

## **FINAL BILL ANALYSIS**

**BILL #:** SB 2098

**FINAL HOUSE FLOOR ACTION:**

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**SPONSOR:** Budget (Rep. Grimsley)

**GOVERNOR'S ACTION:** Approved

**COMPANION BILLS:** HB 5017

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### **SUMMARY ANALYSIS**

SB 2098 passed the House of Representatives on May 6, 2011. The bill was approved by the Governor on May 26, 2011, chapter 2011-50, Laws of Florida, and becomes effective July 1, 2011.

The bill, which relates to state information technology services:

- Clarifies the duties of the Agency for Enterprise Information Technology.
- Clarifies the required components of the Agency for Enterprise Information Technology's annual work plan.
- Clarifies the duties of the Agency for Enterprise Information Technology pertaining to the state data center system, to include developing rules relating to its operation and requiring the agency to provide notice of the development of its proposed rules no later than October 1, 2011.
- Establishes in statute the agency schedule for data center consolidations, the requirement for the development and submission of appropriate transition plans, the requirement for the execution of new or updated service level agreements, and agency limitations pertaining to their agency data centers.
- Repeals the requirement to appoint or contract for an agency chief information officer and the establishment of the Agency Chief Information Officers Council.
- Provides that approval to transition to a statewide email service is contingent on approval by the Legislative Budget Commission.

The bill amends statutory provisions necessary to conform statutes to appropriations made in the General Appropriations Act for the 2011-2012 fiscal year. The bill establishes the schedule of data center consolidations for 2011-12 which supports a \$4.3 million reduction taken in the Fiscal Year 2011-2012 General Appropriations Act, which is spread across numerous agencies.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### **Agency for Enterprise Information Technology**

##### *Current Situation*

In 2007 the Legislature created the Agency for Enterprise Information Technology (AEIT) to oversee policies for the design, planning, project management, and implementation of enterprise information technology services, to include information technology security policy.<sup>1</sup> The AEIT is administratively housed within the Executive Office of the Governor, with the Governor and Cabinet as the head of the agency. The AEIT is required to recommend strategies to the Governor, the Cabinet, and the Legislature that would make enterprise information technology services more cost effective and secure. In 2008 specific duties and responsibilities pertaining to information technology security were assigned to the AEIT;<sup>2</sup> but the Office of Information Security was still housed within the Department of Management Services (DMS). In 2009 the Office of Information Security was created within the AEIT,<sup>3</sup> with the 8 full-time equivalents (FTE) transferred from the DMS budget to the AEIT in the Fiscal Year 2009-2010 General Appropriations Act. The Office of Information Security is headed by the chief information security officer who reports directly to the executive director of the AEIT. In the Fiscal Year 2010-2011 General Appropriations Act, the AEIT was appropriated 14 FTE which includes the 8 information security FTE transferred in 2009.

In 2009 the AEIT was specifically authorized to establish rules relating to the operation of the state data center system which must comply with applicable federal regulations, including 2 C.F.R. part 225 and 45 C.F.R.<sup>4</sup>; however, such rules have not yet been promulgated.

##### *Provisions of bill*

The bill eliminates the designation of the Office of Information Security but retains the authority of the executive director of the AEIT to designate a chief information security officer and aligns the information technology security duties and responsibilities with the AEIT instead of the Office. The bill also requires the AEIT to provide notice of the development of its proposed rules by publication in the Florida Administrative Weekly no later than October 1, 2011. These rules must address implementing standards for the hardware, operations software, including standards for a shared virtualized server environment, security, and network infrastructure for the primary data centers.

#### **Agency Chief Information Officer**

##### *Current Situation*

In 1997, section 282.3055, Florida Statutes, was created<sup>5</sup> which required each agency head to appoint or contract for an agency chief information officer (CIO) at a level commensurate with

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<sup>1</sup> 2007-105, Laws of Florida.

<sup>2</sup> 2008-116, Laws of Florida.

<sup>3</sup> 2009-80, Laws of Florida.

<sup>4</sup> 2009-80, Laws of Florida.

<sup>5</sup> 1997-286, Laws of Florida.

the role and importance of information technology resources in the agency.<sup>6</sup> This section of law also required that each agency CIO have knowledge and experience in both management and information technology resources, and identified the minimum duties of the agency CIO.

In 2000 and 2001, section 282.3055, Florida Statutes was amended to conform to overall changes enacted by the Legislature in the area of information technology governance.<sup>7</sup>

In 2007, the Legislature amended section 282.0041, Florida Statutes, to define enterprise information technology services<sup>8</sup> and to align the role and responsibilities of an agency CIO with the deployment of such services.<sup>9</sup> The overall goal for establishing enterprise information technology services is to minimize the state investment required to provide the service and eliminate the need for each state agency to maintain its own staff and resources to support these services.

Currently the Legislature has established three enterprise information technology services: data center; e-mail, messaging, and calendaring; and information technology security. These enterprise information technology services and potentially others that may be established by the Legislature mitigate the need for certain agency-level information technology staff and resources.

#### *Provisions of bill*

The bill repeals section 282.3055, Florida Statutes; this will allow the agency head to make the decision regarding the appointment of an agency CIO based upon the amount and type of information technology services remaining at the agency.

### **Agency Chief Information Officer Council**

#### *Current Situation*

Section 282.315, Florida Statutes, creates the Agency Chief Information Officers (CIO) Council. The Council was created in 1997 and is structured to enhance communications among the agency CIOs by identifying and recommending efficient best practices among state agencies.

#### *Provisions of bill*

The bill repeals section 282.315, Florida Statutes; however, such repeal does not prohibit designated agency CIOs and other staff performing similar functions, from establishing an organizational structure for purposes of collaboration and meetings similar to the agency budget officers (Florida Association of State Budget Officers) and the agency administrative services directors (Florida Association of Agency Administrative Services Directors).

### **Schedule for Agency Data Center Consolidation**

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<sup>6</sup> The only other position required by Florida law to be established within an agency is the agency inspector general as defined in s. 20.055, Florida Statutes.

<sup>7</sup> 2000-164 and 2001-261, Laws of Florida.

<sup>8</sup> Section 282.0041, Florida Statutes, defines enterprise information technology services to mean “an information technology service that is used in all agencies or a subset of agencies and is established in law to be designed, delivered, and managed at the enterprise level.”

<sup>9</sup> 2007-105, Laws of Florida.

### *Current Situation*

In 2009 the state data center system was created and the Legislature directed that all agency data centers and computing facilities be consolidated into primary data centers to the extent possible by 2019.<sup>10</sup> Wave 1 of data center consolidation was initiated in 2009 with proviso included in the fiscal year 2009-2010 General Appropriations Act that required the:

- Florida Parole Commission to transfer its information technology services, to include its data center functions, to the Department of Corrections by July 1, 2009.
- Department of Juvenile Justice to consolidate its data center functions into the Northwood Shared Resource Center (NSRC) by July 1, 2010.
- Department of Business and Professional Regulation to consolidate its data center functions into the NSRC by November 30, 2010.

By October 1 of each year beginning in 2009, the AEIT is required to recommend to the Governor and Legislature at least two agency data centers or computing facilities for consolidation into a primary data center.<sup>11</sup> AEIT submitted its recommendations on September 30, 2009,<sup>12</sup> for the Wave 2 consolidations and the Legislature directed via proviso in the fiscal year 2010-2011 General Appropriations Act the following consolidations:

To the Northwood Shared Resource Center (NSRC)

- Department of Juvenile Justice by July 1, 2010
- Department of Business and Professional Regulation by November 30, 2010
- Department of Children and Families' Winewood Office Complex by June 30, 2012
- Department of Transportation's Motor Carrier Compliance Office by July 1, 2011.

To the Southwood Shared Resource Center (SSRC)

- Department of Transportation Burns Office Building by March 31, 2012.
- Department of Transportation Survey and Mapping Office by March 31, 2012.

To the Northwest Regional Data Center (NWRDC)

- Department of Education by December 31, 2011.
- College Center for Library Automation by December 31, 2011.
- Florida Center for Library Automation by December 31, 2011.

To the NSRC or SSRC

- Agency for Health Care Administration by June 30, 2012.

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<sup>10</sup> 2008-116, Laws of Florida.

<sup>11</sup> s. 282.201(2), F.S.

<sup>12</sup> *Recommendation of Non-primary Data Centers for Consolidation into Primary Data Centers*. Agency for Enterprise Information Technology, September 30, 2009.

- Department of Highway Safety and Motor Vehicles by December 31, 2011.

On December 23, 2010, the AEIT submitted its Recommendation of Non-primary Data Centers for Consolidation into Primary Data Centers by 2019. This document provides recommendations for the consolidation of the remaining agency data centers and computing facilities after Wave 2. AEIT's recommendations show the final wave (Wave 6) would be implemented in fiscal year 2015-2016 and it would include all isolated servers and groups of service not sizable enough to comprise a computing facility or data center.

#### *Provisions of bill*

The bill codifies in statute the schedule for agency data center consolidations; this will negate the need to annually include proviso in the General Appropriations Act identifying the agencies required to consolidate into a primary data center within that fiscal year. Additionally, the bill requires AEIT by October 1 of each year beginning in 2011, to provide recommendations to the Governor and Legislature regarding changes to the schedule for agency data center consolidations; such recommendations must be based on the goal of maximizing current and future cost savings.

The bill requires all agencies consolidating data centers into a primary data center must execute a new or update an existing service level agreement not later than 60 days after the identified consolidation date.

The bill requires the AEIT, beginning September 1, 2011, and every six months thereafter, to provide a status report to the Governor and Legislature on the status of the consolidations.

The bill clarifies that during the fiscal year prior to its consolidation to a primary data center and for the following full fiscal year, an agency shall have a single trustee with one vote on the board of the primary data center.

#### **Transition Plans**

##### *Current Situation*

In the fiscal years 2009-2010 and 2010-2011 General Appropriations Acts (GAA), proviso was included that directed the completion and submission of transition plans for both the agencies identified for consolidation and the primary data centers identified to receive the consolidations; based on the requirements established by the AEIT. For the agency transition plans, the proviso in the fiscal year 2010-2011 GAA requires agencies to include:

- Inventory of all resources;
- Description of resources proposed to remain at the agency;
- Budget, full-time personnel, and contracted services associated with the cost of the agency's current computing services;
- Necessary budget adjustments required to accomplish the transfer of computing resources; and
- Timetable with significant milestones for completion of the relocation.

Additionally, proviso was included that required the primary data centers to develop and submit a transition plan for absorbing the transfer of customer agency data center resources into their

centers. Primary data center transition plans are required to describe and make recommendations relating to issues which need to be resolved to accomplish the transfer.

#### *Provisions of bill*

The bill codifies the requirement for the development and submission of:

- Agency transition plans. Requires plans to be submitted to the AEIT not later than September 1 of the fiscal year prior to the agency's scheduled consolidation and identifies the required components of the plan.
- Primary data center transition plans. Requires plans to be submitted to the AEIT not later than September 30 of the fiscal year prior to the scheduled consolidation and identifies the required components of the plan.
- Comprehensive transition plan. Requires the AEIT to develop a comprehensive plan that must be submitted not later than October 15 of the fiscal year prior to the scheduled consolidations to the Governor and the chairs of the House Appropriations Committee and the Senate Budget Committee. The comprehensive transition plan must be developed in consultation with the agencies submitting their agency transition plans and the affected primary data center. The required components of the comprehensive transition plan are also identified.

### **Enterprise Email Service**

#### *Current Situation*

In 2009 the Legislature established the state email service as an enterprise information technology service to be provided by the Southwood Shared Resource Center (SSRC) and directed the Agency for Enterprise Information Technology (AEIT) to submit a proposed plan that analyzed both in-house and external sourcing options that should be considered for the delivery of the enterprise email service.<sup>13</sup>

In 2010, the Legislature further modified the section of statute establishing the enterprise email service by requiring the SSRC to issue a competitive solicitation for the enterprise email service and requiring the AEIT to develop and submit a business case analysis containing the recommendations for procuring the enterprise email service.

A Recommendation of Award Memorandum was posted March 25, 2011, and the AEIT submitted its business case April 6, 2011.

#### *Provisions of bill*

The bill requires that the AEIT, in cooperation and consultation with all state agencies, must prepare and submit for approval by the Legislative Budget Commission at a meeting scheduled before June 30, 2011, a proposed plan for the migration of all state agencies to the enterprise email service. The plan must include:

- Cost benefit analysis that compares the total recurring and nonrecurring operating costs of the current agency email systems to the costs associated with the proposed enterprise

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<sup>13</sup> 2009-80, Laws of Florida.

email service and must identify the overall cost savings resulting from migrating to the enterprise email service.

- Proposed migration date for all state agencies to be migrated to the statewide email service; except for the Department of Legal Affairs.
- Associated budget amendments.

Contingent upon approval by the Legislative Budget Commission, the SSRC is authorized to contract for the provision of an enterprise email service.

### **Northwood Shared Resource Center**

#### *Current Situation*

In 2008, the Legislature established the Northwood Shared Resource Center (NSRC) as a primary data center within the Department of Children and Family Services for administrative purposes only.<sup>14</sup> The NSRC is a separate budget entity that is not subject to control, supervision, or direction of the department in any manner. The NSRC is headed by a board of trustees who must comply with all requirements of that section of law related to the operation of the center and the rules of the Agency for Enterprise Information Technology.

#### *Provisions of bill*

The bill transfers the NSRC by a type one transfer from the Department of Children and Family Services to the Department of Management Services.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

None.

#### **2. Expenditures:**

While the exact amount is indeterminate at this time, it is anticipated that there would be a decrease in data processing expenditures paid by state agencies after their consolidation into a primary data center. See fiscal comments.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

None.

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<sup>14</sup> 2008-116, Laws of Florida.

**2. Expenditures:**

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

This bill establishes in statute the agency data center consolidation schedule which includes the agencies required to consolidate into a primary data center in the 2011-2012 fiscal year. The 2011-2012 General Appropriations Act includes \$4.3 million in budget reductions spread across a number of agencies associated with the consolidation.

The bill requires the Agency for Enterprise Information Technology (AEIT) to develop standards for hardware and operations software, including a shared, virtualized server environment and security and network infrastructure, for the primary data centers. Such standards are necessary to ensure that the appropriated reductions and future savings can be realized through the standardization of hardware and operations software within the primary data centers.

Additionally, the bill requires that agencies scheduled for data center consolidation may not expend appropriated funds prior its consolidation for the purchase of hardware or operations software that do not comply with the standards established by the AEIT and without consultation with the primary data center.