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FISCAL IMPACT STATEMENT

LS 7705 | **NOTE PREPARED:** Jan 31, 2005
BILL NUMBER: HB 1137 | **BILL AMENDED:** Jan 31, 2005

SUBJECT: Office of Technology.

FIRST AUTHOR: Rep. Murphy | **BILL STATUS:** CR Adopted - 1st House
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State
X **DEDICATED**
FEDERAL

Summary of Legislation: (Amended) This bill transfers to the new Office of Technology the duties, rules, personnel, funds, and equipment of the combined entities. It makes conforming changes. The bill provides that the Chief Information Officer of the Office of Technology participates in decisions made by the Higher Education Telecommunications System. This bill repeals the statutes establishing the State Information Technology Oversight Commission, the Information Technology Advisory Committee, the Intelenet Commission, a definition of Intelenet in the public purchasing law, and a reference to the Intelenet Commission in the law concerning immunity.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) *Summary:* The overall fiscal impact of this legislation is estimated to be minimal. The provisions of this bill have been divided into four sections. The fiscal impact of each section is explained below:

(1) Reorganization: The cost of this general restructuring is expected to be limited. The transition is not expected to necessitate the hiring of additional support staff or require additional office space.

(2) Information Technology Leadership Council: Any administrative costs as a result of establishing this Council are presumed to be able to be covered through the use of existing staff and resources.

(3) New responsibilities for State Agencies: The possible increase in administrative costs that may result from these new responsibilities could presumably be covered through the use of existing staff and resources.

(4) Indiana Higher Education Telecommunication System (IHETS): It is estimated that any revenue lost, from a private entity finding another provider, would be made up by the cost savings in not having to provide services to that entity any longer.

Background Details: The following is a more detailed description of the sections discussed above.

(1) Reorganization: The Office of Technology, created in this bill, will combine the rules, personnel, funds, and equipment of four existing entities:

(1) the Department of Administration's Division of Information Technology;
(2) the Information Technology Oversight Commission;
(3) the Intelenet Commission; and
(4) the Enhanced Data Access Review Committee (EDARC).

The cost of this general restructuring is expected to be limited. The transition is not expected to necessitate the hiring of additional support staff or require additional office space. This bill provides that the Governor appoints the Chief Information Officer (CIO) of the Office.

The December 7, 2004, state staffing report indicates that the Department of Administration's Division of Information Technology (DoIT) currently has 119 positions filled, and approximately 43 vacancies. The Information Technology Oversight Commission (ITOC) has 7 positions, of which 5 are filled. The Intelenet Commission has 45 authorized positions, of which 35 are filled.

The Intelenet Commission provides administrative staff for the EDARC, whose membership is as follows:

(1) The State Budget Director or the director's designee.
(2) The Commissioner of the Indiana Department of Administration or the Commissioner's designee.
(3) A liaison from the Governor's office.
(4) The Director of the State Library or the Director's designee.
(5) The Director of the Commission on Public Records or the Director's designee.
(6) The Attorney General or the Attorney General's designee.
(7) Three individuals who are members of the general public appointed by the Governor for three-year terms.

DoIT is funded through the Data Processing Rotary Fund and the Telephone Rotary Fund. Revenue to these rotary funds comes from fees assessed on state agencies. During the FY 2004 - FY 2005 biennium, DoIT is budgeted approximately $59,587,500 each year. DoIT also receives an annual $2.18 M appropriation from revenue to the state's Pay Phone Account.

ITOC receives a General Fund appropriation. During the current biennium, ITOC was budgeted $663,403 each year. The bill specifies that the FY 2006 appropriation to DoIT and to ITOC are transferred to the Department of Information Technology beginning July 1, 2005.

The Intelenet Commission is a body corporate and politic, and not supported by state appropriations. As of July 2004, the CY 2004 year-to-date net income for the Commission was $885,308. The Commission's net income for CY 2003 was approximately $1.3 M, and for CY 2002 was approximately $3.3 M.

(2) Information Technology Leadership Council: This bill also establishes the Information Technology Leadership Council. The Council consists of the following members:

(1) the CIO of the Department who shall serve as chair.
(2) A member of the Attorney General's (AG) staff as appointed by the AG.
(3) A member of the Auditor's staff as appointed by the Auditor.
(4) The Director of the Budget Agency or the Director's designee.
(5) The Commissioner of the DOA or the Commissioner's designee.
(6) The state Superintendent of Public Instruction or the Superintendent's designee.

Any administrative costs as a result of establishing this Council are presumed to be able to be covered through the use of existing staff and resources.

(3) New Responsibilities for State Agencies: This bill also requires that all included state agencies* shall use the information and telecommunications services provided by the Department. The agencies that are included in this provision are also required to submit all budget requests relating to information technology to the CIO for review. Any increase in administrative costs that result from this provision could presumably be covered through the use of existing staff and resources.

*The legislative and judicial departments of state government and state educational institutions are not required to, but may with consent of the CIO, use the Department's services.

(4) Indiana Higher Education Telecommunication System (IHETS): This bill also provides that any private entity, in order to use telecommunication services as provided by the IHETS, must prove that no other provider is available, or that using another provider would create a hardship on the entity seeking services. This provision is expected to have little impact on the IHETS. It is estimated that any revenue lost, from a private entity finding another provider, would be made up by the cost savings in not having to provide services to that entity any longer. The bill also provides that the CIO shall be a member of the IHETS board.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Administration; Information Technology Oversight Commission; Intelenet Commission; Enhanced Data Access Commission; State Commission on Public Records; Indiana Higher Education Telecommunications System; all other included state agencies.

Local Agencies Affected:

Information Sources: Auditor of State; State Budget Agency.

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