
HOUSE BILL 2404

State of Washington

65th Legislature

2018 Regular Session

By Representative Kraft

Prefiled 01/05/18.

1 AN ACT Relating to accountability of services provided by the
2 consolidated technology services agency (WaTech); amending RCW
3 43.105.385, 43.105.375, 43.105.007, 43.105.052, 43.105.020, and
4 43.105.220; creating a new section; and repealing RCW 43.105.006.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The legislature intends by this act to
7 improve government accountability and fiscal responsibility to
8 Washington taxpayers in the state's use of technology to support
9 public agencies.

10 (2) The legislature finds that:

11 (a) The consolidated technology services agency, which provides
12 centralized technology services to state agencies, is the result of
13 two major reorganizations in state government information technology
14 since 2011. Chapter 43, Laws of 2011 1st sp. sess. transferred powers
15 and duties from the department of information services to three newly
16 created entities, the office of the chief information officer, the
17 consolidated technology services agency, and the department of
18 enterprise services, intended to efficiently and cost-effectively
19 manage centralized services for technology. The agencies were created
20 to provide high quality services and to be accountable to their
21 customers and the public agencies they serve.

1 (b) Chapter 1, Laws of 2015 3rd sp. sess. reorganized the two
2 organizations created in 2011 (the office of the chief information
3 officer and the consolidated technology services agency) and the
4 centralized technology functions of the department of enterprise
5 services, under the consolidated technology services agency. With
6 this reorganization, the intended goals for the state's management of
7 centralized technology services remained largely the same—cost-
8 effectiveness, high quality services at best value, and
9 accountability to customers.

10 (c) Over several years and under two different organizational
11 models, the consolidated technology services agency has run annual
12 deficits each year, except for fiscal year 2017, spending more than
13 customer agencies pay for their services. Annual deficits over the
14 consolidated technology services agency's first five fiscal years
15 ranged from three million dollars to seventeen million dollars.
16 Furthermore, independent performance audits of customer satisfaction
17 with the agency's services reported ongoing concerns about service
18 quality and pricing transparency from customer agencies.

19 **Sec. 2.** RCW 43.105.385 and 2015 3rd sp.s. c 1 s 220 are each
20 amended to read as follows:

21 ~~(1) ((The office shall conduct a needs assessment and develop a~~
22 ~~migration strategy to ensure that, over time, all)) (a) Subject to~~
23 subsections (3) and (5) of this section, state agencies ((are moving
24 ~~towards using)) may choose to use the agency as their central service~~
25 ~~provider for ((all)) utility-based infrastructure services, including~~
26 ~~centralized PC and infrastructure support. The office shall develop a~~
27 migration strategy for state agencies that choose to use the agency
28 for services provided under this subsection.

29 (b) State agency-specific application services shall remain
30 managed within individual agencies.

31 (2) The office shall develop short-term and long-term objectives
32 as part of the migration strategy.

33 (3) Except as provided under RCW 43.105.375(1), if expenditures
34 exceed receipts from agency fees and charges collected from public
35 agencies for a line of business for six or more months within a
36 fiscal year for three consecutive fiscal years, the office shall
37 develop a termination migration plan for migrating each customer
38 agency from the line of business to a new provider. The plan must
39 include options for public agencies that do not have the resources to

1 maintain the migrated service on their own and choose to migrate to a
2 new provider. The office shall submit the initial plan to the joint
3 legislative audit and review committee, the board, and the
4 appropriate policy and fiscal committees of the legislature by
5 December 15, 2019. Thereafter, the office shall submit subsequent
6 termination migration plans every two years through 2025. The agency
7 shall not provide the line of business to customer agencies once the
8 termination migration is complete. Termination migrations required by
9 the initial plan must occur by December 15, 2021, and termination
10 migrations required by subsequent plans must occur no later than two
11 years after the report is submitted.

12 (4) The office of the state auditor shall conduct a performance
13 audit of agency lines of business to address follow-up and corrective
14 action from performance audit report number 1019874, "ensuring
15 transparent pricing and customer-focused IT services at WaTech." The
16 office of the state auditor shall submit the report to the joint
17 legislative audit and review committee, the board, and the
18 appropriate policy and fiscal committees of the legislature by
19 September 15, 2019. The audit must review:

20 (a) Revenues and expenses overall and by line of business;

21 (b) Customer service ratings and feedback, including changes from
22 prior ratings; and

23 (c) Lines of business for which expenditures exceed receipts from
24 agency fees and charges collected from public agencies for six or
25 more months within a fiscal year for three consecutive fiscal years.

26 (5) The agency shall migrate lines of business hosted on the
27 agency's mainframe platforms to new service providers, and coordinate
28 with customer agencies to migrate applications hosted on the agency's
29 mainframe platforms to new platforms, by December 31, 2023.

30 (6) This section does not apply to institutions of higher
31 education.

32 **Sec. 3.** RCW 43.105.375 and 2015 3rd sp.s. c 1 s 219 are each
33 amended to read as follows:

34 (1) (~~Except as provided by subsection (2) of this section, state~~
35 agencies shall)) Any state agency may choose to locate ((all existing
36 and new)) servers in the state data center. Customer agency servers
37 and resources that are physically stored within the state data center
38 are subject to termination migration requirements under RCW
39 43.105.385(3) beginning within one year after the end of the fiscal

1 year following when the debt service for the state data center is
2 paid in full, which is June 1, 2039, or within two years of the state
3 data center debt service being paid in full if an alternative
4 financing mechanism can be used to pay the debt service in full.

5 ~~(2) ((State agencies with a service requirement that requires~~
6 ~~servers to be located outside the state data center must receive a~~
7 ~~waiver from the office. Waivers must be based upon written~~
8 ~~justification from the requesting state agency citing specific~~
9 ~~service or performance requirements for locating servers outside the~~
10 ~~state's common platform.~~

11 ~~(3) The office, in consultation with the office of financial~~
12 ~~management, shall continue to develop the business plan and migration~~
13 ~~schedule for moving all state agencies into the state data center.)~~
14 The agency shall use any revenues related to hosting lines of
15 business in the state data center toward satisfying the debt service
16 of the state data center building prior to using the revenues toward
17 other expenses.

18 (3) Subject to any restrictions related to financing of the state
19 data center, the agency shall coordinate with the department of
20 enterprise services to sublease the following to private sector
21 entities or public agencies:

22 (a) Vacant halls at the state data center by December 31, 2019;
23 and

24 (b) Unused office space at the 1500 Jefferson Building resulting
25 from customer agency migrations required by RCW 43.105.385 (3) and
26 (5) by December 31, 2021.

27 (4) The legislature and the judiciary, which are constitutionally
28 recognized as separate branches of government, may enter into an
29 interagency agreement with the office to migrate its servers into the
30 state data center subject to subsection (1) of this section.

31 (5) Future upgrades to the state data center must be preapproved
32 by the office of financial management, the board, and the appropriate
33 policy and fiscal committees of the legislature.

34 (6) Within one year of when the state data center debt service is
35 paid in full, which is June 1, 2039, the state auditor's office shall
36 audit and report on the revenue and expenses of the state data center
37 since the completion of its construction on July 15, 2011. The state
38 auditor's office shall submit a report to the joint legislative audit
39 and review committee, the board, the office of financial management,

1 and the appropriate fiscal committees of the legislature and make
2 recommendations on whether:

3 (a) The state data center is financially self-sustaining;

4 (b) The state data center is able to continue operating in its
5 current form of business operations and be financially self-
6 sustaining; and

7 (c) The agency should develop a termination migration plan to
8 migrate any remaining customer agencies out of the state data center
9 to other providers. Any termination migration implemented under this
10 subsection must occur within four fiscal years following the issuance
11 of the report submitted by the state auditor's office.

12 (7) This section does not apply to institutions of higher
13 education.

14 **Sec. 4.** RCW 43.105.007 and 2015 3rd sp.s. c 1 s 101 are each
15 amended to read as follows:

16 Information technology is a tool used by state agencies to
17 improve their ability to deliver public services efficiently and
18 effectively. Advances in information technology, including advances
19 in hardware, software, and business processes for implementing and
20 managing these resources, offer new opportunities to improve the
21 level of support provided to citizens and state agencies and to
22 reduce the per-transaction cost of these services. These advances are
23 one component in the process of ((reengineering)) how government
24 delivers services to citizens.

25 To fully realize the service improvements and cost efficiency
26 from the effective application of information technology to its
27 business processes, state government must establish decision-making
28 structures that connect business processes and information technology
29 in an operating model. ((Many of these business practices transcend
30 individual agency processes and should be worked at the enterprise
31 level.)) To do this requires an effective partnership of executive
32 management, business processes owners, and providers of support
33 functions necessary to efficiently and effectively deliver services
34 to citizens.

35 ((To maximize the potential for information technology to
36 contribute to government business process reengineering, the state
37 must establish clear central authority to plan, set enterprise
38 policies and standards, and provide project oversight and management
39 analysis of the various aspects of a business process.))

1 Establishing a state chief information officer as the director of
2 the consolidated technology services agency will provide state
3 government with the cohesive structure necessary to develop improved
4 operating models with agency directors and reengineer business
5 process to enhance service delivery while capturing savings.

6 To achieve maximum benefit from advances in information
7 technology, the state establishes a ~~((centralized))~~ provider and
8 procurer of certain information technology services as an agency to
9 support the needs of public agencies. This agency shall be known as
10 the consolidated technology services agency. ~~((To ensure maximum
11 benefit to the state, state agencies shall rely on the consolidated
12 technology services agency for those services with a business case of
13 broad use, uniformity, scalability, and price sensitivity to
14 aggregation and volume.))~~

15 To successfully meet public agency needs and meet its obligation
16 as ~~((the primary))~~ a service provider for ~~((these))~~ information
17 technology services, the consolidated technology services agency must
18 offer high quality services at the best value. It must be ~~((able to
19 attract an adaptable and competitive workforce, be authorized to
20 procure services where the business case justifies it, and be))~~
21 accountable to its customers for the efficient and effective delivery
22 of critical business services.

23 The consolidated technology services agency is established with
24 clear accountability to the agencies it serves and to the public.
25 This accountability will come through enhanced transparency in the
26 agency's operation and performance. The agency is also established
27 ~~((with broad flexibility))~~ to adapt its operations and service
28 catalog to address the needs of customer agencies, and to do so in
29 the most cost-effective ways.

30 **Sec. 5.** RCW 43.105.052 and 2015 3rd sp.s. c 1 s 104 are each
31 amended to read as follows:

32 The agency shall:

33 (1) Make available information services to public agencies and
34 public benefit nonprofit corporations;

35 (2) Establish rates and fees for services provided by the agency;

36 (3) Develop a billing rate plan for a two-year period to coincide
37 with the budgeting process. The rate plan must be subject to review
38 at least annually by the office of financial management, the joint
39 legislative audit and review committee, the board, and the

1 appropriate policy and fiscal committees of the legislature. The rate
2 plan must show the proposed rates by each cost center and show the
3 components of the rate structure as mutually determined by the agency
4 ~~((and)),~~ the office of financial management, and the appropriate
5 policy and fiscal committees of the legislature. The rate plan and
6 any adjustments to rates must be approved by the office of financial
7 management and the appropriate policy and fiscal committees of the
8 legislature;

9 (4) Develop a detailed business plan for any service or activity
10 to be contracted under RCW 41.06.142(7)(b);

11 (5) Develop plans for the agency's achievement of ~~((statewide))~~
12 goals and objectives set forth in the state strategic information
13 technology plan required under RCW 43.105.220;

14 ~~((6) Enable the standardization and consolidation of information~~
15 ~~technology infrastructure across all state agencies to support~~
16 ~~enterprise-based system development and improve and maintain service~~
17 ~~delivery; and~~

18 ~~(7) Perform all other matters and things necessary to carry out~~
19 ~~the purposes and provisions of this chapter.))~~

20 **Sec. 6.** RCW 43.105.020 and 2017 c 92 s 2 are each amended to
21 read as follows:

22 The definitions in this section apply throughout this chapter
23 unless the context clearly requires otherwise.

24 (1) "Agency" means the consolidated technology services agency,
25 which may also be known as Washington technology solutions (WaTech).

26 (2) "Board" means the technology services board.

27 (3) "Customer agencies" means all entities that purchase or use
28 information technology resources, telecommunications, or services
29 from the consolidated technology services agency.

30 (4) "Director" means the state chief information officer, who is
31 the director of the consolidated technology services agency.

32 (5) "Enterprise architecture" means an ongoing activity for
33 translating business vision and strategy into effective enterprise
34 change. ~~((It is a continuous activity. Enterprise architecture~~
35 ~~creates, communicates, and improves the key principles and models~~
36 ~~that describe the enterprise's future state and enable its~~
37 ~~evolution.))~~

38 (6) "Equipment" means the machines, devices, and transmission
39 facilities used in information processing, including but not limited

1 to computers, terminals, telephones, wireless communications system
2 facilities, cables, and any physical facility necessary for the
3 operation of such equipment.

4 (7) "Information" includes, but is not limited to, data, text,
5 voice, and video.

6 (8) "Information security" means the protection of communication
7 and information resources from unauthorized access, use, disclosure,
8 disruption, modification, or destruction in order to:

9 (a) Prevent improper information modification or destruction;

10 (b) Preserve authorized restrictions on information access and
11 disclosure;

12 (c) Ensure timely and reliable access to and use of information;
13 and

14 (d) Maintain the confidentiality, integrity, and availability of
15 information.

16 (9) "Information technology" includes, but is not limited to, all
17 electronic technology systems and services, automated information
18 handling, system design and analysis, conversion of data, computer
19 programming, information storage and retrieval, telecommunications,
20 requisite system controls, simulation, electronic commerce, radio
21 technologies, and all related interactions between people and
22 machines.

23 (10) "Information technology portfolio" or "portfolio" means a
24 strategic management process documenting relationships between agency
25 missions and information technology and telecommunications
26 investments.

27 (11) "K-20 network" means the network established in RCW
28 43.41.391.

29 (12) "Line of business" means a service offering provided by the
30 consolidated technology services agency to customer agencies.

31 (13) "Local governments" includes all municipal and quasi-
32 municipal corporations and political subdivisions, and all agencies
33 of such corporations and subdivisions authorized to contract
34 separately.

35 ~~((13))~~ (14) "Office" means the office of the state chief
36 information officer within the consolidated technology services
37 agency.

38 ~~((14))~~ (15) "Oversight" means a process of comprehensive risk
39 analysis and management designed to ensure optimum use of information
40 technology resources and telecommunications.

1 ~~((15))~~ (16) "Proprietary software" means that software offered
2 for sale or license.

3 ~~((16))~~ (17) "Public agency" means any agency of this state or
4 another state; any political subdivision or unit of local government
5 of this state or another state including, but not limited to,
6 municipal corporations, quasi-municipal corporations, special purpose
7 districts, and local service districts; any public benefit nonprofit
8 corporation; any agency of the United States; and any Indian tribe
9 recognized as such by the federal government.

10 ~~((17))~~ (18) "Public benefit nonprofit corporation" means a
11 public benefit nonprofit corporation as defined in RCW 24.03.005 that
12 is receiving local, state, or federal funds either directly or
13 through a public agency other than an Indian tribe or political
14 subdivision of another state.

15 ~~((18))~~ (19) "Public record" has the definitions in RCW
16 42.56.010 and chapter 40.14 RCW and includes legislative records and
17 court records that are available for public inspection.

18 ~~((19))~~ (20) "Public safety" refers to any entity or services
19 that ensure the welfare and protection of the public.

20 ~~((20))~~ (21) "Security incident" means an accidental or
21 deliberative event that results in or constitutes an imminent threat
22 of the unauthorized access, loss, disclosure, modification,
23 disruption, or destruction of communication and information
24 resources.

25 ~~((21))~~ (22) "State agency" means every state office,
26 department, division, bureau, board, commission, or other state
27 agency, including offices headed by a statewide elected official.

28 ~~((22))~~ (23) "Telecommunications" includes, but is not limited
29 to, wireless or wired systems for transport of voice, video, and data
30 communications, network systems, requisite facilities, equipment,
31 system controls, simulation, electronic commerce, and all related
32 interactions between people and machines.

33 ~~((23))~~ (24) "Termination migration" means the process whereby
34 the consolidated technology services agency ceases to provide a line
35 of business to customer agencies and migrates that line of business
36 to a new provider.

37 (25) "Utility-based infrastructure services" includes personal
38 computer and portable device support, servers and server
39 administration, security administration, network administration,

1 telephony, email, and other information technology services commonly
2 used by state agencies.

3 **Sec. 7.** RCW 43.105.220 and 2015 3rd sp.s. c 1 s 203 are each
4 amended to read as follows:

5 (1) The office shall prepare a state strategic information
6 technology plan which shall establish a ((statewide)) mission, goals,
7 and objectives for the use of information technology, including goals
8 for electronic access to government records, information, and
9 services. The plan shall be consistent with the provisions of
10 chapter . . . , Laws of 2018 (this act), and developed in accordance
11 with the standards and policies established by the office. The office
12 shall seek the advice of the board in the development of this plan.

13 The plan shall be updated as necessary and submitted to the
14 governor and the legislature.

15 (2) The office shall prepare a biennial state performance report
16 on information technology based on state agency performance reports
17 required under RCW 43.105.235 and other information deemed
18 appropriate by the office. The report shall include, but not be
19 limited to:

20 (a) An analysis, based upon agency portfolios, of the state's
21 information technology infrastructure, including its value,
22 condition, and capacity;

23 (b) An evaluation of performance relating to information
24 technology;

25 (c) An assessment of progress made toward implementing the state
26 strategic information technology plan, including progress toward
27 electronic access to public information and enabling citizens to have
28 two-way access to public records, information, and services; and

29 (d) An analysis of the success or failure, feasibility, progress,
30 costs, and timeliness of implementation of major information
31 technology projects under RCW 43.105.245. At a minimum, the portion
32 of the report regarding major technology projects must include:

33 (i) The total cost data for the entire life-cycle of the project,
34 including capital and operational costs, broken down by staffing
35 costs, contracted service, hardware purchase or lease, software
36 purchase or lease, travel, and training. The original budget must
37 also be shown for comparison;

38 (ii) The original proposed project schedule and the final actual
39 project schedule;

1 (iii) Data regarding progress towards meeting the original goals
2 and performance measures of the project;

3 (iv) Discussion of lessons learned on the project, performance of
4 any contractors used, and reasons for project delays or cost
5 increases; and

6 (v) Identification of benefits generated by major information
7 technology projects developed under RCW 43.105.245.

8 Copies of the report shall be distributed biennially to the
9 governor and the legislature. The major technology section of the
10 report must examine major information technology projects completed
11 in the previous biennium.

12 NEW SECTION. **Sec. 8.** RCW 43.105.006 (Consolidated technology
13 services agency—Purpose) and 2011 1st sp.s. c 43 s 801 are each
14 repealed.

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