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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2110

03/25/2015 Authored by Nash; Kahn; Sanders; Anderson, S., and Albright
The bill was read for the first time and referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to state government; changing MN.IT operating provisions; changing
1.3 information technology provisions; requiring reports; requiring criteria for
1.4 state data storage; changing an information technology appropriation transfer;
1.5 amending Minnesota Statutes 2014, sections 16E.01; 16E.016; 16E.0465;
1.6 16E.14, subdivision 3; 16E.145; 16E.19, by adding a subdivision; proposing
1.7 coding for new law in Minnesota Statutes, chapter 16E.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2014, section 16E.01, is amended to read:

1.10 **16E.01 OFFICE OF MN.IT SERVICES.**

1.11 Subdivision 1. **Creation; chief information officer.** The Office of MN.IT Services,
1.12 referred to in this chapter as the "office," is an agency in the executive branch headed by
1.13 a commissioner, who also is the state chief information officer. The appointment of the
1.14 commissioner is subject to the advice and consent of the senate under section 15.066.

1.15 Subd. 1a. **Responsibilities.** The office shall provide oversight, leadership, and
1.16 direction for information and telecommunications technology policy and the management,
1.17 delivery, accessibility, and security of information and telecommunications technology
1.18 systems and services in ~~Minnesota~~ the executive branch of state government. The office
1.19 shall manage strategic investments in information and telecommunications technology
1.20 systems and services to encourage the development of a technically literate society, to
1.21 ensure sufficient access to and efficient delivery of accessible state government services,
1.22 and to maximize benefits for the state government as an enterprise.

1.23 Subd. 2. **Discretionary powers.** The office may:

- 1.24 (1) enter into contracts for goods or services with public or private organizations
- 1.25 and charge fees for services it provides;

- 2.1 (2) apply for, receive, and expend money from public agencies;
- 2.2 (3) apply for, accept, and disburse grants and other aids from the federal government
- 2.3 and other public or private sources;
- 2.4 (4) enter into contracts with agencies of the federal government, local governmental
- 2.5 units, the University of Minnesota and other educational institutions, and private persons
- 2.6 and other nongovernmental organizations as necessary to perform its statutory duties;
- 2.7 (5) sponsor and conduct conferences and studies, collect and disseminate information,
- 2.8 and issue reports relating to information and communications technology issues; and
- 2.9 ~~(6) review the technology infrastructure of regions of the state and cooperate with~~
- 2.10 ~~and make recommendations to the governor, legislature, state agencies, local governments,~~
- 2.11 ~~local technology development agencies, the federal government, private businesses,~~
- 2.12 ~~and individuals for the realization of information and communications technology~~
- 2.13 ~~infrastructure development potential;~~
- 2.14 ~~(7) sponsor, support, and facilitate innovative and collaborative economic and~~
- 2.15 ~~community development and government services projects, including technology~~
- 2.16 ~~initiatives related to culture and the arts, with public and private organizations; and~~
- 2.17 ~~(8) (6) review and recommend alternative sourcing strategies for state information~~
- 2.18 and communications systems.

2.19 Subd. 3. **Duties.** (a) The office shall:

- 2.20 (1) manage the efficient and effective use of available federal, state, local, and
- 2.21 public-private resources to develop statewide information and telecommunications
- 2.22 technology systems and services and its infrastructure;
- 2.23 (2) approve state agency and intergovernmental information and telecommunications
- 2.24 technology systems and services development efforts involving state or intergovernmental
- 2.25 funding, including federal funding, provide information to the legislature regarding
- 2.26 projects reviewed, and recommend projects for inclusion in the governor's budget under
- 2.27 section 16A.11;
- 2.28 (3) ensure cooperation and collaboration among state and local governments in
- 2.29 developing intergovernmental information and telecommunications technology systems
- 2.30 and services, and define the structure and responsibilities of a representative governance
- 2.31 structure;
- 2.32 (4) cooperate and collaborate with the legislative and judicial branches in the
- 2.33 development of information and communications systems in those branches;
- 2.34 (5) continue the development of North Star, the state's official comprehensive online
- 2.35 service and information initiative;

3.1 (6) promote and collaborate with the state's agencies in the state's transition to an
3.2 effectively competitive telecommunications market;

3.3 ~~(7) collaborate with entities carrying out education and lifelong learning initiatives~~
3.4 ~~to assist Minnesotans in developing technical literacy and obtaining access to ongoing~~
3.5 ~~learning resources;~~

3.6 ~~(8)~~ (7) promote and coordinate public information access and network initiatives,
3.7 consistent with chapter 13, to connect Minnesota's citizens and communities to each
3.8 other, to their governments, and to the world;

3.9 ~~(9)~~ (8) promote and coordinate electronic commerce initiatives to ensure that
3.10 Minnesota businesses and citizens can successfully compete in the global economy;

3.11 ~~(10)~~ (9) manage and promote the regular and periodic reinvestment in the information
3.12 and telecommunications technology systems and services infrastructure so that state and
3.13 local government agencies can effectively and efficiently serve their customers;

3.14 ~~(11)~~ (10) facilitate the cooperative development of and ensure compliance with
3.15 standards and policies for information and telecommunications technology systems
3.16 and services, electronic data practices and privacy, and electronic commerce among
3.17 international, national, state, and local public and private organizations;

3.18 ~~(12)~~ (11) eliminate unnecessary duplication of existing information and
3.19 telecommunications technology systems and services provided by state agencies;

3.20 ~~(13)~~ (12) identify, sponsor, develop, and execute shared information and
3.21 telecommunications technology projects and ongoing operations;

3.22 ~~(14)~~ (13) ensure overall security of the state's information and technology systems
3.23 and services; and

3.24 ~~(15)~~ (14) manage and direct compliance with accessibility standards for informational
3.25 technology, including hardware, software, Web sites, online forms, and online surveys.

3.26 (b) The chief information officer, in consultation with the commissioner of
3.27 management and budget, must determine when it is cost-effective for agencies to develop
3.28 and use shared information and telecommunications technology systems and services for
3.29 the delivery of electronic government services. The chief information officer may require
3.30 agencies to use shared information and telecommunications technology systems and
3.31 services. The chief information officer shall establish reimbursement rates in cooperation
3.32 with the commissioner of management and budget to be billed to agencies and other
3.33 governmental entities sufficient to cover the actual development, operating, maintenance,
3.34 and administrative costs of the shared systems. The methodology for billing may include
3.35 the use of interagency agreements, or other means as allowed by law.

4.1 (c) A state agency that has an information and telecommunications technology
4.2 project with a total expected project cost of more than ~~\$1,000,000~~ \$100,000, whether
4.3 funded as part of the biennial budget or by any other means, shall register with the office
4.4 by submitting basic project startup documentation, as specified by the chief information
4.5 officer in both format and content, before any project funding is requested or committed
4.6 and before the project commences. State agency project leaders must demonstrate that
4.7 the project will be properly managed, provide updates to the project documentation
4.8 as changes are proposed, and regularly report on the current status of the project on a
4.9 schedule agreed to with the chief information officer.

4.10 ~~(d) The chief information officer shall monitor progress on any active information~~
4.11 ~~and telecommunications technology project with a total expected project cost of more than~~
4.12 ~~\$5,000,000 and report on the performance of the project in comparison with the plans for~~
4.13 ~~the project in terms of time, scope, and budget. The chief information officer may conduct~~
4.14 ~~an independent project audit of the project. The audit analysis and evaluation of the~~
4.15 ~~projects subject to paragraph (c) must be presented to agency executive sponsors, the~~
4.16 ~~project governance bodies, and the chief information officer. All reports and responses~~
4.17 ~~must become part of the project record. The chief information officer must prepare a~~
4.18 monthly progress report for each active information and telecommunications technology
4.19 project over \$1,000,000. The report must be provided to the technology advisory council
4.20 and must be available on the office's Web site.

4.21 (e) For any active information and telecommunications technology project with a
4.22 total expected project cost of more than \$10,000,000, the state agency must perform an
4.23 annual independent audit that conforms to published project audit principles promulgated
4.24 by the office.

4.25 (f) The chief information officer shall report by January 15 of each year to the
4.26 chairs and ranking minority members of the legislative committees and divisions with
4.27 jurisdiction over the office regarding projects the office has reviewed under paragraph (a),
4.28 clause (13). The report must include the reasons for the determinations made in the review
4.29 of each project and a description of its current status.

4.30 Subd. 4. **Limits.** The office may not enter into any new contracts or other
4.31 agreements to provide services to political subdivisions. This subdivision does not prevent
4.32 political subdivisions from purchasing goods or services from outside vendors through
4.33 state contracts, and does not prevent political subdivisions from accessing geospatial data
4.34 maintained by the office.

4.35 **EFFECTIVE DATE.** This section is effective July 1, 2015. The office may not
4.36 enter into a new contract or other agreement or renew an existing contract or agreement

5.1 to provide services to political subdivisions in a manner prohibited by subdivision 4 on
 5.2 or after July 1, 2015. The office must end existing contracts and agreements to provide
 5.3 services prohibited by subdivision 4 as soon as this can be done without the office
 5.4 incurring legal liability, and as soon as affected political subdivisions are able to find other
 5.5 sources to provide the services provided by the office.

5.6 Sec. 2. Minnesota Statutes 2014, section 16E.016, is amended to read:

5.7 **16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY**
 5.8 **SERVICES AND EQUIPMENT.**

5.9 (a) The chief information officer is responsible for providing or entering into
 5.10 managed services contracts for the provision, improvement, and development of the
 5.11 following information technology systems and services to state agencies:

- 5.12 (1) state data centers;
- 5.13 (2) mainframes including system software;
- 5.14 (3) servers including system software;
- 5.15 (4) desktops including system software;
- 5.16 (5) laptop computers including system software;
- 5.17 (6) a data network including system software;
- 5.18 (7) database, electronic mail, office systems, reporting, and other standard software
 5.19 tools;
- 5.20 (8) business application software and related technical support services;
- 5.21 (9) help desk for the components listed in clauses (1) to (8);
- 5.22 (10) maintenance, problem resolution, and break-fix for the components listed in
 5.23 clauses (1) to (8);
- 5.24 (11) regular upgrades and replacement for the components listed in clauses (1)
 5.25 to (8); and
- 5.26 (12) network-connected output devices.

5.27 (b) All state agency employees whose work primarily involves functions specified in
 5.28 paragraph (a) are employees of the Office of MN.IT Services. This includes employees
 5.29 who directly perform the functions in paragraph (a), as well as employees whose work
 5.30 primarily involves managing, supervising, or providing administrative services or support
 5.31 services to employees who directly perform these functions. The chief information officer
 5.32 may assign employees of the office to perform work exclusively for another state agency.

5.33 ~~(c) Subject to sections 16C.08 and 16C.09, the chief information officer may allow a~~
 5.34 ~~state agency to obtain services specified in paragraph (a) through a contract with an outside~~
 5.35 ~~vendor when the chief information officer and the agency head agree that a contract would~~

6.1 provide best value, as defined in section 16C.02, under the service-level agreement. A
 6.2 state agency must enter into a service-level agreement with the chief information officer
 6.3 for provision of services specified in paragraph (a), or must obtain some or all of these
 6.4 services through an outside vendor. Before entering into a service-level agreement or
 6.5 outside vendor contract, an agency must solicit proposals from the office and from at least
 6.6 one outside vendor. If the cost of the proposal from the office is more than six percent
 6.7 higher than the cost of a proposal from an outside vendor, the agency may enter into a
 6.8 contract with an outside vendor, notwithstanding sections 16C.08, subdivision 2, clause
 6.9 (1); 16C.09, paragraph (a), clause (1); and 43A.047. The chief information officer must
 6.10 require that agency contracts with outside vendors ensure that systems and services are
 6.11 compatible with standards established by the Office of MN.IT Services. The term of a
 6.12 service-level agreement or a contract under this paragraph is subject to the limits in section
 6.13 16C.06, subdivision 3b. However, the chief information officer may provide that the term
 6.14 of the first agreement or contract entered into after the effective date of this section may be
 6.15 longer, as the chief information officer determines is necessary to establish a system under
 6.16 which agency agreements and contracts will expire according to a staggered schedule.
 6.17 A service-level agreement or contract may not be for a term of more than six years. A
 6.18 contract longer than four years must be followed by a contract of less than four years.

6.19 (d) The chief information officer may authorize a state agency office located outside
 6.20 of the seven-county metropolitan area to solicit proposals from MN.IT services and from
 6.21 an outside vendor separately from the rest of the agency.

6.22 (e) An agency may not enter into a contract for information technology systems or
 6.23 services of more than \$100,000 with an outside vendor without approval of the chief
 6.24 information officer.

6.25 (f) The Minnesota State Retirement System, the Public Employees Retirement
 6.26 Association, the Teachers Retirement Association, the State Board of Investment, the
 6.27 Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide
 6.28 Radio Board are not state agencies for purposes of this section.

6.29 **Sec. 3. [16E.034] ANNUAL REPORT ON IT SPENDING.**

6.30 (a) The chief information officer, in consultation with the commissioner of
 6.31 management and budget, must report by September 1 each year on:

6.32 (1) total state agency spending on information technology in the prior fiscal year, and
 6.33 planned state agency spending on information technology in the current fiscal year; and

6.34 (2) individual state agency spending on information technology in the prior fiscal
 6.35 year, and planned spending on information technology in the current fiscal year.

7.1 (b) The report in paragraph (a) on total state agency and individual agency spending
 7.2 and proposed spending must show amounts spent and anticipated to be spent in each of
 7.3 the following categories:

7.4 (1) new technology projects, or enhancement of existing projects, of more than
 7.5 \$100,000;

7.6 (2) business as usual and minor enhancements; and

7.7 (3) infrastructure and operations.

7.8 (c) The information reported on infrastructure and operations in paragraph (b),
 7.9 clause (3), must be further divided, by agency, into the following categories:

7.10 (1) servers;

7.11 (2) messaging and collaboration;

7.12 (3) mainframe;

7.13 (4) storage;

7.14 (5) database, including administration;

7.15 (6) technical support;

7.16 (7) information security;

7.17 (8) directory administration;

7.18 (9) architecture;

7.19 (10) monitoring; and

7.20 (11) change management.

7.21 Sec. 4. Minnesota Statutes 2014, section 16E.0465, is amended to read:

7.22 **16E.0465 TECHNOLOGY APPROVAL.**

7.23 Subdivision 1. **Application.** This section applies to an appropriation of more than
 7.24 ~~\$1,000,000~~ \$100,000 of state or federal funds to a state agency for any information and
 7.25 telecommunications technology project or for any phase of such a project, device, or
 7.26 system. For purposes of this section, an appropriation of state or federal funds to a state
 7.27 agency includes an appropriation:

7.28 (1) to a constitutional officer;

7.29 (2) for a project that includes both a state agency and units of local government; and

7.30 (3) to a state agency for grants to be made to other entities.

7.31 Subd. 2. **Required review and approval.** (a) A state agency receiving an
 7.32 appropriation of more than \$500,000 for an information and telecommunications
 7.33 technology project subject to this section must divide the project into phases.

7.34 (b) The commissioner of management and budget may not authorize the
 7.35 encumbrance or expenditure of an appropriation of state funds to a state agency for ~~any~~:

8.1 (1) a project if the project is subject to this section, but not divided into phases; or
 8.2 (2) a phase of a project, device, or system subject to this section, unless the Office of
 8.3 MN.IT Services has reviewed the project or each phase of the project, device, or system,
 8.4 and based on this review, the chief information officer has determined for each project
 8.5 or phase that:

8.6 ~~(1)~~ (i) the project is compatible with the state information architecture and other
 8.7 policies and standards established by the chief information officer;

8.8 ~~(2)~~ (ii) the agency is able to accomplish the goals of the phase of the project with the
 8.9 funds appropriated; and

8.10 ~~(3)~~ (iii) the project supports the enterprise information technology strategy.

8.11 Subd. 4. **Monitor progress.** The chief information officer shall monitor progress on
 8.12 any active information and telecommunications technology project with a total expected
 8.13 project cost of more than \$5,000,000 and report on the performance of the project in
 8.14 comparison with the plans for the project in terms of time, scope, and budget. The chief
 8.15 information officer may conduct an independent project audit of the project. The audit
 8.16 analysis and evaluation of the projects must be presented to agency executive sponsors,
 8.17 the project governance bodies, and the chief information officer. All reports and responses
 8.18 must become part of the project record.

8.19 Sec. 5. Minnesota Statutes 2014, section 16E.14, subdivision 3, is amended to read:

8.20 Subd. 3. **Reimbursements.** Except as specifically provided otherwise by law, each
 8.21 agency shall reimburse the MN.IT services revolving fund for the cost of all services,
 8.22 supplies, materials, labor, employee development and training, and depreciation of
 8.23 equipment, including reasonable overhead costs, which the chief information officer is
 8.24 authorized and directed to furnish an agency. The chief information officer shall report the
 8.25 rates to be charged for the revolving fund no later than July 1 each year to the chair of the
 8.26 committee or division in the senate and house of representatives with primary jurisdiction
 8.27 over the budget of the Office of MN.IT Services.

8.28 Sec. 6. Minnesota Statutes 2014, section 16E.145, is amended to read:

8.29 **16E.145 INFORMATION TECHNOLOGY APPROPRIATION.**

8.30 An appropriation of more than \$100,000 for a state agency information and
 8.31 telecommunications technology project must be made to the chief information officer. The
 8.32 chief information officer must manage and disburse the appropriation on behalf of the
 8.33 sponsoring state agency. Any appropriation for an information and telecommunications

9.1 technology project made to a state agency other than the Office of MN.IT Services is
9.2 transferred to the chief information officer.

9.3 Sec. 7. Minnesota Statutes 2014, section 16E.19, is amended by adding a subdivision
9.4 to read:

9.5 Subd. 3. **Data storage.** The chief information officer must establish criteria for
9.6 storage of state agency data outside of data centers operated by the chief information
9.7 officer. These criteria must include thresholds for when requests of outside data storage
9.8 must be approved by the chief information officer.

9.9 Sec. 8. **REPORT ON AGENCY CHIEF INFORMATION OFFICERS.**

9.10 The chief information officer of MN.IT must report to the legislature by January 15,
9.11 2016, on reduction in the number of chief information officers (CIOs) in state agencies.
9.12 The report must include the number of CIOs on July 1, 2015, the number on January
9.13 15, 2016, and plans to reduce that number.