

## **BILL ANALYSIS**

Senate Research Center  
79R2315 MXM-D

S.B. 1547  
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Government Organization  
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### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

The Department of Information Resources (department) currently oversees cooperative contracts through which governmental entities may purchase information technology commodities and technical services. The department also manages the state data centers in San Angelo and Austin. There are opportunities for increased cost savings and effectiveness by authorizing the department to consolidate information technology services shared by state entities, additional volume purchasing of those services, and improving management of major information projects.

S.B. 1547 improves management of major information projects and enables the department to conduct procurements for information technology that promote efficiency and effectiveness and provide the best value for the state of Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Department of Information Resources in SECTION 1.07 (Sections 2054.378 and 2054.380, Government Code) of this bill.

Rulemaking authority previously granted to the Department of Information Resources is modified in SECTION 1.08 (Section 2157.068, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

#### ARTICLE 1. STATE ELECTRONIC AND TELECOMMUNICATIONS PROJECTS

SECTION 1.01. Amends Subchapter C, Chapter 2054, Government Code, by adding Section 2054.0565, as follows:

Sec. 2054.0565. USE OF CONTRACTS BY OTHER GOVERNMENTAL ENTITIES. Authorizes the Department of Information Resources (department) to allow a procurement contract entered into by the department, including a contract entered into under Section 2157.068, to be used by another state agency, a political subdivision of this state, or a governmental entity of another state.

SECTION 1.02. Amends Section 2054.071, Government Code, as follows:

Sec. 2054.071. New heading: IDENTITY OF MANAGER; CONSOLIDATION. Authorizes an agency representative to be designated to serve as a joint information resources manager by two or more state agencies. Requires the department to approve the joint designation.

SECTION 1.03. Amends Section 2054.074, Government Code, to authorize a joint information resources manager, to the extent appropriate, to consolidate the operating plans of each agency for which the manager serves under Section 2054.071.

SECTION 1.04. Amends Section 2054.096, Government Code, by adding Subsection (c), to require each state agency to use state commodity hardware configurations as a part of the agency's planning under this section. Requires the department to specify the state commodity hardware configurations in its instructions for the preparations of agency strategic plans.

SECTION 1.05. Amends Subchapter E, Chapter 2054, Government Code, by adding Section 2054.1015, as follows:

Sec. 2054.1015. **PLANNED PROCUREMENT SCHEDULES FOR COMMODITY HARDWARE.** Requires a state agency to provide a planned procurement schedule for commodity hardware to the department before the agency's operating plan may be approved under Section 2054.102. Requires the department to use information contained in the schedules to plan future vendor solicitations of commodity hardware. Requires a state agency to notify the department and the Legislative Budget Board (LBB) if the agency makes a substantive change to a planned procurement schedule for commodity hardware.

SECTION 1.06. Amends Chapter 2054, Government Code, by adding Subchapter J, as follows:

#### SUBCHAPTER J. TEXAS PROJECT DELIVERY FRAMEWORK

Sec. 2054.301. **APPLICABILITY.** Provides that this subchapter applies only to a major information resources project.

Sec. 2054.302. **GUIDELINES; FORMS.** Requires a state agency to prepare each document required by this subchapter in a manner consistent with department guidelines. Requires the department to develop and provide guidelines and forms for the documents required by this subchapter and to work with state agencies in developing the guidelines and forms.

Sec. 2054.303. **BUSINESS CASE AND STATEWIDE IMPACT ANALYSIS.** Requires a state agency, for each proposed major information resources project, to prepare a business case and statewide impact analysis that include specific information and to file the documents with the department and the LBB at the same time the agency files its legislative appropriations request. Requires the department to use the analysis to ensure that the proposed project does not unnecessarily duplicate existing statewide information resources technology.

Sec. 2054.304. **PROJECT PLANS.** Requires a state agency to develop a project plan for each major information resources project and, except as provided by Subsection (c), to file the project plan with the quality assurance team before the agency takes certain actions. Prohibits the Texas Building and Procurement Commission (TBPC) from issuing a vendor solicitation for a project unless the project plan has been filed under this section. Requires a project plan, if the project will involve vendor solicitations, to include a procurement plan with anticipated service levels and performance standards for each vendor.

Sec. 2054.305. **INDEPENDENT VALIDATION AND VERIFICATION.** Requires a state agency to budget for and incorporate an independent validation and verification plan with the project plan required under Section 2054.304. Sets forth specific standards which must be established by the department. Requires a state agency's validation services providers, if the agency decides to perform validation services for its own project, to operate independently from the agency's project delivery teams. Requires a state agency, in addition to the plan required under this section, to periodically submit an independent validation and verification report to the agency's executive director and to the department. Requires the department to determine the frequency and content of the report in its guidelines.

Sec. 2054.306. **POST-IMPLEMENTATION REVIEW.** Requires a state agency, after implementation of a major information resources project, to prepare a post-implementation review and to provide the review to the agency's executive director and the department.

Sec. 2054.307. **APPROVAL BY STATE AGENCIES.** Requires a state agency's executive director, its designated project manager, and the agency employee in charge of

information security for the agency to approve and sign each document required by this subchapter.

SECTION 1.07. Amends Chapter 2054, Government Code, by adding Subchapter L, as follows:

#### SUBCHAPTER L. STATEWIDE INFORMATION CENTERS

Sec. 2054.375. DEFINITION. Defines "statewide information center."

Sec. 2054.376. APPLICABILITY. Provides that this subchapter applies to all information resources technologies, including consolidated data center services and telecommunications services provided under Chapter 2170 (Telecommunications Services), Government Code, that are obtained by a state agency using state money or used by a state agency.

Sec. 2054.377. SCOPE OF OPERATION OF CENTERS. Authorizes the department to operate statewide information centers to provide two or more state agencies, on a cost-sharing basis, specific services and to operate a statewide information center directly or contract with another person to operate the center.

Sec. 2054.378. RULES. Requires the department to adopt rules and guidelines to implement this subchapter and Chapter 2170.

Sec. 2054.379. FEES. Requires the department to set and charge a fee to each state agency that receives a service from a statewide information center in an amount sufficient to cover the direct and indirect cost of providing the service.

Sec. 2054.380. STATEWIDE INFORMATION CENTERS FOR DATA OR DISASTER RECOVERY SERVICES; USE REQUIRED. Requires the department to manage the operations of statewide information centers that provide data center services or disaster recovery services for two or more state agencies, including management of the operations of the center on the campus of Angelo State University, and, by rule, to describe the data services provided by statewide information centers. Requires each state agency to use statewide information centers for data center services and disaster recovery services. Prohibits a state agency from spending appropriated money to contract or issue purchase orders for data center services or disaster recovery services unless the executive director approves the expense. Authorizes the department to establish appropriate thresholds and procedures for securing approval under this subsection.

Sec. 2054.381. TELECOMMUNICATIONS SERVICES. Requires the department to manage a statewide information center to provide a system of telecommunications services for all state agencies in accordance with this chapter and Chapter 2170.

Sec. 2054.382. ESTABLISHMENT OF ADDITIONAL CENTERS. Authorizes the department to establish additional statewide information centers as provided by this section and prohibits the department from establishing a center under this section unless the executive director determines in writing that consolidating operations or services of selected state agencies will promote efficiency and effectiveness and provide the best value for the state. Requires the department to provide at least 30 days' notice to the governing board of the department (board) of its intent to establish a new statewide information center that will require entering into an interagency contract under Section 2054.385(b). Requires the board, not earlier than the 31st day after the date the board receives the notice, to approve or disapprove the establishment of the statewide information center. Prohibits the department from establishing the center unless the board approves of the establishment.

Sec. 2054.383. USE OF STATEWIDE INFORMATION CENTERS REQUIRED. Requires the department, if the department becomes aware that a state agency is not using a statewide information center for operations or services in accordance with the interagency contract entered into under Section 2054.385(b) and as directed by the department, to notify the comptroller, the LBB, and the affected state agency of the

violation. Prohibits the state agency, after notification under Subsection (a), from spending appropriated money for operations or services the agency was selected to receive through a statewide information center without the prior approval of the executive director.

Sec. 2054.384. NOTICE OF SELECTION. Requires the department, after establishment of a statewide information center has been approved under Section 2054.382, to provide notice to each state agency selected to receive services through the center. Sets forth information which is required to be included in the notice. Requires each state agency to identify its particular requirements and requested service levels for the department. Requires the department to fulfill the requirements and service levels of each state agency to the extent possible and to the extent that money is available for those purposes.

Sec. 2054.385. INTERAGENCY CONTRACT; PRIOR APPROVAL OF EXPENDITURES. (a) Prohibits a state agency that is selected under Section 2054.384 to receive services or to have operations performed through a statewide information center, except as provided by Subsection (b), from spending appropriated money for the identified operations and services without the prior approval of the LBB.

(b) Requires the selected state agency, unless the LBB grants prior approval for the agency to spend appropriated money for the identified operations or services in another specified manner, to enter into an interagency contract with the department to receive the identified services and have the identified operations performed through the statewide information center. Requires amounts charged to the selected agency under the interagency contract to be based on the fees set by the department under Section 2054.379 but prohibits those amounts from exceeding the amounts expected to be necessary to cover the direct and indirect costs of performing operations and providing services under the contract.

(c) Authorizes the selected state agency, not later than the 15th business day after the date the agency is notified of its selection under Section 2054.384, to request the LBB to grant its prior approval for the agency to spend appropriated money for the identified operations or services in a manner other than through an interagency contract with the department under Subsection (b).

(d) Sets forth requirements for the request to the LBB.

(e) Authorizes the LBB, if the LBB determines that an interagency contract between the department and the selected state agency under Subsection (b) will fail to achieve meaningful cost savings for the state or result in an unacceptable loss of effectiveness or operational efficiency at the selected state agency, to grant its prior approval for the selected agency to spend appropriated money for the identified operations or services in another specified manner, in which event the selected agency is not required to enter into an interagency contract under Subsection (b).

(f) Requires the LBB to notify the state agency, the executive director, and the comptroller of its decision.

Sec. 2054.386. TRANSFER OF OWNERSHIP. Authorizes the department to require a state agency that enters into an interagency contract under Section 2054.385(b) to transfer to the department ownership, custody, or control of resources that the department determines are necessary to provide the operations or services, through the statewide information center, for which the agency was selected. Sets forth specific resources which may be included. Requires the department to advise the governor, the lieutenant governor, and the speaker of the house of representatives regarding the expected savings to be received for each state agency from which ownership, control, or custody is transferred under this section.

Sec. 2054.387. TRANSITION SCHEDULES. Requires the department to establish transition schedules for the transfer of state agency operations and services to statewide information centers under this subchapter.

SECTION 1.08. Amends Section 2157.068, Government Code, as follows:

Sec. 2157.068. New heading: PURCHASE OF COMMODITY ITEMS. (a) Deletes existing definition of "commodity software items" and defines "commodity items."

(b) Requires the department to negotiate with catalog information systems vendors to attempt to obtain a favorable price for all of state government on licenses for commodity, rather than commodity software, items.

(c) Authorizes the department to charge a reasonable administrative fee to a state agency, political subdivision of this state, or governmental entity of another state that purchases commodity items through the department in an amount that is sufficient to recover costs associated with the administration of this section. Makes a conforming change.

(d) Makes conforming changes.

(e) Makes a conforming change.

(f) Requires the department, in cooperation with state agencies, to establish guidelines for the classification of commodity items under this section. Authorizes the department to determine when a statewide vendor solicitation for a commodity item will reduce purchase prices for a state agency.

SECTION 1.09. Amends Section 2170.051, Government Code, as follows:

Sec. 2170.051. MANAGEMENT AND USE OF SYSTEM. (a) Deletes existing text requiring each agency to identify its requirements for telecommunications services and the site at which the services are to be provided.

(b) Provides that the consolidated telecommunications system is a statewide information center service provided under this chapter and Subchapter L, Chapter 2054. Deletes existing text requiring the department to fulfill the telecommunications requirements of each state agency.

(c) Deletes existing text prohibiting a state agency from acquiring telecommunications services unless certain determinations are made by the telecommunications planning and oversight council (council).

(d) Prohibits a state agency from spending appropriated money to contract or issue purchase orders for telecommunications services unless the executive director of the department approves the expense. Authorizes the department to establish appropriate thresholds and procedures for securing approval under this subsection. Deletes existing text prohibiting a state agency from entering into or renewing a contract with a provider of telecommunications services without obtaining a specific waiver from the council and providing guidelines for obtaining said waiver and penalties for violations of said requirement.

## ARTICLE 2. CONFORMING AMENDMENTS

SECTION 2.01. Amends Section 2157.001, Government Code, to redefine "automated information system" and define "department."

SECTION 2.02. Amends Section 2157.003, Government Code, to redefine "best value."

SECTION 2.03. Amends Section 2157.005(a), Government Code, to make a nonsubstantive change.

SECTION 2.04. Amends Section 2157.063(b), Government Code, to make a nonsubstantive change.

SECTION 2.05. Amends Sections 2157.121(b) and (c), Government Code, to make nonsubstantive changes.

SECTION 2.06. Amends Section 2157.181(a), Government Code, to make a nonsubstantive change.

SECTION 2.07. Amends Section 2157.182, Government Code, to make nonsubstantive changes.

SECTION 2.08. Amends Section 2157.184, Government Code, to make a nonsubstantive change.

### ARTICLE 3. REPEALER; TRANSITION; EFFECTIVE DATE

SECTION 3.01. Repealer: Sections 2054.201(c) (Composition; Terms) and 2055.061 (State Data Center), Government Code.

SECTION 3.02. Requires the department to conduct a statewide assessment of information technology security resources and practices of state agencies and, not later than December 31, 2005, to report the results of its assessment to the governor, the lieutenant governor, and the speaker of the house of representatives. Provides that the assessment and report prepared under this section are confidential and that Chapter 552 (Public Information), Government Code, does not apply to the assessment or the report.

SECTION 3.03. Requires the department, in coordination with the LBB, TBPC, and the comptroller, to analyze current automated information systems of state agencies to determine how the systems may be combined to more effectively synchronize strategic planning, budgeting, and reporting of technology expenditures, assets, and projects. Requires the department, not later than December 31, 2005, to report the results of its analysis to the governor, lieutenant governor, and the speaker of the house of representatives.

SECTION 3.04. Makes application of this Act prospective.

SECTION 3.05. Effective date: September 1, 2005.