working on inventory updates that would be required as part of Section 7 of this bill. Much of the information that Ecology would be required to provide in Section 9 of this bill is already provided through IT Portfolios and IT addendums required for each technology-related decision package.

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: 3178 P S HB	Title: State govt technology use	Agency: 477-Department of Fish and Wildlife

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
All Other Funds-State 000-1	0	(71,760)	(71,760)	(54,870)	(27,630)
General Fund-State 001-1	0	(23,922)	(23,922)	(18,291)	(9,209)
Total $	0	(95,682)	(95,682)	(73,161)	(36,839)

Estimated Capital Budget Impact:

Total $						

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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Lori Anthonsen	Phone: (360) 902-2529	Date: 02/23/2010
Agency Approval:	David Giglio	Phone: (360) 902-8128	Date: 02/23/2010
OFM Review:	Chris Stanley	Phone: (360) 902-9810	Date: 02/23/2010

Request # 10-FN074-1

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.

This proposed substitute differs from House bill 3178 in the following ways. WDFW's fiscal impact does not change due to these modifications.

Section 4 authorizes the information services board (ISB) to develop a pilot project to centrally provide telephony and electronic mail services to state agencies, and encourages state agencies to purchase these services through the Department of Information Services (DIS).

Section 5 removes the authority granted to DIS over personal computer purchase, lease and replacement, and encourages rather than mandates state agencies to participate in the state master contract.

Section 7 directs DIS and the Office of Financial Management (OFM) to conduct a detailed inventory of all information technology assets owned or leased by state agencies. State agencies will document their costs to provide this inventory to DIS and OFM by November 1, 2010, but should assume no fiscal impacts. WDFW estimates that this inventory will take approximately three existing staff at the ITS-6 or Manager level one week each to complete.

Section 9 directs OFM to update its operating budget instructions to obtain information from agencies about IT project costs. Much of this information is already provided through IT Portfolios and IT addendums required for each technology-related decision package.

Section 11 directs the ISB and OFM to work with state agencies to develop contracting standards for information technology acquisition and purchased services. The ISB and OFM will work with state agency stakeholders to review state agency IT budgets.

Section 12 requires DIS to evaluate agency budget requests for major IT projects, and recommend funding or efficiencies to OFM and appropriations committees.
Section 13 expands the types of information that DIS is required to include in its biennial state performance report on information technology.
Section 14 directs DIS to coordinate a pilot project for four state agencies to demonstrate the value of application managed services.
Section 15 directs OFM to work with state agencies to generate savings from improved acquisition and delivery of information technology projects and services.
Section 16 directs DIS to report on efforts to develop a centralized information project management office.

Requirements and impacts under the original House Bill 3178 are still retained in this proposed substitute:

Section 1 recognizes that efficiences could be created in the use of technology in state government through an enterprise-based information technology strategy.

Section 2 identifies powers and duties of the Department of Information Services (DIS).

Section 3 would require state agencies to purchase cellular or mobile phone service through participation in the state master contract unless a waiver is secured in advance of the purchase from the Office of Financial Management (OFM) or DIS.

Section 4 (now Section 5) would require DIS to develop a personal computer replacement policy for all personal computers owned or leased by state agencies. The replacement policy would consist of, at a minimum, a five year replacement cycle. This section also mandates keeping monitors for a longer term, replacing them separately.

Section 5 (now Section 6) would require state agencies to develop data storage policies to include reviewing what information currently exists in digital format, where it is being stored, how it is being used, and the business and legal requirements for retaining the information to achieve greater storage efficiency. The information services board would develop a data retention policy for state agencies. DIS would offer tiered data storage services to state agencies.

Section 6 (now Section 8) would establish limitations on information technology procurement for the remainder of the 2009-2011 biennium. These limitations would include securing prior authorization from OFM to purchase or implement new information technology projects, to purchase servers, virtualization, data storage, or related software, and upgrading existing software.

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.

NA

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 5. WDFW currently utilizes a 4-year replacement cycle with a 4-year warranty on desktop computers and laptops. Current inventory consists of 1,004 desktop computers and 440 laptops, replacing 25% of them each year of the 4-year cycle. This bill would place WDFW on a 5-year replacement cycle with a 3-year warranty. Using the replacement costs calculator provided by OFM, WDFW would experience the following savings:

FY11: ($95,682)
FY12: ($68,388)
FY13: ($4,773)
FY14: ($4,773)
FY15: ($32,066)

There are concerns that WDFW would not be able to realize the entire savings shown above due to added costs for specialized upgrades to the replacements of the machines that fail in the 4th and 5th years not covered on warranty.

Understanding that the computers shown here are default units under the state's master contract, WDFW will have additional specialized costs for each desktop computer used for GIS purposes (video cards, RAM, and hard drives), and for each laptop used by Enforcement Officers (RAM, special video capabilities, port replicators, auto power adapters). It has been our practice to purchase a complete care warranty on Enforcement systems to ensure that the Officers are fully equipped and operational at all times. If computers fail in the 4th or 5th year of their lifecycle, we estimate that we will have costs of approximately $4,000 each year in upgrades to the default replacements not anticipated by the OFM calculator.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services		(95,682)	(95,682)	(73,161)	(36,839)
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$(95,682)	$(95,682)	($73,161)	$(36,839)

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.

Calculating impacts of HB 3178 for PCs on a 4-year refresh cycle

Instructions: In the column "G" green input area, enter your agency's PCs ages by year. For example, a PC that is six months old would should be entered in the "one-year old" cell, "G5". The formulas adjust for moving from a 4-year to a 5-year replacement cycle. It also assumes that in year 4, the PCs are still under warranty and would not require additional expense by the agency. A 14% failure/replacment rate is assumed for the 5th year. For fiscal note purposes use the savings items from row 36 below.

Please answer the following questions for those PCs in your agency that are on a four-year refresh cycle:	
Of your agency's current inventory, how many PCs are one year old?	251
Of your agency's current inventory, how many PCs are two years old?	251
Of your agency's current inventory, how many PCs are three years old?	251
Of your agency's current inventory, how many PCs are four years old?	251
Are the PCs leased? If so, Type "Yes". If not, type "No"	Yes

4th Year Failure Rate	12%	Cost of PC	758.415
5th Year Failure Rate	14%		

AGE OF PC's	FY10 (# of Desktops in inventory)	FY11	FY12	FY13	FY14	FY15
1	251	251	251	251	215.86	
2	251	251	251	215.9		
3	251	251	215.86			
4	251					
5	0					

# of desktops intended to be purchased/leased	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
		251.0	251.0	251.0	251.0	251.0
total cost	-	60,453	60,453	60,453	60,453	60,453

# of desktops purchased/leased under HB 3178	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
					35.1	215.9
				35.1	215.9	-
			35.1	215.9	-	-
Total PCs purchased	-		35.1	251.0	251.0	215.9
total cost	-	-	14,911	58,774	58,774	43,863

Savings	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
	-	60,453	45,541	1,679	1,679	16,590

Note concerning Savings numbers (above):

A positive number represents an actual savings for the fiscal year period.

A negative number represents a new cost for the fiscal year period.

Calculating impacts of HB 3178 for notebooks on a 4-year refresh cycle

Instructions: In the column "G" green input area, enter your agency's notebooks ages by year. For example, a notebook that is six months old would should be entered in the "one-year old" cell, "G5". The formulas adjust for moving from a 4-year to a 5-year replacement cycle. It also assumes that in year 4, the notebooks are still under warranty and would not require additional expense by the agency. A 14% failure/replacment rate is assumed for the 5th year. For fiscal note purposes use the savings items from row 36 below.

Please answer the following questions for those notebooks in your agency that are on a four-year refresh cycle:	
Of your agency's current inventory, how many notebooks are one year old?	110
Of your agency's current inventory, how many notebooks are two years old?	110
Of your agency's current inventory, how many notebooks are three years old?	110
Of your agency's current inventory, how many notebooks are four years old?	110
Are the notebooks leased? If so, Type "Yes". If not, type "No"	Yes

4th Year Failure Rate	30%
5th Year Failure Rate	33%
Cost of notebook	1052.45

# of notebooks in inventory

AGE OF Notebooks	FY10	FY11	FY12	FY13	FY14	FY15
1	110	110	110	110	73.70	
2	110	110	110	73.7		
3	110	110	73.7			
4	110					
5	0					

# of notebooks intended to be purchased/leased	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
		110.0	110.0	110.0	110.0	110.0
total cost	-	35,229	35,229	35,229	35,229	35,229

# of notebooks purchased/leased under HB 3178	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
					36.3	73.7
				36.3	73.7	-
			36.3	73.7	-	-
Total notebooks purchased	-		36.3	110.0	110.0	73.7
total cost	-	-	12,382	32,136	32,136	19,753

Savings	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
	-	35,229	22,847	3,094	3,094	15,476

Note concerning Savings numbers (above):

A positive number represents an actual savings for the fiscal year period.

A negative number represents a new cost for the fiscal year period.

Individual State Agency Fiscal Note

Bill Number: 3178 P S HB	Title: State govt technology use	Agency: 540-Employment Security Department

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT					
Total $					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	0.2	0.1	0.0	0.0
Account					
Employment Service Administrative Account-State 134-1	0	25,000	25,000	(84,000)	106,000
Total $	0	25,000	25,000	(84,000)	106,000

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total $	$0	$0	$0	$0	$0	$0

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:

- [X] 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:	Charlie Gavigan	Phone: 360-786-7340	Date: 02/17/2010
Agency Preparation:	Sara Lowe	Phone: 360-438-4758	Date: 02/24/2010
Agency Approval:	Randi Warick	Phone: 360-902-9423	Date: 02/24/2010
OFM Review:	Sandi Triggs	Phone: (360) 902-0553	Date: 02/25/2010

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 adds a new section to RCW 43.105 to provide the legislative's finding and intent.

SECTION 2 amends RCW 43.105.052 (2). The Department of Information Services (DIS) is no longer required to operate on a full cost recovery basis. The enumerated list of services under this subsection is also changed to include data storage, procurement and maintenance of mainframe and personal computers, servers, and virtualization services. It strikes the provision which states that services provided by DIS are for discretionary use by customers.

SECTION 3 adds a new section to RCW 43.105 prohibiting agencies from procuring wireless communications services from sources other than the DIS master contracts without obtaining a waiver from DIS or the Office of Financial Management (OFM).

SECTION 4 adds a new section to 43.105 RCW to direct the Information Services Board (ISB) to establish a telephony and electronic mail centralization pilot project either through DIS or a private entity. It also encourages state agencies to purchase telephony equipment through DIS.

SECTION 5 adds a new section to RCW 43.105 directing DIS to seek approval from ISB to develop a personal computer (PC) replacement policy that mandating a replacement cycle at least every five years, for all state PCs. State agencies are encouraged to purchase and lease PCs though DIS master contracts.

SECTION 6 adds a new section to RCW 43.105 requiring state agencies to develop data storage policies in an effort to gain efficiencies. DIS is directed to offer tiered data storage services to state agencies that will be required to purchase any additional storage from DIS. ISB is directed to create a data retention policy for state agencies.

SECTION 7 directs DIS and OFM to audit technology assets owned or leased by state agencies. A report on the findings is to be submitted to the legislature and Governor by December 1, 2010. This section expires July 1, 2011.

SECTION 8 amends RCW 43.105.190 adding additional purchasing restrictions for the 2009-2011 Biennium:

(a) State agencies may not purchase or implement new IT projects without prior approval from the OFM, which may be granted only if the project contribute towards an enterprise strategy or meets a critical, localized need of the requesting agency.

(b) State agencies may not purchase servers, virtualization, data storage, or related software without prior OFM approval, which may be granted only if the purchase is consistent with the state's overall migration strategy to the state data center and critical to the operation of the agency.

(c) State agencies may not upgrade existing software without prior OFM approval, which may be granted only if the agency can demonstrate that upgrade of the software is critical to the operation of the agency.

SECTION 9 adds a new section to 43.88 RCW directing OFM to provide operating budget instructions to state agencies who will be required to collect and report in a standardized format additional information on proposed IT projects, to include all implementation costs, maintenance costs, expenditures in previous biennia, ISB oversight level, estimated project duration and start date, estimated ongoing operating savings or other benefits, an explanation of the project purpose and benefits, and how the project will impact underlying business processes for software development/purchases.

It further requires the Governor's budget to include an IT plan with a list of all proposed projects with projected costs and funding sources over three biennia and statement of purpose, in electronic format.

OFM is directed to institute a method for accounting for IT related expenditures and provide a report to the legislature each biennium by funding source and object level, with the first report due January 15, 2013.

SECTION 10 amends RCW 43.88.560 and 1992 c 20 s 7 to require the OFM Director to collect additional IT project information and submit an IT plan.

SECTION 11 amends RCW 43.105.041 and 2009 c 486 s 13 requiring ISB to work with OFM to develop IT contracting standards, which state agencies will be required to implement. Moreover, ISB is directed to complete independent technical reviews of budget and technical information on all IT efforts within their scope of operation. ISB, with help from a project manager (if funded) and OFM, are instructed to review state agency technology budgets.

SECTION 12 amends RCW 43.105.180 and 1999 c 80 s 11 to include OFM in the evaluation of major information technology projects. Funding recommendations would now be submitted not only to OFM, but also to the legislative appropriations committees. DIS is also obligated to submit recommendations regarding consolidations of similar proposals. Evidence of business process streamlining and gathering of business and technical requirements are added as additional criteria for evaluation of budget requests.

SECTION 13 amends RCW 43.105.160 (Strategic information technology plan) to add additional reporting requirements for major information technology projects, including all of the following: total cost of ownership (acquisition and operating costs), proposed and final project schedules, data regarding progress toward meeting project goals and performance measures, with an emphasis on savings to the operating budget, and discussion of lessons learned. The major IT project section of the report must examine major IT projects completed in the previous biennium. The report is due every two years starting on December 15, 2011.

SECTION 14 requires DIS and OFM to direct and coordinate pilot projects for four state agencies (Department of Transportation, Department of Social and Health Services, the Legislative Service Center, and OFM) to demonstrate the value of managed services.

SECTION 15 adds a new section to RCW 43.105 directing ISB, with help from DIS and OFM, to identify strategies for achieving the budget reductions identified in the omnibus budget act. ISB's analysis must identify savings by agency and fund. OFM is directed to work with the appropriate state agencies to achieve savings equal to or greater than those identified in the budget.

SECTION 16 requires DIS to report by November 1, 2010 on the status of its effort to develop a centralized IT project management office.

SECTION 17 amends RCW 43.105.080 to make the data processing revolving fund an appropriated fund.

SECTION 18 repeals original legislative intent described in RCW 43.105.017.

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 2 has no impact on ESD. This section does not require ESD to utilize the service offerings outlined in this section.

SECTION 3 has no impact on ESD. ESD currently utilizes the cellular and mobile phone master contracts for the purchase of both equipment and services.

SECTION 4, ESD assumes no fiscal impact. The legislation does not identify the state agencies that would participate in the telephony and electronic mail centralization pilot project. ESD assumes that it will not participate in the pilot project. However, if ESD is directed to participate, there may be additional costs.

SECTION 5, at the start of FY 2010, over half of ESD's 4,600 desktop and laptop computers were at least five years or older and has not yet implemented a standardized replacement cycle. ESD is currently in process of replacing the oldest computers first, using a legislative appropriation which was intended to begin ESD to a four year replacement cycle by FY 2013.

Currently, ESD has approximately 4,510 desktop computers and 590 laptop computers. The cost for a laptop computer is $1,052.45 (includes tax), and the cost for a desktop computer is $758.42 (includes tax). Annual funding required to replace these computers on the four year replacement cycle with four years maintenance agreement is approximately $1,015,760.

ESD assumes that there will not be fourth and fifth year maintenance agreement. Any computers that fail in the 4th and 5th year of operation will be replaced with new computers. The failure rate in the fourth year is estimated to be 12% for desktop computers and 30% for laptop computers; the failure rate in the fifth year is estimated to be 14% for desktop computers and 33% for laptop computers.

Assuming that ESD changes to a five year replacement cycle and replace 902 desktop computer and 118 laptop computers per year, the costs are $812,784 annually. The costs to replace failed computers are $119,348 for fiscal year

2013 and $256,104 for fiscal year 2014 and later. In fiscal year 2013, there will be a saving of $83,628 (1,015,760 - 812,784 - 119,348). In fiscal year 2014 and later, ESD will need additional funding of $53,128(1,015,760 - 812,784 - 256,104).

SECTION 6, in fiscal year 2011, ESD estimates one time costs of $22,000 for 350 hours of a WMS3 and Management Analyst 3 to complete the analysis needed for the data storage policy development. ESD staff will review email retention, document retention, database retention and corresponding back-up schedules as well as network drives and storage area networks (SAN). The information derived from the analysis will be provided to DIS for review and policy development.

In addition to the direct costs estimated, ESD assesses an indirect rate to cover agency-wide administrative costs. The U.S. Department of Labor (DOL) is designated by the Office of Management and Budget to negotiate and maintain indirect cost rates and cost-allocation plans for organizations that receive a preponderance of funds from DOL, which includes Washington State's ESD.

The indirect costs are estimated to be $3,000 in fiscal year 2011.

SECTION 7 has no impact on ESD. The technology asset audit and report is to be lead and completed by DIS and OFM.

SECTION 8 has no fiscal impact on ESD. However, the definition of project is unclear and there are inherent risks associated with delaying purchases required for critical information technology infrastructure. ESD has several customer facing applications that are in the process of being upgraded and long term delays associated with gaining approvals to purchase equipment or software could impair the success of these projects.

Remaining SECTIONS 9 -18, ESD assumes no impact. However, it should be noted that Section 9 requires state agencies to track and submit additional information associated with proposed projects; the legislation does not define the scope of proposed projects. For the purpose of this fiscal note, ESD assumes that proposed project means an IT project for which a state agency seeks an appropriation via a decision package. ESD further assumes that the requirement in this section can be satisfied through the IT addendum which is already required from the agencies who submit IT related decision packages.

Section 13, ESD would provide information to DIS on major IT projects through the annual portfolio process which is an existing process. The term "major technology" is not defined in the bill. ESD assumes that major projects mean ISB Level 2 or 3 projects as defined in the Information Technology Investment Policy.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.2	0.1		
A-Salaries and Wages		17,000	17,000		
B-Employee Benefits		5,000	5,000		
C-Personal Service Contracts					
E-Goods and Services		3,000	3,000		
G-Travel					
J-Capital Outlays				(84,000)	106,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$25,000	$25,000	($84,000)	$106,000

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Management Analyst 3	54,504		0.1	0.1		
Washington Management Services 3	95,000		0.1	0.1		
Total FTE's	149,504		0.2	0.1		0.0

Part IV: Capital Budget Impact

This bill has no impact on the capital budget.

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.

This bill does not require rule changes.