

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 Committee on Governmental Oversight and Accountability

BILL: SB 426

INTRODUCER: Senator Brandes

SUBJECT: State Data Center

DATE: November 30, 2015 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Peacock	McVaney	GO	Pre-meeting
2.			AGG	
3.			AP	

I. Summary:

SB 426 authorizes the Agency for State Technology’s State Data Center to continue providing services to existing customers in the absence of the execution of a new service-level agreement within 60 days of the expiration of the prior fiscal year’s agreement.

The bill authorizes the Agency for State Technology to test vendor equipment and software and conduct other experiments with information technology resources and implement service enhancements if cost-effective. The fiscal impact of these pilot projects on the Agency for State Technology is indeterminate.

The bill provides an effective date of July 1, 2016.

II. Present Situation:

Agency for State Technology

The Agency for State Technology (AST) was created on July 1, 2014.¹ The executive director of AST is appointed by the Governor and confirmed by the Senate. The duties and responsibilities of AST include:²

- Developing and publishing information technology (IT) policy for management of the state’s IT resources.
- Establishing and publishing IT architecture standards.
- Establishing project management and oversight standards with which state agencies must comply when implementing IT projects.
- Performing project oversight on all state IT projects with total costs of \$10 million or more.

¹ Chapter 2014-221, Laws of Florida.

² Section 282.0051, F.S.

- Identifying opportunities for standardization and consolidation of IT services that support common business functions and operations.
- Establishing best practices for procurement of IT products in collaboration with DMS.
- Participating with DMS in evaluating, conducting and negotiating competitive solicitations for state term contracts for IT commodities, consultant services, or staff augmentation contractual services.
- Collaborating with DMS in IT resource acquisition planning.
- Developing standards for IT reports and updates.
- Upon request, assisting state agencies in development of IT related legislative budget requests.
- Conducting annual assessments of state agencies to determine compliance with IT standards and guidelines developed by AST.
- Providing operational management and oversight of the state data center.
- Recommending other IT services that should be designed, delivered, and managed as enterprise IT services.
- Recommending additional consolidations of agency data centers or computing facilities into the state data center.
- In consultation with state agencies, proposing methodology for identifying and collecting current and planned IT expenditure data at the state agency level.
- Performing project oversight on any cabinet agency IT project that has a total project cost of \$25 million or more and impacts one or more other agencies.
- Consulting with departments regarding risks and other effects for IT projects implemented by an agency that must be connected to or accommodated by an IT system administered by a cabinet agency.
- Reporting annually to the Governor, the President of the Senate and the Speaker of the House regarding state IT standards or policies that conflict with federal regulations or requirements.

State Data Center Service-Level Agreements

The State Data Center is established within AST and provides data center services that comply with applicable state and federal laws, regulations, and policies, including all applicable security, privacy, and auditing requirements.³ The State Data Center must enter into a service-level agreement with each customer entity to provide required type and level of service or services. If a customer fails to execute an agreement within 60 days after commencement of service, the State Data Center may cease service.

From 2008 until removed in 2014, s. 282.203, F.S., contained a provision providing for an existing customer's service-level agreement with the department to continue under the terms of the previous fiscal year's agreement, if a customer did not execute a new service-level agreement within 60 days of the agreement's expiration.

Below is a table listing the customers of the AST's State Data Center. The customers include state agencies, a water management district, a county, local agencies and non-profit organizations.

³ Section 282.201, F.S.

AST Agency Customers	
Agency for Health Care Administration	Department of Veterans' Affairs
Agency for Persons with Disabilities	Office of Governor
Agency for State Technology	Emergency Management
Department of Citrus	Fish & Wildlife Conservation Commission
Department of Business & Professional Regulations	Statewide Guardian Ad Litem
Department of Corrections	Highway Safety & Motor Vehicles
Department of Children & Families	Justice Administrative Commission
Department of Economic Opportunity	Office of Auditor General
Department of Environmental Protection	Northwood State Resource Center
Department of Financial Services	Public Employees Relations Commission
Department of Juvenile Justice	Public Service Commission
Department of Military Affairs	State Attorney
Department of Management Services	Water Management District - Suwannee
Department of Education	Santa Rosa County
Department of Elder Affairs	Miami Dade Expressway Authority
Department of Health	Greater Orlando Aviation Authority
Department of Lottery	Children Home Society - Jacksonville
Department of Revenue	COPE Center
Department of State	Brevard Family Partnership
Department of Transportation	Community Based Care of Seminole

Funding Methodology

The Department of Financial Services (DFS) has responsibility for the preparation of the annual Statewide Cost Allocation Plan (SWCAP) required under the provisions of the U.S. Management and Budget (OMB) Circular A-87.⁴ The circular establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments and federally recognized Indian tribal governments. The SWCAP is the mechanism by which the state identifies, summarizes, and allocates statewide indirect costs. The SWCAP also includes financial and billing information for central services directly charged to agencies or programs. DFS must ensure that SWCAP represents the most favorable allocation of central services cost allowable to the state by the Federal government.⁵

Appendix C of OMB Circular A-87, defines “billed central services” as central services that are billed to benefited agencies and/or programs on an individual fee-for-service or similar basis. Typical expenditures of billed central services include computer services, transportation services, insurance, and fringe benefits.⁶

⁴ Section 215.195(1), F.S. Also, see 2 CFR Part 225, Appendix C, Appendix D, and Appendix E.

⁵ *Id.*

⁶ 2 CFR Part 225, Appendix C.

The services provided by the State Data Center to state agencies are an example of “billed central services.” The State Data Center must adhere to the SWCAP in accounting for agency resources utilized.

Pilot Projects

From 2008 until removed in 2014, s. 282.203, F.S., contained a provision providing for the data center to plan, design, and establish pilot projects and conduct experiments with information technology resources.

III. Effect of Proposed Changes:

Section 1 amends s. 282.201, F.S., to provide that if the state data center and an existing customer agency fail to enter into a new service-level agreement within 60 days after the service-level agreement expires, the services provided by the State Data Center after that time period are deemed to be governed under the terms of the expired service-level agreement.

The section also authorizes AST to plan, design, and establish pilot projects for and conduct experiments with information technology resources and implement service enhancements if cost effective.

Section 2 provides an effective date of July 1, 2016.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandate restrictions do not apply because the bill does not require counties and municipalities to spend funds, reduce counties’ or municipalities’ ability to raise revenue, or reduce the percentage of a state tax shares with counties and municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate.

C. Government Sector Impact:

Indeterminate. AST has indicated that the fiscal impact of pilot projects is negligible as vendors are willing to provide the necessary testing of projects.⁷ While the AST has indicated that any impact on AST resources will be minimal and will be allocated from General Revenue-funded positions and not staff positions funded by cost recovery funds supplied by state agency customers⁸, the State Data Center does not have any such position or resources. As noted above, the State Data Center historically has been funded on a cost-recovery basis with all expenses charged back to the customer entities.

VI. Technical Deficiencies:

During the term of the service-level agreement, the terms of that agreement control. Under the bill, those same terms will again control beginning the 60th day after the contractual expiration of the agreement until the services cease or a new service-level agreement is executed. It is not clear what terms apply during the 60-day period between the contractual expiration of the agreement and the 60th day after the contractual expiration of the agreement.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 282.201 of the Florida Statutes:

IX. Additional Information:**A. Committee Substitute – Statement of 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.

⁷ November 3, 2015, telephone conversation with Erin Choy, External Affairs Manager, AST.

⁸ *Id.*