

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 25, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB446 by Hinojosa (Relating to an open document format for electronic state documents.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB446, As Introduced: a negative impact of (\$55,784,841) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$38,410,100)
2009	(\$17,374,741)
2010	(\$10,055,183)
2011	(\$10,063,690)
2012	(\$10,072,422)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>OTHER FUNDS</i> 997
2008	(\$38,410,100)	(\$3,378,821)	(\$28,724,147)	(\$13,077,804)
2009	(\$17,374,741)	(\$1,528,404)	(\$12,993,317)	(\$5,841,898)
2010	(\$10,055,183)	(\$884,524)	(\$7,519,547)	(\$3,380,848)
2011	(\$10,063,690)	(\$885,272)	(\$7,525,909)	(\$3,383,708)
2012	(\$10,072,422)	(\$886,041)	(\$7,532,439)	(\$3,386,644)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	163.5
2009	163.5
2010	163.5
2011	163.5
2012	163.5

Fiscal Analysis

The bill would require each electronic document created, exchanged, or maintained by a state agency be created, exchanged, or maintained in an open, Extensible Markup Language (XML)-based file format specified by the Department of Information Resources (DIR) that is interoperable among diverse internal and external platforms and applications; published without restrictions or royalties; fully and independently implemented by multiple software providers on multiple platforms without any intellectual property reservations for necessary technology, and controlled by an open industry organization with a well-defined inclusive process for evolution of the standard. By December 1, 2007, each state agency must be able to receive electronic documents in an open, XML-based file format for office applications and may not change documents to a file format used by only one vendor.

The bill would require DIR to develop guidelines for state agencies to follow in determining whether existing electronic documents must be converted to an open, XML based file format by September 1, 2008. The bill would require DIR to consider the cost of converting electronic documents, the need for public access to the document, and the expected storage life of the documents when developing guidelines.

The bill would define a state agency as all agencies in the executive branch of state government, the legislature and legislative agencies, an appellate court or an agency in the judicial branch of state government.

Methodology

The cost for DIR to develop guidelines is based on DIR hiring outside consultants at \$85 an hour and contracting for 1,920 hours (24 weeks at 80 hours a week) for a total of \$163,200 in fiscal year 2008.

Cost estimates to state agencies to implement the provisions of the bill includes five major factors: training agency staff on the new software; converting current files, including word processed documents and spreadsheets; the reprogramming needs of affected agencies' applications; increased storage needs for XML documents, which are typically larger in size than current word processed and spreadsheet documents; and on-going technical support for open source software.

It is estimated that 169,700 full-time equivalents (FTEs), or 75 percent of 226,267 state employees, would need training on the open source software at an average cost of \$300 per FTE for a total of \$50,910,000 in fiscal year 2008. The cost of \$300 per FTE is based on the average estimated cost of training per FTE received from state agencies.

The cost of converting, testing, and modifying agencies' applications to the XML format is estimated to take an average of 1.25 hours for each of the 169,700 FTEs at a cost of \$75 per hour for a total of \$15,909,375 in fiscal year 2009. It is assumed that all files that fall under the DIR guidelines will be converted in fiscal year 2009. The average number of hours to convert, test, and modify agencies' applications is based on the average response received by agencies. The cost of converting documents in 2009 could be higher or lower depending on the guidelines DIR develops.

It is estimated that the additional storage needs for storing the larger XML files is \$60 for each of the 169,700 FTEs for a total of \$10,182,000 in fiscal year 2008. The average cost for storage is based on the average response received by agencies.

Technical support and maintenance for state agencies is estimated to be \$22,335,672 in fiscal year 2008 and on-going technical support and maintenance is estimated to be \$21,828,985 in fiscal year 2009. These costs include 163.5 additional FTEs and related employee costs as well as other operating expenses estimated to be \$50,000 for each of the 224 affected agencies. Other operating expenses include additional informational technology costs, including additional equipment.

The method of finance allocation of costs is based on the estimated and budgeted method of finance for expenditures in the 2006–07 biennium.

Technology

All provisions of the bill would impact technology for affected state agencies, judicial agencies, legislative agencies and institutions of higher education.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 307 Secretary of State, 313 Department of Information Resources, 332 Department of Housing and Community Affairs, 360 State Office of Administrative Hearings, 507 Board of Nurse Examiners, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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