

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.:	HB 1704
Version:	Committee Substitute
Author:	Representative Derby
Date:	February 26, 2009
Impact	FY-10: CIO Director - \$105,000- \$120,000; Office/Equipment - Pending Contingent Consultant Costs - \$200 Per Hr.

**FY-11 and Thereafter: Potential Savings
From Efficiencies and Economies of Scale;
Estimated Additional FTE Costs - \$1.6 Million;
Potential Relocation/Rental Costs - \$940,000**

Bill Summary

Fiscal Summary

Fiscal Analyst: Terry McKenna

The Committee Substitute for HB 1704 creates the Office of Information Services (OIS). The measure provides that the salary of the Chief Information Officer (CIO) shall be comparable with the prevailing salaries for similar private sector positions, and that the CIO shall be appointed no later than January 1, 2010. For FY-10, the salary and any other expenses incurred by the CIO shall be budgeted through the Office of the State Treasurer which shall provide office space, equipment and support. Within 12 months the Director shall issue a plan of for the transfer, coordination, and modernization of the information technology systems for all state agencies in the state, and may contract with privates consultants to assist in the development of the plan. Beginning July 10, 2010, the Director is authorized to employ personnel and fix duties and compensation rates; and the Information Services Division of the Office of State Finance (OSF) is transferred to the OIS. The transfer shall include all real property, buildings, furniture, equipment, supplies, records, personnel, assets, current and future liabilities, fund balances, encumbrances, obligations, indebtedness, powers, duties, and responsibilities associated with the Information Services Division. It is the intent of the Legislature that all OSF employees who are assigned to the Information Services Division shall be transferred to the OIS with retention of pay and benefits, as much as possible, including longevity, insurance benefits, seniority, rights, and other privileges or benefits, which may be provided through contractual arrangements with the OSF.

Fiscal Analysis

The Committee Substitute for HB 1704 provides that in FY-10 the salary and any other expenses incurred by the (CIO) shall be budgeted through the Office of the State Treasurer, which shall also provide office space, equipment and support services. OSF advises that the annual salary of the CIO would be between \$140,000 to \$160,000; assuming the search for a qualified CIO takes ninety days, the FY-10 CIO salary would be \$105,000-\$120,000. Were the CIO to contract with

private consultants for the development of a plan of action, recent experience (a similar study in Texas) indicates that information systems and information technology analysts are paid at the rate of \$200 per hour. The cost of office space, equipment and support to be budgeted through the Office of the State Treasurer is pending review by the agency.

OSF advises that to implement the provisions of HB 1704 would require the hire of 13 additional FTE and the use of 2,500 square feet of office at an annual additional cost of \$1,555,000 (4 Technology Mangers, 2 Secretaries, 1 Controller, 3 Accounting Specialists, 1 HR manager, 1 HR specialist and 4 procurement specialists, plus the cost of office space).

If the OIS were to be located outside of OSF, the Department of Central Services (DCS) has previously calculated that moving and furnishing costs could be as much as \$670,000. DCS has estimated annual rental costs of \$270,000.

Long Term Fiscal Considerations

The creation of the OIS would centralize the state's information systems, information technology and all financial and management information services. Significant savings from the elimination of redundancies and the economies of scale could be realized by the creation of the OIS as provided under the provisions of the Committee Substitute for HB 1704.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director