

**HOUSE COMMITTEE ON**  
**INFORMATION MANAGEMENT AND TECHNOLOGY**

February 1, 2005 Hearing Room 357

1:00 PM Tapes 9 - 10

**MEMBERS PRESENT:**           **Rep. John Dallum, Chair**

**Rep. Jerry Krummel, Vice-Chair**

**Rep. Kelley Wirth, Vice-Chair**

**Rep. Chuck Burley**

**Rep. Arnie Roblan**

**STAFF PRESENT:**           **Dallas Weyand, Committee Administrator**

**Louann Rahmig, Committee Assistant**

**ISSUES HEARD AND WITNESSES:**

**Public Hearing**

**Consolidation of State Computing and Networking Infrastructure**

**Mike Freese, Department of Administrative Services (DAS)**

**Jessica Stevens, Oregon Public Employees Union (SEIU)**

**Dennis Green, Employment Department**

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 9, A</b>		
004	Chair Dallum	Calls the meeting to order at 1:03 PM and opens the public hearing.

**Consolidation of State Computing and Networking Infrastructure - PUBLIC HEARING**

015	Mike Freese	Deputy Chief Information Officer, DAS. Presents Computing and Networking Infrastructure Consolidation (CNIC) project update <b>(EXHIBIT A)</b> . Lists primary objectives of the project, and explains the “shared services” model.
068	Freese	Continues with an explanation of the governing board and its responsibilities.
075	Freese	Cites the participating agencies and business case key findings.
113	Freese	States that consolidation should correct deficiencies and mitigate risk.
137	Freese	Explains that the Governor accepted the governing board’s recommendation to proceed but asked for a more aggressive plan to achieve maximize savings.
163	Freese	Points out that the project is in the architectural design phase now. Discusses the detail design phase and agency implementation plan.
200	Freese	Reiterates that the “shared services” concept is new for Oregon state government, and there are staff concerns about loss of direct control.
220	Freese	Comments that the current infrastructure is unsustainable and needs to be replaced.
237	Freese	Concludes that clear and consistent leadership is the key to being successful.
251	Rep. Wirth	Asks about the percent of savings due to reduction of fulltime equivalencies due to consolidation.

260	Freese	Replies that an estimated 70 percent saving in personnel costs is expected.
273	Chair Dallum	Requests a more detailed plan and flow chart for implementation.
284	Freese	Responds that a detailed plan is available on the internet.
295	Rep. Krummel	Requests a further presentation from the project manager.
330	Chair Dallum	Requests a paper copy of the plan and copies for Rep. Burley and Rep. Wirth.
341	Jessica Stevens	Organizer for SEIU Local 503. Indicates that concerns stem from lack of information. Refers to establishment of work groups to address employee issues.
350	Stevens	States that there are questions about the contractor's capabilities and reputation.
395	Stevens	Continues with questions about the physical structure of the data center and the number of employees needed to maintain the new system.
406	Stevens	Raises concerns about which workers will be affected and accomplishment of agency day-to-day business.

**TAPE 10, A**

035	Stevens	Concludes with concerns about the lack of participation by information technology staff.
043	Dennis Green	Assistant Internet Administrator, Employment Department, representing SEIU. Expresses concern about the lack of a solid business case at this time.
074	Green	Emphasizes the need for answers on specific positions affected so the appropriate tools are provided to train those people.
113	Rep. Wirth	Asks what kind of training could be provided now for a quick response team.

127	Green	Responds that contact has been made with the dislocated worker program for available funds for training and retraining.
146	Rep. Wirth	Inquires if there is agreement on the figures presented regarding reduction of personnel .
152	Green	Replies that an attrition report identifies the number of anticipated retirements in the next one to five years. Raises the question if the same cost savings can be realized through attrition versus lay-off.
169	Rep. Wirth	Requests clarification on how better services at lower cost can be accomplished.
184	Green	Responds that those numbers are not available.
193	Stevens	States that it is unknown at this time which workers will be laid off, so there is a need to work with management to figure out the needs and develop a plan.
207	Rep. Krummel	Asks when the information sharing group will meet.
211	Green	Explains that there are two committees being formed: a conglomerate of technical work groups specializing in architecture networking and a peer communications work group.
249	Rep. Burley	Expresses concern about the business plan. Asks if it will address specific concerns.
256	Green	Replies that the business plan gives a complete picture of what will happen; however, the scope is a moving target.
297	Rep. Roblan	Follows up on Rep. Burley's question. Asks if there is an opportunity for the work groups to provide input into the business plan.
305	Green	Responds that the technical work groups will be focused on their facet of the project so don't know if that will help with the business plan.
313	Rep. Wirth	Asks if the estimated \$5 million annual cost savings and the one-time investment of \$20-25 million for the project have changed.

334	Green	Explains that \$20 million was approved by the Emergency Board for construction of the facility and \$5 million for security. Says they have not seen specifics for the anticipated \$5 million savings.
349	Rep. Wirth	Requests clarification, that different numbers have not been provided.
350	Green	Responds, that is correct.
351	Rep. Roblan	Asks if the COBOL people can get the necessary training and if they have seen the charts that explain the shifts and needed skills.
370	Green	Explains that they have seen what kind of functions will be needed in the data center but haven't seen details.
387	Rep. Roblan	Comments that the charts don't contain numbers.
393	Rep. Krummel	Raises question about comments that Accenture has never done this type of contract before, and is curious about concerns about combining many different systems into one center.

**TAPE 9, B**

014	Freese	Believes the issues raised have been answered, and a legislative briefing will soon be available to the members. Reports that Accenture has performed projects as complicated as this one.
045	Freese	Explains the vendor solicitation process.
056	Rep. Burley	Asks why the detailed implementation plan and final business case have not been completed.
067	Freese	Responds that the original plan was completed, but the governor requested acceleration so a revised timeline was prepared.
087	Rep. Wirth	Asks if applications experts are in-house experts, vendor experts, or a combination.
097	Freese	Replies, a combination.
110	Chair Dallum	Closes the public hearing and adjourns the meeting at 2:05 p.m.

**EXHIBIT SUMMARY**

- A. Computing and Networking Infrastructure Consolidation (CNIC) Project Update, submitted by Mike Freese, 17 pp**