

Multiple Agency Fiscal Note Summary

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Consolidated Technology Services	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Financial Management	1.0	0	368,280	1.0	0	338,280	1.0	0	338,280
Consolidated Technology Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Enterprise Services	.8	0	372,900	.0	0	0	.0	0	0
Washington State Patrol	Fiscal note not available								
Department of Labor and Industries	.3	0	455,000	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Fiscal note not available								
Department of Health	Fiscal note not available								
Department of Corrections	.0	215,000	215,000	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Ecology	.1	4,928	32,847	.0	0	0	.0	0	0
Employment Security Department	.5	0	168,323	.0	0	0	.0	0	0
Total \$	2.7	219,928	1,612,350	1.0	0	338,280	1.0	0	338,280

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Consolidated Technology Services	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Washington State Patrol	Fiscal note not available								
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Fiscal note not available								
Department of Health	Fiscal note not available								
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Bryan Way, OFM	Phone: (360) 902-0650	Date Published: Preliminary 4/ 3/2019
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Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 105-Office of Financial Management
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
Account					
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6	199,140	169,140	368,280	338,280	338,280
Total \$	199,140	169,140	368,280	338,280	338,280

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 03/19/2019
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 03/19/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 03/28/2019

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.

Sec. 2 (1) (2) - State agencies must adopt third-party, commercial cloud computing solutions for any new information technology or telecommunications investments except agencies who apply for waivers for cloud migration.

Sec. 2 (3) - State agencies are prohibited from installing and operating servers, storage networking, and related hardware in agency-operated facilities unless a waiver is granted by the OCIO or allowed by statewide policy.

Sec. 2 (4) - Requires the OCIO to conduct a statewide cloud computing readiness assessment.

Sec. 2 (5) - By June 30, 2020, the OCIO must submit a report to the Governor and appropriate committees of legislature that summarizes statewide cloud migration readiness and makes recommendations for migration goals.

Sec. 2 (6) - Limits the number of contracts identified to provide cloud computing services or migration support to no more than three contracts per procurement.

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.

OFM Technology Services Assumptions:

- Costs to perform the migration of existing server workloads are not included in statewide readiness assessment. There will be a need for further investment to move existing server workloads.
- Ongoing training costs are not included in this impact assessment.
- Does not include moving mainframe workloads to the cloud.
- There may be additional IT impacts dependent on how the business decides to implement their impacts.
- There will be an impact to the contracts and procurement group. They will need the skillset to work with cloud vendors.

Cost Analysis:

- A 1.0 FTE Information Technology Program Manager with an annual salary of \$108,000 plus benefits, goods and services, and one-time equipment costs will be needed for the requirement for all new information technology or telecommunications investments be with third-party, commercial cloud computing solutions, and the requirement to work with OCIO and a vendor to contribute specific details and documentation on the statewide enterprise applications portfolio (160+ applications) for the statewide readiness assessment plan by June 2020. (On-going)

• Training for managing infrastructure in a third-party, commercial cloud computing solution. State agencies must adopt third-party, commercial cloud computing solutions for any new information technology or telecommunications investments. OFM will need to train staff across application development, database, and infrastructure in deploying and maintaining applications in commercial cloud environments. We are estimating that 5 staff across these three domains at a cost of \$5,000.00 per person at a total cost of \$25,000. This is a one-time cost.

The \$5000 training cost breakdown:

- CompTIA Cloud+ Certification training class \$3000.
- Certification exam \$400.00.
- Travel to attend a 3 to 5 day class and exam \$1,600.

Ongoing training costs are indeterminate and would be included in future investment requests.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
472-6	Statewide Information Tech System Maintenance & Operations Revolving Account	Non-Appropriated	199,140	169,140	368,280	338,280	338,280
Total \$			199,140	169,140	368,280	338,280	338,280

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	108,000	108,000	216,000	216,000	216,000
B-Employee Benefits	34,740	34,740	69,480	69,480	69,480
C-Professional Service Contracts					
E-Goods and Other Services	49,000	24,000	73,000	48,000	48,000
G-Travel	2,400	2,400	4,800	4,800	4,800
J-Capital Outlays	5,000		5,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	199,140	169,140	368,280	338,280	338,280

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
IT Program Manager	108,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

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.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 163-Consolidated Technology Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Wendy Armstrong	Phone: 360-407-8977	Date: 03/19/2019
Agency Approval: Tim Gallivan	Phone: (360) 407-8215	Date: 03/19/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 03/28/2019

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 narrative.

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.

See attached narrative.

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 narrative.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

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

None.

Individual State Agency Fiscal Note

Agency 163 – Consolidated Technology Services

Bill Number: E2SSB 5662 Bill Title: Cloud Computing Solutions

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Non-zero but indeterminate costs – See discussion below.

Estimated Expenditures:

Non-zero but indeterminate costs – See discussion below.

<i>Agency Assumed Costs</i>	FY 2020	FY 2021	2019-21	2021-23
FTE - Staff Year	7.0	2.0	4.5	2.0
General Fund - State (001-1)	2,400,000	-	2,400,000	-
Consolidated Technology Services Revolving Account - State (458-1)	866,000	433,000	1,299,000	866,000
Consolidated Technology Services Revolving Account - Non-Appropriated (458-6)	616,000	0	616,000	0
Total \$	3,882,000	433,000	4,315,000	866,000

Check applicable boxes and follow corresponding instructions.

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

Legislative Request: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Wendy Armstrong	Phone: 360-407-8977	Date: 03/19/2019
Agency Approval: Timothy Gallivan	Phone: 360-407-8215	Date: 03/19/2019

Request #	1
Bill #	E2SSB 5662

Part 2 – Explanation

2. A – Brief Description on what the measure does and how it has a fiscal impact

This bill amends RCW 43.105 to require adopting cloud computing solutions for new technology investments. The bill also requires the Office of Chief Information Officer (OCIO) to conduct a statewide cloud readiness assessment and report on the findings to the Governor and legislative committees.

Consolidated Technology Services (WaTech) is both a consumer and provider of services. WaTech will need significant resources to support a cloud environment; the fiscal impact for those costs is not yet known but would be determined during the cloud readiness assessment activities described in section 2(4).

Changes from SSB 5662:

- Removes the requirement for state agencies to submit a cloud migration plan,
- Modifies the requirement for the statewide assessment,
- Removes the requirement for the OCIO to submit a cloud migration progress report every six months,
- Removes the reporting requirement for state agencies, the OCIO, and agency human resources directors on dislocated workers, and
- Removes the creation of a training program for dislocated workers.

Section Analysis:

Section 1 provides definitions.

Section 2(1) requires state agencies, including WaTech to adopt third party, commercial cloud computing solutions for any new information technology or telecommunications investments and to evaluate the ability of the cloud compute solution to meet the security and compliance requirements for all workload types, leveraging defined federal authorization or accreditation programs and data portability

Section 2(2) authorizes OCIO to issue waivers based on written justifications for not utilizing cloud-computing solutions.

Section 2(3) prohibits agencies from installing servers, storage, networking, and related hardware in agency operated facilities without a waiver

Section 2(4) requires OCIO to conduct a statewide cloud computing readiness assessment that includes an inventory of state agency assets and associated service contracts, staffing impacts, and any additional resources required to enable cloud migration.

Section 2(5) requires OCIO to report to the governor and legislative committees summarizing cloud migration readiness by June 30, 2020.

Section 2(6) requires WaTech, in coordination with the Department of Enterprise Services (DES) to conduct a competitive procurement to identify no more than three cloud computing or system migration support services vendors.

Section 3 repeals RCW 43.105.375 Use of State Data Center by eliminating the requirement to locate all existing and new servers in the state data center.

2. B - Cash Receipt Impact

This bill will have an indeterminate impact on cash receipts. WaTech is funded by expenditure authority from the Consolidated Technology Services Revolving Account (458). WaTech revenues are generated by fee for service programs and from charges allocated to agencies through the central services model.

Because of the additional expenditures that WaTech will incur, WaTech is assuming all fee for service rates and the central service model will need to increase to offset the expenditures. It is assumed allocations in the central services model will be adjusted by the Legislature.

Additionally, it is recommended that the OCIO procurement of professional services that supports the development of a statewide cloud strategy in Section 2(5) be funded with General-Fund State to avoid significant rate increases for agencies that earn revenue from fee-for-service or license fees.

2. C – Expenditures

This bill will have an indeterminate impact on expenditures. WaTech does not have sufficient data to make reliable assumptions regarding the level of participation needed to meet the provisions of this bill. However, based on how the bill is written, WaTech has provided the following implementation assumptions from the policy and operational (agency support) viewpoints.

High level implementation assumptions based on assumed workloads. These numbers are provided for estimation purposes only.

<i>Policy and Operational Estimates</i>	2020	2021	Biennium	2022	2023	Biennium
FTE	7.00	2.00	4.50	2.00	2.00	2.00
Object A Salaries	771,000.00	228,000.00	999,000.00	228,000.00	228,000.00	456,000.00
Object B Benefits	245,000.00	72,000.00	317,000.00	72,000.00	72,000.00	144,000.00
Object C Personal Contracts			-			-
Object E Goods and Services	2,443,000.00	12,000.00	2,455,000.00	12,000.00	12,000.00	24,000.00
Object G Travel	3,000.00	1,000.00	4,000.00	1,000.00	1,000.00	2,000.00
Object TZ Overhead	420,000.00	120,000.00	540,000.00	120,000.00	120,000.00	240,000.00
	3,882,000.00	433,000.00	4,315,000.00	433,000.00	433,000.00	866,000.00

High level staffing assumptions based on assumed workloads. These numbers are provided for estimation purposes only.

<i>Estimated Workload</i>	Est. Position		2020	2021	2022	2023
Waiver Processing (Ongoing)	EMS 2 @ 216.5K annually	OCIO Office	2.00	2.00	2.00	2.00
Assessment (Year 1 Only)	EMS 3 @ 216.5K	OCIO Office	2.00	-	-	-
Assessment Assistance	EMS 2 @ 205.5K	WaTech Operations	3.00	-	-	-
			7.00	2.00	2.00	2.00

Policy Assumptions

The OCIO would be required to:

- Oversee and participate in the statewide cloud readiness assessment, analyze the assessment results, and produce a report of the assessment findings for the Governor's office;
- Assess an increased volume of agency waiver applications resulting from cloud adoption requirements;
- Gather requirements and develop procurements for a readiness assessment vendor, cloud service vendors, and cloud migration support vendors.
- The statewide cloud readiness assessment will:
 - Inventory agency assets, contracts, and other relevant information;

- Identify impacts to agency staffing resulting from cloud migration;
- Identify additional resources needed to enable sufficient cloud migration support;
- Support state agency migration to cloud computing.

In order to complete these tasks within the timeframe of the bill, professional services from a vendor with experience in cloud migration strategy and readiness will need to be procured on behalf of the enterprise.

The OCIO will prepare high-level requirements and expectations for the vendor. However, OCIO will rely on the expertise of the vendor to collect, analyze, and prepare relevant data that supports the development of a statewide cloud strategy and agency cloud migration plans, provides the state with a view of its overall cloud readiness including risks and mitigation strategies, and satisfies the requirements of the bill. Based on the current master contract hourly rates for professional services required to complete the assessment and the level of effort on past projects, WaTech estimates the vendor costs to be \$2.2 – \$2.4 million.

SB 5622 | Cloud Computing Solutions Vendor Estimate

	[a]	[b]	[c]	[d]	[e] = [a]*[b]*[c]*[d]
ITPS Vendors*	Est. Rate (hr)	Est. Number of Consultants	Est. Hours Per Week	Est. Number of Weeks	Total Est. Cost
Vendor 1	250.00	5.00	40.00	40.00	2,000,000.00
Vendor 2	275.00	5.00	40.00	40.00	2,200,000.00
Vendor 3	300.00	5.00	40.00	40.00	2,400,000.00
Vendor 4	400.00	5.00	40.00	40.00	3,200,000.00

* ITPS = Information Technology Professional Services (Source DES Information Technology Professional Services)

The estimates are used to determine range of costs related to 3rd party contractor needs.

The vendor names were not included, however the rates were gathered from the Department of Enterprise Services (DES) ITPS Website

Additionally, OCIO assumes a need for at least two staff to coordinate and work with the vendor. The costs will be approximately \$433,000 annually (2 EMS3 @ 216,500 each). To comply with the aggressive time line proposed in the bill, WaTech will need the funding starting July 1, 2019. These estimates do not include the migration costs from on premise services to the cloud.

Additionally, section 2(3) authorizes the OCIO to issue waivers based on written justification for not utilizing cloud-computing solutions. Agencies will be able to apply for waivers for cloud adoption but are still required to decommission agency facilities.

The impacts to the OCIO are unknown at this time, but it is anticipated that 2 additional FTEs will be needed to absorb the additional workload to evaluate and dispose of a large volume of waiver requests, produce legislative reports, and monitor agency progress. The costs for three FTEs are estimated to be \$433,000 (2 EMS3 @ \$216,500 each) annually.

Section 3 assumes agencies with in-process system migrations to the State Data Center (SDC) must complete the work and migrate to the SDC with the understanding that migration to a third party, commercial cloud solution must be completed within the timeframe established in this bill.

Operational Assumptions

The WaTech Operational support section would be required to:

- Adopt a third party, commercial cloud computing solution for new information technology or telecommunications investments.
- Provide information for a cloud computing readiness assessment that includes an inventory of agency assets and associated service contracts, staffing impacts, and any additional resources required to enable cloud migration.
- Coordinate with the Department of Enterprise Services (DES) to conduct a competitive procurement to identify not more than three cloud computing or system migration support vendors.

As noted in the policy assumptions, the WaTech operational team is assuming that the OCIO will be leading the vendor procurement on behalf of the agencies impacted by the provisions of this bill in order to complete these tasks within the timeframe of the bill.

From an operational standpoint, WaTech is both a consumer and provider of services. It is assumed that agencies (e.g. small and mid-size agencies) will require WaTech's support to comply with the provisions of this bill.

For example,

- In section 2(1), the actual number of additional staff required to assist deployment of new technology to cloud computing solutions is unknown. WaTech does not currently have the appropriate training to support cloud migrations. Additional investments for network and connectivity to the cloud highway will be needed.
- In section 2(4) and 2(5), WaTech assumes that the OCIO will procure the third-party vendor to conduct the assessment noted above. However, from an operational point of view, WaTech will need three staff to coordinate, plan, monitor, communicate, and provide agency specific data to the vendor to meet the provisions of the bill. WaTech estimates the costs to be approximately \$616,500 (3 EMS2 @ 205,500) for one year.

Section 3 repeals the requirement that agencies must move into the State Data Center (SDC). It is assumed that the state's debt service obligation will not decrease as a result of this section. It also assumed, agencies will still be required to decommission agency data facilities and agencies with in-process system migrations to the State Data Center must complete the work. It is also assumed that the SDC's operational costs will not decrease until the entire SDC is decommissioned.

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 179-Department of Enterprise Services
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.5	0.0	0.8	0.0	0.0
Account					
Enterprise Services Account-State 422-1	372,900	0	372,900	0	0
Total \$	372,900	0	372,900	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:

☒

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Becky Guyer	Phone: (360) 407-9254	Date: 03/19/2019
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 03/19/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 03/28/2019

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.

Sec 2.1 - Agencies must adopt third-party commercial cloud computing solutions for any new information technology or telecommunications investments except as provided in subsection (3).

Sec 2.2 - State agencies with a service requirement that prohibits the utilization of a cloud computing solution must receive a waiver from OCIO. This section also prohibits state agencies from installing servers, storage, networking and related hardware in agency-operated facilities unless a waiver is granted. This has no fiscal impact.

Sec 2.3 - The OCIO must conduct a readiness assessment to prepare migration of core services to cloud services for all agencies, including ways it can leverage shared cloud computing and reduce costs. This has no fiscal impact.

- DES assumes cloud readiness assessments will be procured and paid for by Consolidated Technology Solutions (CTS).

- DES assumes additional staff will be needed to support CTS in the readiness assessments and create a specific migration plan for the Department of Enterprise Services (DES) and the 150 applications we support.

DES assumes two project positions (9 months) would be needed. Staff include:

1. One Project Manager to support the overall cloud migration project.
2. Two- IT Systems/Applications specialist 6

Additional costs for software may be required for migration of applications as well as additional costs for cloud connections and ongoing operations and maintenance for cloud charges - These costs are unknown at this time but need to be taken into account for implementation.

DES will be unable to complete a migration plan without the CTS readiness assessment, which is also due June 30,2020.

Sec. 2 (6) requires the OCIO to oversee and provide technical specifications to DES, who must conduct a competitive procurement process to identify contractors to provide cloud computing services and system migration support. It states the contract(s) must be renegotiated every five years. Creating new master contracts is part of DES regular work and therefore 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.

DES assumes a Project Manager to support the cloud migration project is needed to implement this legislation.
DES will contract for this service. We assume 780 hours at a rate of \$200/hr.

DES assumes two IT Systems/Application specialist 6 will also be needed.

DES assumes project staff will start July 2019 and will continue for 9 months.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
422-1	Enterprise Services Account	State	372,900	0	372,900	0	0
Total \$			372,900	0	372,900	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.5		0.8		
A-Salaries and Wages	145,400		145,400		
B-Employee Benefits	49,500		49,500		
C-Professional Service Contracts	156,000		156,000		
E-Goods and Other Services	22,000		22,000		
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 \$	372,900	0	372,900	0	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
IT Systems/Application specialist 6	96,912	1.5		0.8		
Total FTEs		1.5		0.8		0.0

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.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.5	0.3	0.0	0.0
Account					
Accident Account-State 608-1	0	228,000	228,000	0	0
Medical Aid Account-State 609-1	0	227,000	227,000	0	0
Total \$	0	455,000	455,000	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:

☒

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Trent Howard	Phone: 360-902-6698	Date: 03/29/2019
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 03/29/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 03/29/2019

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 - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
608-1	Accident Account	State	0	228,000	228,000	0	0
609-1	Medical Aid Account	State	0	227,000	227,000	0	0
Total \$			0	455,000	455,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.5	0.3		
A-Salaries and Wages		53,000	53,000		
B-Employee Benefits		17,000	17,000		
C-Professional Service Contracts					
E-Goods and Other Services		375,000	375,000		
G-Travel					
J-Capital Outlays		10,000	10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	455,000	455,000	0	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Fiscal Analyst 5	60,633					
WMS Band 2	101,415		0.5	0.3		
Total FTEs			0.5	0.3		0.0

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

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

None.

Part II: Explanation

This bill is related to cloud computing solutions; amending RCW 43.105.020; adding a new section to chapter 43.105 RCW; and repealing RCW 43.105.375. The original estimate of an indeterminate high fiscal impact remains the same.

Current bill E2SSB 5662 is different from former bill SSB 5662 in that it:

- Excludes the requirement that state agencies must submit a cloud migration plan to the office by December 31, 2020.
- Excludes the requirement of state agency migration of one hundred percent of server capacity by June 30, 2023; excluding waivers.
- Excludes the requirement that the office must submit a cloud migration progress report to the legislature every six months, with the first report due in January 2021.
- Excludes the requirement that state agency directors of human resources must report annually to the office and employment security department on impacts related to state employees who could not be reassigned due to cloud migration.
- Excludes proposed training program for employees who could not be reassigned to other duties as a result of cloud migration.

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

II. B – Cash Receipt Impact

None.

II. C – Expenditures

The major difference between this version and previous versions is the removal of the requirement of all applications needing to be migrated to the cloud by June, 2023. With that requirement removed, the only requirement is for L&I to increase our network speed and capacity to be able to connect to any cloud provider. L&I will address this by including the infrastructure costs as part of the first system's funding.

Section 2(1) requires state agencies to adopt third-party, commercial cloud computing solution for any new information technology projects or telecommunications investments. Although this version of the bill doesn't require any infrastructure upgrades directly, L&I assumes that the first medium to large system into the cloud will require higher network speed and capacity to that cloud vendor to ensure L&I can honor its current SLAs with their customers. The network capacity costs would need to be factored into that project's costs and ongoing maintenance. L&I has several requests in the Governor's 2019-21 Operating Budget that could be impacted by this section including:

- Workers' Comp Systems Modernization Replacement, includes over 104 systems; and
- Conveyance Management System

Section 2(2) – L&I assumes that all current on-premise applications and systems, whether housed in L&I or the State Data Center (SDC), will be granted a waiver for the life of that system. Upgrades to current hardware and software on those systems will not require a new waiver.

Section 2(3) – L&I assumes that the networking equipment and servers required to manage and monitor the L&I facility (e.g. routers, switches, monitoring equipment, etc.) will be granted a waiver.

This bill would increase expenditures to the Medical Aid Fund, fund 608, and Accident Fund, fund 609. The following assumptions were used to estimate the resources required to implement this bill.

Fiscal Assumptions:

- 0.5 FTE Project Manager for 1 year to submit the Cloud Readiness Report to the OCIO annually, starting 7/1/2020 and submit waiver for any L&I network and infrastructure equipment that resides in an L&I facility. Ongoing annual updates will be handled as changes to the systems and technologies occur.
- Training will be required for management of the cloud environment. There would be training impacts for 40 network operations staff to give them the ability to manage cloud-

based services. This is a major paradigm shift from the management methods used in the legacy environment.

- Training for 200 current IT development staff will be required for managing each system that is migrated to the cloud.
 - Training costs are assumed to be \$1,500 per staff.
 - WaTech's statewide connectivity architecture will be robust enough to handle applications in multiple cloud environments
 - WaTech's perimeter Security architecture will be capable of handling high speed traffic to cloud providers.
 - WaTech's statewide authentication services (ADFS) will be robust enough to accommodate applications in multiple cloud environments
 - WaTech's statewide security model will be compliant with external security requirements imposed on state agencies including HIPAA, SOX, IRS, etc.
 - Replication of data between a cloud-based database and our legacy environment (e.g. the LINIIS Mainframe) or another cloud vendor environment will incur significant egress costs during daily operations while in a hybrid mode.
 - Cloud vendor's ongoing subscription-based model will be a new billing method for budget management.
 - Current performance monitoring and environment management tools will have to be changed to manage similar services in the cloud.
 - There will be a period of time for the transition of all applications to the cloud.
- Integration costs of a hybrid environment (e.g. a mix of Cloud and legacy systems) is unknown.

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
608	Accident	\$0	\$1,750	\$0	\$0	\$0	\$0
609	Medical Aid	\$0	\$1,750	\$0	\$0	\$0	\$0
	Total:	\$0	\$3,500	\$0	\$0	\$0	\$0

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 56, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 240-Department of Licensing
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Part I: Estimates

☒

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Jon Neville	Phone: 360-902-3615	Date: 03/19/2019
Agency Approval: Justin Leppa	Phone: 360-902-3644	Date: 03/19/2019
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 03/19/2019

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 bill requires agencies to adopt third-party commercial Cloud computing solutions for new information technology.

E2SSB 5662 compared to SSB 5662:

- Removes the requirement for state agencies to submit a cloud migration plan by December 31, 2020.
- Modifies the requirements for the statewide assessment.
- Removes the requirement for the Office of the Chief Information Officer (OCIO) to submit a cloud migration progress report to the Legislature every six months.
- Removes the reporting requirements for state agencies, the OCIO, and agency Directors of Human Resources on dislocated workers.
- Removes the creation of a training program for dislocated workers.

This version changes the estimate to no fiscal impact due to removing the requirement that the Department of Licensing (DOL) produce a cloud migration plan.

No fiscal impact.

Section 1 amends RCW 43.105.020 to add a definition for “Cloud computing”.

Section 2 adds a new section to Chapter 43.105 RCW to include the following;

- Requires state agencies to adopt Cloud computing solutions for any new information technology or telecommunications investments.
- State agencies with a service requirement that prohibit the utilization of a Cloud computing solution must receive a waiver.
- The OCIO must conduct a statewide Cloud computing readiness assessment to prepare for the migration of core services to Cloud services. This assessment is due to the Governor and appropriate committees of the legislature by June 30, 2020.
- The Department of Enterprise Services (DES) must conduct competitive procurements for Cloud computing contracts.

Section 3 repeals RCW 43.105.375 (Use of state data center-business plan and migration schedule).

The statewide Cloud computing readiness assessment is due June 30, 2020. The effective date for the rest of this bill is 90 days past Sine Die.

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

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.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 310-Department of Corrections
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
General Fund-State 001-1	215,000	0	215,000	0	0
Total \$	215,000	0	215,000	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:

☒

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Tyler Lentz	Phone: 360-725-8227	Date: 03/20/2019
Agency Approval: Michael Steenhout	Phone: 360-725-8270	Date: 03/20/2019
OFM Review: Trisha Newport	Phone: (360) 902-0417	Date: 03/21/2019

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 substitute bill removed the cloud migration plan and progress reports formerly in Sections 2(2) and 2(7). Section 2(4) added “subject to amounts appropriated” to the Office of the Chief Information Officer (OCIO) statewide cloud computing readiness assessment. Section 2(9) containing the staffing impacts report was removed. Section 2(10) containing training programs for dislocated workers was removed.

Section 1 amends RCW 43.105.020, Consolidated Technology Services (CTS) Agency - Definitions, to include “cloud computing”.

Section 2 is a new section to RCW 43.105 requiring state agencies to adopt commercial cloud computing solutions for any new information technology (IT) or telecommunications investment.

Section 2(1) requires agencies to evaluate the ability to meet security, compliance, and data portability requirements prior to implementing a cloud computing solution.

Section 2(2) states that waivers requests submitted to OCIO for not utilizing a cloud computing solution must be based on written justification. The OCIO will submit all waiver requests to the legislature by December 30th each year.

Section 2(3) prohibits state agencies from installing and operating servers, storage, networking, and related hardware in agency-operated facilities unless allowed as defined in statewide policy or a waiver is granted.

Section 2(4) requires OCIO, subject to appropriations, to conduct a statewide cloud computing readiness assessment.

Sections 2(4)(a-c) state the requirements of the migration readiness assessment:

- Inventory state agency assets, associated service contracts, and relevant information.
- Identify impacts to staffing, skill gaps of transitioning from current practices, and training necessary to ensure effective ongoing maintenance of IT security and architecture.
- Identify resources needed by CTS to enable cloud migration support to state agencies.

Section 2(5) requires OCIO to submit a report to the governor and legislature that summarizes statewide cloud migration readiness by June 30, 2020.

Section 2(6) requires CTS/WaTech, subject to appropriations, to oversee and provide technical specifications to DES, who must conduct a procurement process to provide no more than three contracts for cloud computing services and for migration support, to be renegotiated at least every five years.

Section 3 is a new section that repeals RCW 43.105.375, Use of State Data Center.

Effective date is assumed to be 90 days after adjournment of the session in which this bill is passed.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

The fiscal impact of this bill is assumed to be greater than \$50,000 per Fiscal Year (FY).

This bill repeals RCW 43.105.375 and requires OCIO to conduct a statewide cloud readiness assessment by June 30, 2020.

As the lead agency, CTS/WaTech assumes they will procure and manage the contracts with the vendor(s) selected for assisting agencies in developing and answering cloud readiness assessments. The Department of Corrections (DOC) assumes this to only be for core services managed by CTS/WaTech such as email, batch processing, telecommunications, and enterprise systems.

The scope and workload of assessing DOC's current technology sourcing strategies and developing a migration roadmap for cloud computing is complex. The DOC has multiple unique databases and applications, such as Offender Management Network Information, Trust Accounting System, and Accounting for Local Funds. There is IT equipment (e.g., servers and computers) at a total of 121 facilities (leased and owned) located throughout Washington State. This includes 12 prisons, 12 work release facilities, and 97 offices.

Section 2(2) and 2(3) – The DOC manages separate dedicated local area networks at each prison and work release facility. These separate networks exist mainly for two reasons: technology performance limitations for the bandwidth required for live video feeds and to allow local only computer access to individuals under DOC jurisdiction. Depending on the waiver system developed and the corresponding enforcement, to determine if moving these separate networks to the cloud is feasible due to potential costs and data security requirements, DOC will need to procure an IT Business Analysis vendor (vendor) through a DES 2-Tier master contract, separate from the CTS/WaTech contractor. The vendor will work with a DOC project team, set objectives and expectations of cost, and help assemble, analyze, and evaluate data to make appropriate and well-reasoned recommendations to support DOC stakeholders. This analysis will take an estimated 320 hours. Based on previous IT Business Analysis vendors, a standard rate is \$215 per hour (320 hours x \$215/hour = \$68,800)

Section 2(4) – For OCIO to complete a statewide cloud computing readiness assessment, DOC must provide all relevant IT data. This data is requested in three categories:

2(4)a - Inventory of all DOC assets, associated service contracts, and any other relevant information. To comprehensively compile this data, this will take the vendor an estimated 320 hours. (320 hours x \$215/hour = \$68,800)

2(4)b – Identify staffing impacts, skill gaps, and trainings needed as a result of the cloud migration. To comprehensively compile this data, this will take the vendor an estimated 180 hours. (180 hours x \$215/hour = \$38,700)

2(4)c – Identify resources needed by CTS/WaTech to enable cloud migration support. To comprehensively compile this data, this will take the vendor an estimated 180 hours. (180 hours x \$215/hour = \$38,700)

ASSUMPTIONS:

1. The contractors obtained by CTS/WaTech will only assist DOC with the cloud readiness and migration

assessment of core services managed by CTS/WaTech.

2. The DOC requires a dedicated IT Business Analysis vendor.

3. An IT Business Analysis vendor standard rate is \$215 per hour.

4. The DOC may request waiver(s) for operating IT equipment in facilities based on the cloud migration report results.

5. The cloud migration readiness assessment in Section 2(4) will be produced by OCIO. The DOC's role will be to provide highly detailed data to the OCIO.

6. The DOC's IT subject matter expert's estimated the hours to complete each section.

7. The estimates are to complete the required reports only. Future funding will be required to complete the work that will be stated in the cloud migration plan.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	215,000	0	215,000	0	0
Total \$			215,000	0	215,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	215,000		215,000		
E-Goods and Other 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 \$	215,000	0	215,000	0	0

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Administration & Support Svcs (100)	215,000		215,000		
Total \$	215,000		215,000		

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.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

☒ 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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Mike Woods	Phone: 360 725-6283	Date: 03/18/2019
Agency Approval: Mike Woods	Phone: 360 725-6283	Date: 03/18/2019
OFM Review: Cynthia Hollimon	Phone: (360) 902-0562	Date: 03/20/2019

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.

Changes in E2SSB 5662 compared to the previous version (SSB 5662):

This version no longer requires agencies to submit cloud migration plans to the Office of the Chief Information Officer (OCIO).

This version makes the requirement that the OCIO conduct a statewide cloud readiness assessment subject to appropriation.

This version strikes the previous version requirement that agency Human Resource directors report annually on impacts to staffing related to state employees who could not be reassigned to other duties within their agencies.

Summary of E2SSB 5662:

Section 1

Defines “cloud computing” to be the same meaning as provided by the special publications 800-145 issued by the National Institute of Standards and Technology as of September 2011.

Section 2

Requires state agencies to adopt third-party, commercial cloud computing solutions for any new information technology telecommunications investments. Exceptions to this requirement are outlined in Section 2(2).

Section 2 also requires the OCIO, subject to an appropriation, to conduct a statewide cloud computing readiness assessment to prepare for the migration of core services to cloud services. The assessment must inventory state agency assets; identify impacts to agency staffing resulting from the migration to cloud computing; and identify additional resources needed by agencies to enable sufficient cloud migration support to state agencies.

Section 3 repeals the RCW 43.105.375, which requires state agencies to move all existing and new servers into the state data center.

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.

No fiscal impact. OSPI assumes the OCIO will contract with consultants that will work with OSPI to determine OSPI readiness to move to cloud based computing services. Any OSPI staff time necessary for working with the consultants will be absorbed within existing resources.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 405-Department of Transportation
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Tom Parma	Phone: 360-705-7764	Date: 03/27/2019
Agency Approval: Matthew Modarelli	Phone: 360-705-7601	Date: 03/27/2019
OFM Review: Alyssa Ball	Phone: (360) 902-0419	Date: 03/28/2019

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.

See attached

II. C - Expenditures

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

See attached

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: E2SSB 5662	Title: Cloud Computing Solutions	Agency: 405-Department of Transportation
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Part I: Estimates

Use the fiscal tables provided below to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal tables, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

- ☐ No Fiscal Impact (Explain in section II. A)
☐ Indeterminate Cash Receipts Impact (Explain in section II. B)
☒ Indeterminate Expenditure Impact (Explain in section II. B)

Estimated Expenditures from:

Account	Fund Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
108 - Motor Vehicle Account	State					
	Total \$					

Estimated Expenditures by Object:

Object	FY 2020	FY 2021	2019-21	2021-23	2023-25
A - Salaries & Wages					
B - Employee Benefits					
C - Professional Service Contracts					
E - Goods and Other Services					
J - Capital Outlays					
Total \$					

*Estimated Expenditures by Program:

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
C - Information Technology					
Total \$					

**This table is optional, only required if multi-program split.*

Estimated FTE Expenditures:

FTE Title	FY 2020	FY 2021	2019-21	2021-23	2023-25
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.

Part I: Estimates (continued)

Check applicable boxes and follow corresponding instructions:

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

Individual State Agency Fiscal Note

Agency Contacts:

Agency Preparer: Tom Parma/Bob Loveless	Phone: 360-705-7764	Date: 3/22/2019
Agency Approval: Matthew Modarelli	Phone: 360-705-7601	Date: 3/27/2019
Agency Budget Analyst: Joe Patterson	Phone: 360-705-7545	Date: 2/27/2019

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.

E2SSB 5662 removed the language requiring state agencies to develop and submit separate cloud migrations plan to the state Office of the Chief Information Officer (OCIO).

The bill has the following sections that may have expenditure impacts on WSDOT:

1. Section 2(3): “State agencies are prohibited from installing and operating servers, storage, networking, and related hardware in agency-operated facilities unless a waiver is granted by the office [OCIO] or otherwise allowed by statewide policy.”
2. Section 2(4): “...the office [OCIO] must conduct a statewide cloud computing readiness assessment to prepare for the migration of core services to cloud services, including ways it can leverage cloud computing to reduce costs.

The assessment must:

- o (a) Inventory state agency assets, associated service contracts, and other relevant information....”
- o (c) Identify additional resources needed by the agency [CTS/WaTech] to enable sufficient cloud migration support to state agencies.

For item 1 – The Department has very little of its IT infrastructure in the cloud or the State Data Center; therefore, a waiver will be requested to continue agency operations. It is unclear what the ramifications would be if the Department was not granted a waiver. If the Department was prohibited from operating its IT systems, construction and maintenance contracts could be suspended. Ferry service and collection of revenue could be suspended.

For item 2 – As input to the OCIO assessment, state agencies are now required to inventory their agency assets, associated service contracts, and other relevant information. By June 30, 2020 the OCIO must submit a plan to the Governor and Legislature that summarizes statewide cloud migration readiness and makes recommendations for migration goals.

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.

N/A

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.

Depending on the Department’s level of involvement of participation in the statewide readiness assessment, as well as, the degree of detailed information the Department is required to produce for the inventory, the cost could range from \$0 up to approximately \$500,000.

Individual State Agency Fiscal Note

Assumptions developed by the lead agency state that the only activity required of agencies is to participate in the statewide readiness assessment. Agency efforts will include in-person interviews with the vendor, data gathering, and documentation preparation. These activities will occur between July 2019 and May 2020.

If this is the only information required of WSDOT, then this bill will have no fiscal impact. Since agencies are already required to report their IT inventory information annually to the OCIO, it is not clear what additional information will be needed by either the OCIO or the vendor.

However, if the OCIO or the vendor will need significant, detailed information to help them understand or describe the business implications to WSDOT of migrating to the cloud, then there will be a cost to the Department to collect, analyze, and provide the data. The vendor will need to understand the complexities and interdependencies between and among servers (physical and virtual), applications, databases, and their performance requirements before being able to determine WSDOT's degree of readiness to migrate. The expenditures may be for a combination of software, contractor services, and WSDOT staff. The estimate to provide this level of detail within the timeframe mandated by the bill is approximately \$500,000.

Lastly, Section 2(4)(a) says that the assessment must include "other relevant information." It is unclear what other relevant information might be necessary and it is possible the Department would be required to provide data that it currently does not collect.

Part III: Expenditure Detail III. A - Expenditures by Object or Purpose

Part IV: Capital Budget Impact

N/A

Part V: New Rule Making Required

N/A

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 461-Department of Ecology
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.2	0.0	0.1	0.0	0.0
Account					
General Fund-State 001-1	4,928	0	4,928	0	0
State Toxics Control Account-State 173-1	18,723	0	18,723	0	0
Water Quality Permit Account-State 176-1	5,584	0	5,584	0	0
Environmental Legacy Stewardship Account-State 19G-1	3,612	0	3,612	0	0
Total \$	32,847	0	32,847	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:

☐

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Allen Robbins	Phone: 360-407-7099	Date: 03/20/2019
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 03/20/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 03/21/2019

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 SSB 5662, this E2SSB 5662 would have the following changes:

- This bill removes and renumbers various sub/subsections under Section 2.
- This bill removes the definition of “Dislocated worker” under Section 1.
- This bill removes the requirement for agencies to submit a cloud migration plan previously under Section 2(2), which removes the fiscal impact to Ecology associated with that subsection.
- Section 2(2)(b) of this bill would require information on waiver applications, requested and granted, to be submitted by the Office of the Chief Information Officer (OCIO) to the appropriate committees of the legislature by December 30th of each calendar year.
- Section 2(4) of this bill adds language stating that “...the office must conduct a statewide cloud computing readiness assessment...” “[s]ubject to the availability of amounts appropriated for this specific purpose.”
- This bill removes the reference previously under Section 2(5)(d) to “Support state agency migration of one hundred percent of server capacity by June 30, 2023, excluding capacity that has been granted a waiver under this section.”
- This bill removes the requirement previously under Section 2(7) for the office to submit a cloud migration progress report to the governor and the appropriate committees of the legislature every six months, with the first report due in January 2021.
- This bill removes the requirement previously under Section 2(9) that, starting June 30, 2020, state agency directors of human resources must report annually to the office and the employment security department on impacts to staffing related to state employees who could not be reassigned to other duties within the state agency as a result of the cloud migration.
- This bill removes the requirement previously under Section 2(10) to create a training program for employees who could not be reassigned to other duties within the state agency as a result of the cloud migration. It also removes the reference to “use of moneys allocated for early retirement packages for employees within five years of retirement age on a voluntary basis”.

Under current law, RCW 43.105.375 (Use of State Data Center) requires state agencies to locate all existing and new servers in the state data center. There are some exceptions and a waiver process is available.

This bill would require the following:

- Section 2(1) would require agencies to use third party, commercial cloud solutions for any new IT or telecommunication investment.

- Section 2(2) would require agencies to obtain a waiver from OCIO if agencies cannot meet the requirements in section 2(1).
- Section 2(2)(b) would require the OCIO to annually report on waiver applications requested and granted to the appropriate committees of the legislature by December 30th of each calendar year.
- Section 2(3) would prohibit agencies from installing and operating servers and related hardware in agency facilities unless a waiver is granted by the OCIO.
- Section 2(4) would require the OCIO to conduct a statewide cloud readiness assessment (subject to budget appropriations).
- Section 2(5) would require the OCIO to submit a report to the Governor's office and the appropriate committees of the legislature by June 30, 2020 that summarizes statewide cloud migration readiness and makes recommendations for migration goals.
- Section 2(6) would require the OCIO to assist DES in conducting two procurements and award limited contracts for commercial cloud providers and cloud migration professional services (subject to budget appropriations).
- Section 3 would repeal RCW 43.105.375 (Use of State Data Center).

Ecology assumptions, based on the lead agency assumptions, are as follows:

- Ecology assumes that existing OCIO Policy 184 (SDC requirement) would remain in effect for an indeterminate amount of time even if the RCW 43.105.375 is repealed.
- Ecology assumes that exceptions to the requirement to use cloud solutions for new IT investments would be managed through the OCIO waiver process.
- Ecology assumes that the statewide assessment must be complete in order to provide the report to the Governor's office by June 30, 2020. To meet this timeline, the assessment would need to begin immediately in July 2019 and conclude by May 1, 2020.
- Ecology also assumes the only activity required of agencies relating to this bill would be participation in the statewide readiness assessment. Efforts would include in-person interviews with the vendor, data gathering, and documentation preparation, and would occur during the period July 2019 to May 2020. The engagement timeline would be created by the vendor.

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.

This bill's fiscal impact on Ecology for participation with the OCIO in the statewide cloud readiness assessment is estimated to be less than \$50,000 and would be based on the assumptions below.

These assumptions and this fiscal note do not include implementation costs for moving to the various cloud solutions, nor resulting costs thereafter. Costs only include participation in the statewide cloud readiness assessment. No costs are estimated for additional costs that could occur if waivers were required.

Ecology has more than 200 computing applications. An independent cloud readiness assessment, conducted by Microsoft in March 2018, determined that less than half of these applications are cloud ready. "The readiness score is intended to capture the asset's fit in public cloud, based on specific infrastructure characteristics. These characteristics include capacity, performance, age, operating systems, and other machine-based attributes." The

cost to migrate all of Ecology's applications and infrastructure to the cloud is indeterminate at this time.

Section 2(4) of this bill would require the OCIO to conduct a statewide cloud readiness assessment. Ecology assumes we would participate in the statewide readiness assessment, which would include in-person interviews with the vendor, data gathering, and documentation preparation, and would occur during the period July 2019 to May 2020.

FY 2020: Ecology would begin working with the OCIO on Ecology's cloud readiness assessment. We estimate that 0.20 FTE of an IT Specialist 5 would be required for this initial effort.

For FY 2021 and following, the OCIO and Ecology would identify needs for additional resources. We assume Ecology and the OCIO would request those additional resources through the budget development or supplemental budget processes.

For the purposes of this fiscal note, the costs are spread to the largest accounts that make up Ecology's 2019-21 cost allocation estimated fund splits - 15% General Fund-State, 57% State Toxics Control Account, 17% Water Quality Permit Account, 11% Environmental Legacy Stewardship Account.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 37.1% of salaries.

Goods and Services are the agency average of \$4,230 per direct program FTE.

Travel is the agency average of \$2,577 per direct program FTE.

Equipment is the agency average of \$1,319 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.7% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	4,928	0	4,928	0	0
173-1	State Toxics Control Account	State	18,723	0	18,723	0	0
176-1	Water Quality Permit Account	State	5,584	0	5,584	0	0
19G-1	Environmental Legacy Stewardship Account	State	3,612	0	3,612	0	0
Total \$			32,847	0	32,847	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	17,558		17,558		
B-Employee Benefits	6,513		6,513		
E-Goods and Other Services	846		846		
G-Travel	516		516		
J-Capital Outlays	264		264		
9-Agency Administrative Overhead	7,150		7,150		
Total \$	32,847	0	32,847	0	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
FISCAL ANALYST 2		0.0		0.0		
IT SPECIALIST 2		0.0		0.0		
IT SPECIALIST 5	87,793	0.2		0.1		
Total FTEs		0.2		0.1		0.0

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.

Individual State Agency Fiscal Note

Bill Number: 5662 E 2S SB	Title: Cloud computing solutions	Agency: 540-Employment Security Department
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.9	0.0	0.5	0.0	0.0
Account					
Employment Service Administrative Account-State 134-1	168,323	0	168,323	0	0
Total \$	168,323	0	168,323	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:

☐

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: Sarian Scott	Phone: 360-786-7729	Date: 03/14/2019
Agency Preparation: Lisa Henderson	Phone: 360-902-9291	Date: 03/20/2019
Agency Approval: Sondra Walsh	Phone: 360/902-0023	Date: 03/20/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 03/21/2019

Part II: Narrative Explanation

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

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

The engrossed second substitute bill removes the requirement to complete a migration plan. Employment Security Department (ESD) is still required to deploy new systems to the cloud and provide input to the readiness assessment the Office of the Chief Information Officer (OCIO) is tasked to develop. The following are changes made to Section 2 of the bill:

Sub-section 4d was removed, which would have required 100% migration by June 30, 2023.

Sub-section 6 requiring a progress report on cloud migration will be due to the Governor's Office every six months with the first being due in January 2021 was removed. Previous sub-section 8 is now sub-section 6.

Sub-section 8 requiring an annual staffing impact report regarding cloud migration impact will be due to the Office of Financial Management (OFM) every six months starting June 30, 2020 was removed.

Sub-section 9 requiring ESD to develop a program by January 1, 2020 to support dislocated workers who might be affected by this policy; money can be used for early retirement for employees within five years of retirement age as well as retraining for the cloud migration strategy was removed.

Sub-section 10 was removed, which required ESD to develop a program to support dislocated workers identified in this sub-section.

In the engrossed second substitute bill, Section 2, Sub-Section 4 defines the work Employment Security Department must complete, which is:

Sub-Section 4: The office must conduct statewide cloud computing readiness assessment. The ESD Infrastructure and Security Teams will provide input to the 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.

N/A

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.

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Sub-section 9 requiring ESD to develop a program by January 1, 2020 to support dislocated workers who might

be affected by this policy; money can be used for early retirement for employees within five years of retirement age as well as retraining for the cloud migration strategy was removed.
Sub-section 10 was removed, which required ESD to develop a program to support dislocated workers identified in this sub-section.

In the engrossed second substitute bill, Section 2, Sub-Section 4 defines the work Employment Security Department must complete, which is:

Sub-Section 4: The office must conduct statewide cloud computing readiness assessment. The ESD Infrastructure and Security Teams will provide input to the assessment.

ESD can't absorb this work with current staff. Additional resources will be needed.

Staffing (June 2019 – May 2020) -

0.92 FTE ITS6 (Information Technology Specialist 6) - Cloud Architect and Cloud Systems Security Analyst Lead; 2 positions at 0.50 FTE each

- Previously on-going staffing (FY20 – 23) - 2.00 FTE ITS6 (Information Technology Specialist 6) - Cloud Architect, Cloud Systems Security Analyst Lead

Removed:

- Previously on-going staffing (FY20 – 23) - 1.00 FTE ITS5 (Information Technology Specialist 5) - Cloud Engineer
- Previously on-going staffing (FY20 – 23) - 2.00 FTE ITS4 (Information Technology Specialist 4) - Cloud Engineers

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
134-1	Employment Service Administrative Account	State	168,323	0	168,323	0	0
Total \$			168,323	0	168,323	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.9		0.5		
A-Salaries and Wages	89,159		89,159		
B-Employee Benefits	35,664		35,664		
C-Professional Service Contracts					
E-Goods and Other Services	17,020		17,020		
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	26,480		26,480		
9-					
Total \$	168,323	0	168,323	0	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Information Technology Specialist 6	96,912	0.9		0.5		
Total FTEs		0.9		0.5		0.0

Part IV: Capital Budget Impact

NONE

N/A

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.

N/A