

STORAGE NAME: h1957.it.doc
DATE: April 18, 2001

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
INFORMATION TECHNOLOGY
ANALYSIS**

BILL #: HB 1957 (Formerly PCB IT 01-08)
RELATING TO: On-Line Procurement Program
SPONSOR(S): Committee on Information Technology and Representative Hart

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) INFORMATION TECHNOLOGY
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

The bill would amend Chapter 287 of the Florida Statutes. In the 2000 Session, the Legislature created the State Technology Office ("STO") and mandated that the STO create an integrated system of information technology to allow citizens to effectively interact with state government and that STO establish the organization necessary to support that system. Section 282.102, F.S., tasks STO with, among other functions, the responsibility for coordinating the purchase, lease, and use of all information technology sources for state agencies, integrating the information technology of state agencies and managing such integrated systems. Section 287.057 (22), F.S., tasks the STO with developing "a program for on-line procurement of commodities and contractual services."

The PCB would:

- Task the Department of Management Services ("DMS"), in consultation with STO, with prescribing procedures for procuring information technology, as defined in s. 282.101(7), F.S.;
- Task STO, in consultation with DMS, for assessing agencies' technology needs;
- Require that agencies participate in the on-line procurement program;
- Task STO with forming State strategic information technology alliances for the acquisition and use of information technology at the enterprise level; and
- Task STO, in consultation with DMS, with adopting rules implementing state strategic information technology alliances.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The STO was initially created and defined by s. 9, ch. 97-286, Laws of Florida, codified at ss. 282.003-282.404, F. S., otherwise known as the Information Resources Management Act of 1997 ("the Act"). In the 2000 Regular Session of the Florida Legislature, CS/CS/SB 1334 was enacted and amended the Act to repeal the provision that initially created and defined the STO. CS/CS/SB 1334 re-created and re-defined the STO, delegated certain powers, duties and responsibilities to the STO and created the position of a Chief Information Officer, appointed by the Governor, to head the STO.

CS/CS/SB 1334 set forth legislative findings and intent regarding the purposes for which the STO was created. Namely, the STO was created to ensure the best management of information technology across the executive branch of state government by: providing support and guidance to enhance the state's use and management of information technology; designing, procuring and deploying the state's information technology; and managing cost effective deployment of information technology by state agencies.

CS/CS/SB 1334 conferred certain powers and responsibilities on the STO. These included, among others, the powers and responsibilities to (1) direct and approve the acquisition and use of all information technology for state agencies and (2) *develop and implement a program for the on-line procurement of commodities and contractual services.*

Shortly after the effective date of CS/CS/SB 1334, the STO began discussions with DMS's State Purchasing Office regarding the development of the on-line procurement program for commodities and contractual. It was determined that initial efforts should be devoted to one component of on-line procurement; that being on-line bidding.

A three-month pilot program, involving the conduction of four on-line bidding events was concluded with \$3.8 million generated in cost savings for Florida taxpayers.

The STO also worked with the State Purchasing Office to implement an enhanced information technology purchasing policy to maximize state dollars across the enterprise. During the first year of applying the enterprise purchasing model, the STO was able to save state agencies \$24 million in cost avoidance and \$11 million in cost savings.

Additionally, when reviewing information technology requests and requirements, the STO can consolidate purchases to create enterprise contracts in order to receive better service at lower rates. Instead of 15 agencies separately buying goods and services, contracts are consolidated for all of state government.

C. EFFECT OF PROPOSED CHANGES

The Bill would clarify the continued role of the STO, and that of DMS, in the procurement of information technology across state government, including the on-line procurement program for commodities and contractual services. The Bill would:

- Task DMS, in consultation with STO, with prescribing procedures for procuring information technology, as defined in s. 282.101(7), F.S.;
- Task the STO, in consultation with DMS, with assessing agencies' technology needs;
- Require that executive agencies participate in the on-line procurement program but allow other agencies to participate if they so choose to do so;
- Task the STO with forming strategic information technology alliances for the acquisition and use of information technology at the enterprise level; and
- Task the STO, in consultation with DMS, with adopting rules implementing state strategic information technology alliance.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: s. 287.042

Section 1 would make the definition of "information technology" consistent with that proposed in HB 1811 (in proposed s. 282.101(7), F.S.). The bill would require DMS, in consultation with the STO, to prescribe the procedures for procuring information technology. It would also allow the STO, in consultation with DMS, to engage in the review of potential information technology contracts to ensure the state's ability to obtain the most competitive prices across the enterprise.

Section 2: s. 287.057

Section 2 would enhance the state's buying power by requiring agencies to participate in on-line procurement. Section 2 would also mandate that the STO adopt rules relating to on-line procurement in consultation with DMS. Section 2 would add to the prescribed rules a rule determining the criteria warranting any exceptions to participating in the on-line procurement process. Section 2 would also permit the STO to "cost recover" its implementation costs for the on-line procurement program and would require that any collected fees be deposited in the Technology Enterprise Operating Trust Fund. Section 2 would task the STO, in consultation with DMS, with establishing strategic information technology alliances for the acquisition and use of information technology at the enterprise level.

Section 3: s. 287.0731

Section 3 of the bill would task the STO, in consultation with the DMS, with establishing a permanent team for contract negotiations that specializes in the procurement of information technology.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

HB 1957 does not appear to have any impact on state revenues.

2. Expenditures:

HB 1957 would require no additional expenditures by the state.

The continuance of the enterprise approach for procuring information technology as well as the on-line procurement program will generate substantial cost savings for the state. As stated earlier, to date \$24 million in cost avoidance and \$14.8 million (includes on-line bidding pilot) in cost savings have been realized.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

HB 1957 does not appear to have any impact on local government revenues.

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

A fully implemented on-line procurement system for information technology resources could increase competitiveness for state IT projects. More companies could participate.

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

HB 1957 would not require local governments to expend funds or take any action that requires the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

HB 1957 would not reduce the revenue raising authority of any local government.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

HB 1957 would not reduce the total aggregate county or municipal percentage of state tax revenues.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

HB 1957 does not appear to present any constitutional issues.

B. RULE-MAKING AUTHORITY:

HB 1957 would delegate rulemaking authority to the STO, in consultation with DMS, to adopt rules relating to the on-line procurement system for state information technology resources.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 4, 2001, the Committee on Information Technology adopted an amendment clarifying that executive agencies would be required to participate but other agencies could also participate should they choose to do so.

VII. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|------------------------------|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

N/A

C. EFFECT OF PROPOSED CHANGES:

N/A

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

VIII. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

IX. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

X. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

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B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

XI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

XII. SIGNATURES:

COMMITTEE ON INFORMATION TECHNOLOGY:

Prepared by:

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Richard Martin

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