

BILL ANALYSIS

C.S.H.B. 2698
By: Swinford
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Department of Information Resources (DIR) currently oversees two state data centers in San Angelo and Austin. The transition to these centers, which has been required of state agencies for several sessions, has been sporadic at best. This bill clarifies the requirements for transition, and establishes the best environment for savings through the competitive procurement of the state data center system in 2007.

The LBB Staff Performance Report directed the department to provide fiscal analysis of the state data center expenditures by March 31st. The extensive review, completed by DIR and the Gartner Group, indicates that the top 24 state agencies spend over 130 million dollars annually on independent state data centers and varying levels of security and redundancy. The report estimated that consolidation of these facilities would yield 12.1 million dollars of savings through 2008 and then yield an annual savings of 29 million dollars. Additionally the consolidation would allow over 187 thousand square feet of state facilities to be reclaimed.

The purpose of this bill is to improve management of operational aspects of technology infrastructure to promote efficiency and effectiveness and provide the best value for the state.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Information Resources in SECTION 1.01 of this bill.

ANALYSIS

Adds Subchapter L, Statewide Technology Centers, to Chapter 2054, Government Code. This subchapter applies to all information resource technologies. Specifies that this subchapter only applies to institutions of higher education upon agreement by DIR and the Information Technology Council for Higher Education.

Allows DIR to operate statewide technology centers for two or more agencies to provide services related to information resources and information resource technologies and the development and use of statewide applications. Allows DIR to operate a center directly or contract with another party to operate the center. Requires DIR to adopt rules to implement this subchapter, and may charge fees to agencies receiving services from a center.

Requires DIR to manage statewide technology centers that provide data center or disaster recovery services for two or more agencies. DIR must adopt rules describing those services. Prohibits a state agency from using appropriated funds for data center or disaster recovery services unless the DIR executive director approves the expense. Permits DIR to set thresholds and procedures for securing that approval. Prohibits the Legislative Budget Board (LBB) from reviewing agency requests to provide data center and disaster recovery services outside a statewide technology center.

Allows DIR to establish additional statewide technology centers. Prohibits DIR from establishing a new center without the Governor's approval for establishment of the center, LBB's approval of the necessary expenditures for the center, and a written determination from the executive director of DIR stating that consolidating operations or services will promote efficiency and effectiveness and provide the best value for the state; that determination must identify the agencies that DIR will require to participate in the new statewide technology center.

Requires DIR to complete a cost and requirements analysis; Permits DIR to require the agency to validate and resubmit the information related to this analysis. Requires DIR to meet those requirements and service levels to the extent possible. After the cost analysis has been completed, DIR is required to notify the agencies selected to participate in the center; provides requirements for the notification.

Prohibits an agency selected to participate in a statewide technology center from spending appropriated funds for the identified operations or services without prior approval of LBB. Unless LBB grants that prior approval, the agency is required to enter into an interagency contract with DIR. Requires a selected agency to spend funds only for the selected operations and services with the approval of DIR's executive director after the agency is selected for a center. Prohibits amounts charged to an agency under the contract from exceeding the direct and indirect costs of providing the operations and services included in the contract.

Allows an agency to request that the LBB grant approval for funds to be used to provide those services outside the statewide technology center; provides requirement for that request. Permits LBB to allow the agency not to use the statewide technology center and requires LBB to notify the agency, DIR, and the comptroller of its decision. Requires DIR to ensure that service levels included in the interagency contracts are met.

With the approval of the Governor, DIR is permitted to require an agency using a statewide technology center to transfer to DIR resources that DIR, in consultation with the agency, determines are utilized to provide the operations or services through the center. Requires DIR to advise the governor, the lieutenant governor, the speaker, and the State Auditor's Office (SAO) of any cost savings expected from the transfer of these resources.

Working with the state agency, DIR is required to attempt to reconcile any federal funding issues that arise from the proposed transfer of resources; If those issues cannot be resolved, DIR is required to exempt the agency from the transfer, subject to the governor's approval. Requires DIR to establish a transition schedule for the transfer of any resources to statewide technology centers. Requires DIR to prioritize the transfer of services to the statewide technology center, with priority given to the largest 25 state agency centers. Requires at least three agency centers per fiscal year to be transferred to the statewide center unless the executive director determines the migration is not cost effective. Requires consolidation of data centers to give priority to the State Data Center in San Angelo. Requires state agencies migrate if they are selected to do so.

Prohibits a state agency from moving its services from a statewide technology center without approval of DIR's executive director. If DIR becomes aware that an agency is not complying with an interagency contract regarding a statewide technology center, DIR must notify the comptroller, LBB, SAO, and the affected agency. After receiving that notification, the agency is prohibited from spending appropriated funds for those operations or services without approval of the DIR executive director.

Repeals one section of the Government Code. The code provides details on DIR's management of the state data center that are replaced with the provisions of this bill. Clarifies the definitions of "department," "state agency," and "institution of higher education."

With the exception of institutions of higher education, requires state agencies to enter into an interagency contract with DIR by March 31, 2006 to set a timeline for transfer of that agency's data center resources to DIR.

Requires a report to be submitted to the state and legislative leadership at the end of FY 06 and FY 07, describing the specific agency data centers that were reviewed and transferred during that fiscal year. Requires DIR's consolidation plan for data centers to prioritize and fully utilize the existing capacity of the state data center in San Angelo.

EFFECTIVE DATE

September 1, 2005

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COMPARISON OF ORIGINAL TO SUBSTITUTE

Removes Section 1,2,3,4,& 5 of the bill as filed

ARTICLE 1 Adds Subchapter L to Chapter 2054, Government Code concerning statewide technology centers.

ARTICLE 2 Is a conforming amendment to Section 2054.003, Government Code, that clarifies the meaning of "institution of higher education".

ARTICLE 3 Section 3.01- Repeals Section 2055.061, Government Code.
Section 3.02- (a) Assigns meaning to "department" and "state agency"
(b) Sets the deadline of March 31, 2006 for establishing interagency contracts with the DIR.
(c) Sets deadlines for status reports of the system migration to various executive, and legislative members and agencies.
Section 3.03- Sets the effective date at September 1, 2005.