

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0719-01
Bill No.: SB 175
Subject: Administration, Office of; Internet and Email; State Departments
Type: Original
Date: February 28, 2017

Bill Summary: This proposal requires that all state-owned data centers become consolidated to the State Data Center.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(Greater than \$23,016,912)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Greater than \$23,016,912)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Conservation Commission Fund	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)
State Road Funds	(Unknown)	(Unknown)	(Unknown)
Lottery Proceeds Fund	\$0 or (\$68,000,000)	\$0 or (\$68,000,000)	\$0 or (\$68,000,000)
Missouri Gaming Commission Fund	(\$1,000,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Greater than \$100,000) to (Greater than \$68,100,000)	(Greater than \$100,000) to (Greater than \$68,100,000)	(Greater than \$100,000) to (Greater than \$68,100,000)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume that state agencies currently operating data centers would migrate to the State Data Center (SDC) to use SDC services like colocation, virtual servers, storage, etc. ITSD does not assume that they would consolidate their staff into ITSD. Any savings would therefore be realized by the agencies utilizing SDC services. ITSD is not aware of any state agency currently operating a Mainframe outside the SDC. ITSD assumes there would be no fiscal impact to ITSD because we would recover additional costs for additional services in the rates we charge for services.

Officials from the **Missouri Department of Conservation (MDC)** assume that details of the consolidation are unknown until they could be appropriately planned with State Data Center staff (OA-ITSD staff). The source of funds to cover any initial or increased on-going hardware, software and services cost are also unknown. Due to these assumptions, the MDC estimates a fiscal impact greater than \$100,000 based upon the cost of current data center components.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume this proposal will require the purchase of equipment to be used at the SDC for certain data, per federal law. Estimated expense to be incurred is \$5,500,000 for servers and networking equipment and connections.

Officials from the **Department of Transportation (MoDOT)** assume this proposal would have a potential unknown negative fiscal impact to their organization. The Missouri Highway and Transportation Commission currently has dual data centers which were created with State Road Funds. These sites would be rendered unusable and equipment would need to be transferred to an OA facility.

Officials from the **Attorney General's Office** assume any potential cost arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the State Auditor (SAO)** state currently the SAO consolidates IT as much as feasible and as much as permitted under government auditing standards. Any further consolidation imposed by this proposal will not create any savings for the office. Any cost could be absorbed within current appropriations.

Officials from the **Missouri House of Representatives (MHR)** and the **Missouri Senate (SEN)** each assume this proposal would have an unknown fiscal impact to their organizations.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** assume this legislation will have a fiscal impact to their organization. The exact amount of the cost is unknown at this time. The Joint Committee will defer to the Senate who provides technical support to the Committee and the General Assembly as a whole regarding the amount of the impact. There is additional concern to maintain attorney/client privilege within data of the Joint Committee on Administrative Rules.

Officials from the **Missouri Lottery Commission (LOT)** assume this proposal requires all state-owned executive department data centers to become consolidated to the information technology services division state data center by October 1, 2018. The Missouri Lottery is required contractually to have separate IT systems that are independent from other networks to protect the integrity of national lottery games. Our multi-state agreements preclude us from giving access to our network to anyone other than identified Missouri Lottery employees. In the event of an imbalance in data between our vendor and our independent Internal Control System (ICS) on Draw Nights we are obligated to implement certain steps that could not be completed by OA personnel in a consolidated environment. The Lottery also conducts draws for our in-state games with unique process and procedures that from an auditing perspective could not be completed by OA. Consolidation of Missouri Lottery's IT system under this legislation may exclude us from selling Powerball, Mega Millions, and Lucky for Life.

LOT officials state although it is possible the consolidated environment may be adaptable to meet MUSL requirements, it is equally possible that it will not and the state could lose \$68 million per year in funding to education based on Actual FY16 profitability figures.

Oversight will range the fiscal impact from \$0 (the consolidation does not put the Missouri Lottery out of compliance to a loss of \$68,000,000 (the consolidation does put the Missouri Lottery out of compliance).

Officials from the **Office of the State Courts Administrator (OSCA)** assume to be in compliance with Court Operating Rule 1, all judicial computer equipment shall be handled on computer equipment managed and controlled by the courts and the Office of State Courts Administrator. Therefore, OSCA assumes any judicial computer equipment will be maintained independently from all other computer equipment located at the state data center.

The judiciary utilizes database technology to support the specific needs of the judiciary's case management system. Currently, these technologies are not available at the state data center and, therefore, would require implementation prior to relocating application services.

ASSUMPTION (continued)

OSCA assumes the proposal will transfer all equipment to the state data center in such a way that the courts do not experience outages that affect their ability to conduct work. OSCA also assumes all judicial equipment will be maintained independently from all other equipment at the state data center. In order to accomplish this, installation of all equipment, all databases and services are necessary before disconnecting existing court resources. OSCA assumes the state data center will handle expenses and proper installation for physical security, fire suppression, generator, battery backup, and space expansion when necessary. The estimate below includes funding requirements to relocate all judicial data centers throughout the state e.g. data center located in Jefferson City, OSCA's primary data center located in Marshfield, Missouri, judicial data centers located at appellate courts and judicial data centers located at circuit courts.

It should be noted that estimates to relocate data centers operated by municipal courts were not included. OSCA also assumes current staff will continue to support existing operations and not be assigned to conduct relocation activities. In order to move the Judiciary Data Center to the state data center OSCA will need to purchase new equipment and copy the data to new servers in order to reduce downtime to an absolute minimum rather than physically moving legacy equipment.

The estimated costs are based on list prices quoted from vendors and/or staff estimates

Network Charges for increased bandwidth to courts (ongoing)	\$ 171,300
Network Equipment/Configuration	\$ 1,389,774
Exadata Hardware and Software/Oracle database	\$ 3,605,672
Servers	\$ 8,910,208
Relocation Consulting Services (Two consultants @ \$1,000/day for 40 days)	\$ 80,000
Applications modifications	\$ 270,000
Subtotal	\$14,426,954
County IT Staff (40 FTE @ \$50,820)	\$ 2,032,800
Fringe Benefits	\$ 1,057,158
Total	\$17,516,912

There will be an unknown reduction in utility bills for the judiciary due to the move which should help offset the cost increase for the Office of Administration.. Also, there would be a reduction for leased space for the judicial data center located in Marshfield, approximately \$50,000 annually that may or may not offset the cost that OA Information Technology may charge the judiciary for housing the data center.

ASSUMPTION (continued)

Officials from the **Missouri Gaming Commission (MGC)** assumes this legislation could place the MGC out of compliance, and in violation of federal regulations mandated by the Federal Bureau of Investigation, and criminal justice databases, and systems.

Regulatory function the MGC provides 24/7 IT support to the Missouri State Highway Patrol on each riverboat gaming casino. In addition to confidential criminal data, MGC has confidential data from criminal investigations, and background and licensing investigations done by Missouri Gaming Commission background and financial investigators which must remain closed due to both proprietary and criminal concerns under 313.847. Our systems and the privacy thereof are regulated by the Federal Bureau of Investigation's Criminal Justice Information System or CJIS policy.

MGC assumes the estimated cost for implementing this legislation will be \$1,000,000 for the Missouri Gaming Commission. This cost would include purchasing servers, networking equipment, storage and duplication of network connections. The Missouri Gaming Commission estimates that the Office of Administration will have a cost associated with the consolidation as well that may be reallocated back to our agency.

Officials from the **Department of Public Safety (Office of the Director, State Emergency Management Agency, Capitol Police, Alcohol and Tobacco Control, Fire Safety Division)**, the **Office of the State Treasurer**, the **Office of the Governor**, the **Department of Agriculture**, the **State Tax Commission**, the **MoDOT & Patrol Employees' Retirement System**, the **Office of Administration (Administrative Hearing Commission)**, the **Joint Committee on Public Retirement**, the **Missouri Consolidated Health Care Plan**, the **Office of the Secretary of State**, the **Office of the Lieutenant Governor**, the **Missouri Ethics Commission**, the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Missouri State Employee's Retirement System** and the **Office of Prosecution Services** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Economic Development**, the **Department of Social Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Corrections**, the **Office of Administration - Budget and Planning**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Revenue**, the **Department of Public Safety - Missouri Veterans Commission**, the each defer to the Office of Administration Information - Technology Services Division to estimate the fiscal impact of the proposed legislation on their respective organization.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Cost - MHP (Page 3)</u> Purchase of servers and networking equipment and connections for SDC	(\$5,500,000)	\$0	\$0
<u>Cost - OSCA (Page 5)</u> Purchase of servers and networking equipment and connections for SDC	(\$17,516,912)	\$0	\$0
<u>Cost - SEN & MHR (Page 3)</u> Consolidation to SDC	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Greater than \$23,016,912)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND			
<u>Costs - MDC (Page 3)</u> Consolidation to SDC	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>
STATE ROAD FUNDS			
<u>Cost - MoDOT (Page 3)</u> Consolidation to SDC	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON STATE ROAD FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
(continued)	(10 Mo.)		

LOTTERY PROCEEDS FUND

<u>Loss - LOT (Page 4)</u>	\$0 or	\$0 or	\$0 or
Proceeds from multi-state lottery games	<u>(\$68,000,000)</u>	<u>(\$68,000,000)</u>	<u>(\$68,000,000)</u>

ESTIMATED NET EFFECT ON THE LOTTERY PROCEEDS FUND	<u>\$0 or</u>	<u>\$0 or</u>	<u>\$0 or</u>
	<u>(\$68,000,000)</u>	<u>(\$68,000,000)</u>	<u>(\$68,000,000)</u>

MISSOURI GAMING COMMISSION FUND

<u>Cost - MGC (Page 6)</u>	<u>(\$1,000,000)</u>	<u>\$0</u>	<u>\$0</u>
Purchase of servers and networking equipment and connections for SDC			

ESTIMATED NET EFFECT ON THE MISSOURI GAMING COMMISSION FUND	<u>(\$1,000,000)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2018	FY 2019	FY 2020
	(10 Mo.)		

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires that all state-owned data centers become consolidated to the State Data Center.

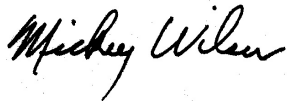
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Agriculture
Department of Economic Development
 Public Service Commission
 Office of the Public Council
 Division of Energy
Department of Elementary and Secondary Education
Department of Higher Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Capitol Police
 Alcohol & Tobacco Control
 Fire Safety
 Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency
 Veterans Commission
Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Department of Transportation
Office of Prosecution Services
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System

SOURCES OF INFORMATION (continued)

Office of Administration
 Administrative Hearing Commission
 Budget and Planning
 Information Technology Services Division
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission



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