

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Committee

BILL: SPB 7092

INTRODUCER: For consideration by the Budget Committee

SUBJECT: Consolidation of Enterprise Information Technology

DATE: March 13, 2011 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hawkins	Meyer, C.		Pre-meeting
2.				
3.				
4.				
5.				
6.				

I. Summary:

The bill amends statutes to facilitate ongoing and future consolidations of enterprise information technology resources, including data center consolidations, desktop user support services, and email services: Specifically the bill:

- Clarifies the duties of the Agency for Enterprise Information Technology (AEIT) including its role in developing and coordinating a process for aggregating purchases of information technology services and commodities across state agencies to achieve savings.
- 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.
- Establishes in statute the agency schedule for data center consolidations, providing requirements for the development and submission of appropriate transition plans, providing requirements for the execution of new or updated service level agreements, and establishing agency limitations pertaining to their agency data centers and email services.
- Establishes in statute the agency schedule for transitioning to a statewide email system.
- Establishes a process for planning to consolidate end user support for agency desktops.
- Designates the Northwest Regional Data Center as a primary data center.
- Eliminates the Agency Chief Information Officers Council.

Fiscal Impact: The bill is not expected to have any direct fiscal impact; however the bill sets a framework for achieving future savings. Prior data center consolidations have resulted in several million dollars in savings to date.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes:

II. Present Situation:

Agency for Enterprise Information Technology (AEIT)

The AEIT is created in s. 14.204, F.S. The Governor and Cabinet are the agency head of the AEIT, though it is statutorily housed in the Executive Office of the Governor (EOG). The AEIT is a separate budget entity that is not subject to control, supervision, or direction by the EOG in any manner. As agency head, the Governor and Cabinet are authorized to appoint an executive director, who is the chief information officer (CIO) of the state. Section 282.0055, F.S., delegates responsibility to the AEIT for the design, planning, project management, and implementation of enterprise information technology services for functions that have been previously delegated to executive branch agencies. The first enterprise IT service assigned to AEIT was the statewide data center system, in 2008.¹ The AEIT was subsequently assigned enterprise responsibilities for information technology security and statewide email.

Among the duties assigned to the AEIT is the development of a work plan describing the activities that the agency intends to undertake each year, with proposed outcomes and completion timeframes.² The work plan must be approved by the Governor and Cabinet and submitted to the President of the Senate and the Speaker of the House of Representatives.

The State Data Center System

The state data center system was created by the Legislature in 2008.³ The system is composed of primary data centers (Southwood Shared Resource Center, Northwood Shared Resource Center and the Northwest Regional Data Center), other nonprimary data centers, and computing facilities serving state agencies. A “primary data center” is a state or nonstate agency data center that is a recipient entity for consolidation of nonprimary data centers and computing facilities. A primary data center may be authorized in law or designated by the AEIT.⁴ A “computing facility” is an agency space containing fewer than 10 servers, any of which supports a strategic or nonstrategic information technology service, as described in budget instructions developed pursuant to s. 216.023, F.S., but excludes single-server installations that exclusively perform a utility function such as file and print servers.⁵

The AEIT is responsible for establishing operating policies for the system.⁶ It must:

¹ Chapter 2008-116, L.O.F.; CS for SB 1892, which created the statewide data center system, and also made adjustments to the duties of the AEIT.

² Section 282.0056, F.S.

³ Chapter 2008-116, L.O.F.; CS for SB 1892.

⁴ Section 282.0041(18), F.S.

⁵ Section 282.0041(8), F.S.

⁶ Section 282.201(2), F.S.

- Maintain an inventory of facilities within the state data center system.
- Submit to the Legislature by December 31 of each year recommendations to improve the efficiency and effectiveness of computing services provided by state data center system facilities.
- Identify, by October 1 of each year, at least two nonprimary data centers or computing facilities for consolidation into a primary data center or nonprimary data center facility and submit a transition plan.
- Establish by December 31, 2010 an overall schedule of consolidation of all data centers into primary data centers by 2019.

Information Technology Security

In 2009 the Office of Information Security was established within the AEIT, creating duties for both the office and agencies with regards to enterprise security. The office must perform the following duties:

- Develop and annually update an enterprise information security strategic plan that includes security goals and objectives for the strategic issues of information security policy, risk management, training, incident management, and survivability planning.
- Develop enterprise security rules and published guidelines.
- Assist agencies in complying with the provisions of s. 282.318, F.S.
- Pursue appropriate funding for the purpose of enhancing domestic security.
- Provide training for agency information security managers.
- Annually review the strategic and operational information security plans of executive branch agencies.

Statewide Desktop Service

Desktop computing services enable the use of standard office automation functions. Current services include provision of PCs, laptops, peripherals connected to PCs, and standard office automation software. There are more than 130,000 desktop and laptop units in 3900 locations throughout the state.

State agencies plan to spend more than \$55.8 million on desktop support services in FY 2011-12. Approximately 557 full-time staff equivalents are needed to support this service, at a cost of \$30.5 million. Comparisons with industry benchmark data for desktop support services show agencies have high staff costs for desktop services. The average number of desktops per service FTE (1:243), which is substantially below the industry benchmark⁷ (1:372) and corresponds to higher staff costs for agencies. Using the industry benchmark support ratio, the state should be able to support its existing desktop service with 194 fewer staff, which would reduce the state's costs by nearly \$10 million per year.

Statewide Email Service

⁷ Computer Economics, March 2009.

In 2009 the Legislature established the state e-mail system as an enterprise information technology service to be provided by the Southwood Shared Resource Center. The AEIT was required to collect information about existing email resources, develop a business case and a strategy for transitioning to a statewide enterprise e-mail service and provide recommendations by December 31, 2009 to the Governor, the President of the Senate, and the Speaker of the House of Representatives. Additionally, state agencies were also prohibited from expanding their current e-mail services.

The AEIT's December 31st report provided estimated expenditures for fiscal year 2009-10 for agency email costs of \$8.6 million for 117,431 users equating to a cost of just over \$6 per user per month. These data have been updated and indicate expenditures of \$12.5 million in total lifecycle costs per year, for an average cost per user of approximately \$9 per user per month. Additionally agencies reported 58 full-time equivalent positions and over 240 servers involved with provision of state agency email services in FY 2011-12.

III. Effect of Proposed Changes:

Section 1: Amends s. 14.204, F.S., clarifying the duties of the Agency for Enterprise Information Technology and providing a process for AEIT to aggregate purchases of information technology products; and establishing AEIT within the Department of Management Services instead of the Governor's Office.

Section 2: Amends s. 282.0041, F.S., deleting the definitions "Agency Chief Information Officers Council"; and changing the definition for "Primary data center".

Section 3: Amends s. 282.0056, F.S., clarifying the required components of the AEIT work plan and deleting the reference to Agency Chief Information Officers Council.

Section 4: Amends s. 282.201, F.S., by:

- Clarifying the duties of the AEIT pertaining to submission of recommendations.
- Codifying the schedule for agency data center consolidations; requiring agency, primary data center, and AEIT transition plans; and requiring the execution of new or updated service level agreements.
- Clarifying the agency limitations pertaining to their agency data centers, requiring agency data center to adhere to standards set by AEIT to maximize savings.

Section 5: Amends s. 282.203, F.S., by:

- Clarifying the duties of the primary data centers to include assuming administrative access rights to the resources and equipment that are consolidated into the primary data center.
- Clarifying the membership of the primary data center's board of trustees during an agency's transition to the primary data center.

Section 6: Amends s. 282.204, F.S. to establish the Northwood Shared Resource Center in the Department of Management Services.

Section 7: Creates s. 282.206, F.S., designating the Northwest Regional Data Center as a primary data center in law and requiring it to comply with all requirements of s. 282.203, F.S., and the rules of the AEIT.

Section 8: Repeals s. 282.315, F.S., eliminating the Agency Chief Information Officers Council.

Section 9: Amends s. 282.318, F.S., aligning terminology with changes made in s. 14.204, F.S.

Section 10: Amends s. 282.33, F.S., relating to objective standards for data center energy efficiency adjusting the schedule of energy efficiency review to three years from two years for primary data centers.

Section 11: Amends s. 282.34, F.S., clarifying the schedule for transition by all state agencies listed by December 31, 2012; providing authority for AEIT to adjust the schedule of the transition; and providing for agency limitations on expenditures for current email systems until they are consolidated into the statewide system.

Section 12: Creates s. 282.35 F.S., establishing a statewide desktop service; and providing for a process to transition to the statewide service.

Section 13: Amends s. 287.042 F.S., providing the authority for the DMS to adopt rules establishing conditions under which an agency may be exempt from using a state term contract or purchasing agreement if the department determines that it is in the best interest of the state.

Section 14: Amends s. 287.056 F.S., making changes to be consistent with changes in Section 13 to s. 287.042, F.S., and clarifying the requirement of state agencies to use state term contracts unless exemptions are granted.

Section 15: Amends s. 287.057, F.S., to provide rule making authority for the DMS relating to procurement of commodities or contractual services

Section 16: Amends Section 45 of Chapter 2010-151, LOF, to clarify intent that contracts for academic program reviews, auditing services, health services, or Medicaid services are subject to the transaction or user fees imposed under ss. 287.042 (3)(h) and 287.057 (22) F.S., only to the extent that such contracts were not subject to such transaction or user fees before July 1, 2010.

Section 17: Transfers AEIT by Type One transfer from the Executive Office of the Governor to the Department of Management Services.

Section 18: Transfers the Northwood Shared Resource Center by Type One transfer from the Department of Children and Families to the Department of Management Services.

Section 19: Requires the AEIT to provide written status reports to the Executive Office of the Governor and the chairs of the legislative appropriations committees, on progress of migration of state agencies to the statewide email system, every 6 months until migration is complete.

Section 20: Provides that the act shall take effect July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Data Center Consolidations: A primary goal of data center consolidation is to reduce the state's cost associated with state agencies establishing, operating, and supporting their individual agency data centers and computing facilities. It is projected that for the agencies identified for consolidation in fiscal year 2011-2012, there will be an overall reduction of approximately \$4.4 million recurring. (Savings relating to the Fiscal Year 2010-11 were approximately \$3 million recurring.) It is anticipated that additional reductions will be realized in subsequent fiscal years until all state agency data centers and computing facilities are consolidated into a primary data center.

- A reduction of \$4.4 million (\$1.8 million in General Revenue and \$2.6 in trust funds) for data center consolidation is contained in Specific Line Item 1978E of Senate Proposed Bill 7084 on General Appropriations.
- In addition the Southwood Shared Resource Center and the Northwood Shared Resource Center are required to provide a plan for further savings of \$3 million relating to consolidation and standardization of servers currently within the data center. This reduction is in Specific Appropriation 1978 B of the Senate Proposed Bill 7084 on General Appropriations.

Statewide Email Services:

The Senate Proposed Bill 7084 on General Appropriations contains a reduction of \$2.4 million (\$0.4 million from General Revenue and \$2.0 from trust funds) in Specific Line Item 1978F. Savings resulting from procurement of a statewide email service derive from:

- Reduced FTE's required to support a consolidated email system.
- Reduced energy costs from a reduced number of servers needed.
- Economies of scale from consolidation and standardization of hardware and software required to support one consolidated email system.
- Consolidated purchase of hardware and software or services related to providing centralized email service to over 117,431 users.
- Reduced facility and space needs currently used by 25 state agencies to provide email using over 240 servers and appliances.
- Intangible benefits, including standardization of state email addresses and cross agency calendaring and address books.

Statewide Desktop Services:

The primary goals of the statewide desktop service is to reduce costs through the use of centrally hosted, managed, and provision desktop services.

- No reductions are included in Senate Proposed Bill 7084 on General Appropriations relating to desktop services, however a process is established to transition to the new service. The Senate Proposed Bill 7084 on General Appropriations contains two full time equivalent positions and \$250,000 recurring General Revenue to support this transition.
- Agencies have provided estimated planned expenditures of \$55.8 million and 557 FTE in FY 2011-12 for desktop services. The average number of desktops per service FTE is 1:243, which is substantially below the industry benchmark of 1:372. Using the industry benchmark support ratio, the state could reduce the state's desktop service staff costs by more than \$9.8 million.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
