

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

**May 31, 2005 Hearing Room 357**

**1:00 P.M. Tapes 39 - 40**

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

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

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

**Rep. Chuck Burley**

**Rep. Brad Witt**

**GUEST MEMBER:           Rep. Jeff Kropf**

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

**Louann Rahmig, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**HB 3486 – Work Session**

**Computing and Networking Infrastructure Consolidation (CNIC)**

**Project Plan – Informational Meeting**

**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>
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## TAPE 39, A

- 004 Chair Dallum Calls the meeting to order at 1:30 p.m. Announces the order of the agenda.
- 011 Chair Dallum Opens a work session on HB 3486 which requires the Department of State Police to make information about certain sex offenders available on their internet website.

### HB 3486 – WORK SESSION

- 013 Dallas Weyand Committee Administrator. Explains the -2 amendments to HB 3486 (**EXHIBIT A**). Details the information to be provided on the Oregon State Police (OSP) website. Continues that these amendments become operative July 1, 2006, which will give OSP time to implement.
- 052 Rep. Krummel Advises that the -2 amendments were requested in response to issues raised by the defense lawyers. Indicates he prefers the -1 amendments; however, he wants to the committee's input. Continues that the -2 amendments include the -1 amendments.
- 066 Rep. Krummel **MOTION: Moves to ADOPT HB 3486-2 amendments dated 5/27/05.**
- VOTE: 4-1-0**
- AYE: 4 - Burley, Krummel, Witt, Dallum**
- NAY: 1 – Wirth**
- 076 Chair Dallum **The motion CARRIES.**
- 081 Rep. Krummel **MOTION: Moves HB 3486 to the floor with a DO PASS AS AMENDED recommendation.**
- 084 Rep. Wirth Explains the reasons for her opposition to HB 3486 are too many unanswered questions. Raises concern about “running scared.” Wonders what happens to people who are misidentified.

- 106 Rep. Krummel Cites the groups in support of HB 3486. Advises of support of private sector partners for this type of activity. Refers to the cost breakdown received from OSP. Distributes copies of newspaper articles from 2001 (**EXHIBIT B**) that show the OSP was ready to begin posting information until a lawsuit was filed by a group of sex offenders citing violation of rights and invasion of privacy.
- 132 Rep. Krummel Points out that people who treat sex offenders will tell you that sex offenders are never cured. Explains why he believes the affect HB 3486 will have on juveniles is minimal.
- 148 Rep. Burley States he received an e-mail from a constituent employed by Microsoft Corporation inquiring about making a personal donation to assist in creating the internet-based notification program. Goes on that Microsoft will match that donation and believes the site can be developed for less than \$5,000.
- 165 **VOTE: 4-1-0**  
**AYE: 4 - Burley, Krummel, Witt, Dallum**  
**NAY: 1 – Wirth**
- 169 **Chair Dallum The motion CARRIES.**  
**REP. KRUMMEL will lead discussion on the floor.**
- 172 Chair Dallum Closes the work session on HB 3486 and opens an informational meeting on Computing and Networking Infrastructure Consolidation (CNIC) Project Plan.

**COMPUTING AND NETWORKING INFRASTRUCTURE CONSOLIDATION (CNIC) PROJECT PLAN – INFORMATIONAL MEETING**

- 174 Mike Freese Deputy Chief Information Officer, Department of Administrative Services (DAS). States that the top-down business case was to determine financial sense and range of savings and that process has its own timeline, which does not line up with the state budget timeline. Explains the “placeholder budget” in DAS is not a request for new money.
- 202 Freese Advises that 2005-2007 is a transition period and there is no net change for this function.

224	Rep. Witt	Refers to comments that fewer people will be required to do the same amount of work. Asks about the plans for the “surplus” people.
229	Freese	Responds that they have negotiated with the employee union and people will compete for the data center jobs. Continues that individuals not hired for the data center will be released back to their agencies and will likely go through the normal layoff process.
247	Rep. Witt	Asks how many are involved.
249	Freese	Answers that the current business case identifies 156 positions to be transferred to the data center. Estimates about 95 full time equivalencies (fte) will be needed to operate the center initially, but should be less over time as there will be more consolidation.
260	Rep. Burley	Seeks clarification that there hasn’t been opportunity to obtain costs from other agencies.
266	Freese	Explains the components to provide all the services needed.
273	Rep. Burley	Asks if the unavailable figures are from the participating agencies.
276	Freese	Answers that they are coming up with those figures now.
278	Rep. Burley	Refers to the \$4.91 million annual recurring savings in the business case. Appears those figures are pretty well “nailed down” in order to predict the savings.
286	Freese	Explains the business case is the last of the top-down analysis and that the budget is now being prepared from actual expenditures from the agencies.
299	Rep. Wirth	Refers to the estimated 156 current employees who will be affected, of which about 95 will fill positions in the data center. Asks what percentage of the overall staffing is expected to be done through internal transfer.
318	Freese	Answers most. Explains that it is critical for the success of the data center to use people with the knowledge to fill the positions.
343	Rep. Wirth	

Inquires of the 95 positions, what percentage will be current employees.

- 346 Freese Estimates in excess of 90 percent.
- 350 Chair Dallum Asks if the money for the building came from the Emergency Board.
- 355 Freese Answers the approval came from the Emergency Board, but the funding came from certificates of participation.
- 372 Chair Dallum Inquires about the initial cost of the building.
- 373 Freese Responds it was estimated at \$20 million.
- 377 Chair Dallum Asks if there was \$8 million “security money” approved by the interim committee.
- 379 Freese Replies yes.
- 381 Chair Dallum Inquires about the \$88 million placeholder number for the budget committee.
- 384 Freese Answers that was just a placeholder and was not approved. Continues that as they go through the budget process, it will become the number to operate the center.
- 386 Chair Dallum Asks what was submitted.
- 388 Weyand Responds that the \$76.6 million in the DAS budget is no longer there. Continues that there were 13 specific placeholder items.

**TAPE 40, A**

- 013 Chair Dallum Seeks clarification on how the placeholders work.
- 019 Weyand Explains that money currently spent is being budgeted into the agencies. Continues that the CNIC project will be put in a separate bill so that at the same time funding is provided for the finish-up costs and the operating costs of the data center, adjustments will be made to the other 12 agency budgets to reduce position authority and change

expenditure categories to reflect the shift in costs from internally provided services to paying for the data center. Provides examples.

- 060 Chair Dallum Responds that this committee was charged to find a more economical way of doing business and providing security. Finds it difficult to understand how they will know how much they actually saved. Wants that information before the end of session. Seems that a detailed estimate of savings should be available now.
- 080 Freese Agrees that is what is intended to be produced through the budget process. Reiterates that the business case only shows the savings opportunities.
- 089 Chair Dallum Asks if that information will be available before adjournment.
- 092 Freese Answers yes.
- 094 Rep. Kropf Indicates that he doesn't see the information he requested which was a complete accounting of what is being spent on the project. Is concerned that they can't detail the money in the budget request.
- 109 Rep. Wirth Comments on the estimated 70 percent cost savings through a reduction in fte. Appears that highly skilled people are being replaced with less skilled and less costly positions. Asks what positions are being lost.
- 131 Freese Responds there should be bigger and better jobs in the data center with consolidation of functions. Continues that 95 is the short-term, "going-in" number, which over time should reduce even more with improved efficiency.
- 154 Rep. Wirth Comments that she didn't get a sense of special priority for the existing employees in selection for the new positions.
- 159 Freese Explains that recruiting will be from the 12 participating agencies and they will have the first-round advantage.
- 171 Rep. Wirth Asks if that addresses the Governor's commitment that the data center jobs would be prioritized for those who are being displaced.
- 173 Freese

Replies yes, and there are also compelling business reasons to do that as it is important for the success of the data center to use people who understand the agencies' requirements.

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| 182 | Rep. Kropf   | Comments about information he received that the contractor for this project has never participated in a consolidation of this nature before.  |
| 188 | Freese       | Answers, that is not correct. Explains the process used to select a qualified vendor.   |
| 208 | Chair Dallum | Asks when there will be a top-down business plan with projected savings and a bottom-up budget.   |
| 211 | Freese       | Believes they are really close on the budget now.   |
| 216 | Chair Dallum | Shares Rep. Kropf's concerns and may request approval for another meeting for this committee to meet its obligation and charge. Requests a date certain for the availability of the budget; requests an accounting to date of \$112 million.  |
| 241 | Rep. Krummel | Inquires if there is a difference between what DAS will charge and what agencies would have spent without CNIC.   |
| 252 | Freese       | Replies that the cost should be less or the same, but over time should be substantially less than currently.  |
| 269 | Rep. Krummel | Asks if there is a quantifiable number that agencies have been spending compared to what is in the budget.  |
| 279 | Freese       | Answers that agencies are spending about \$100 million now.   |
| 288 | Rep. Kropf   | Inquires what assurances can be given this consolidation won't turn into the next Department of Motor Vehicles (DMV) fiasco.  |
| 292 | Freese       | Responds that the DMV experience was a complex business change and application implementation effort, and this is simpler because it has been done numerous times in the private sector. Continues that the contractor knows how to do this, and they have independent third-party quality assurance. |

- 330 Rep. Kropf Understands that a request for proposal (rfp) was issued for an outside consultant to look at the project, which made recommendations on building the business case. Requests a copy of the report from the consultant. Asks about another rfp.
- 348 Freese Answers that they asked the quality assurance vendor to provide an initial assessment and indicate what is needed. Reiterates that the top-down business case is over and they are now trying to produce a budget from the ground up, which should validate the business case.
- 368 Rep. Kropf Has difficulty understanding why this body hasn't had the detailed dollar figures prior to this and states he must have actual dollar figures. Appears there was a lot of staff time spent on this project but not reflected in the costs. Requests an accounting of all state agencies and personnel involved.
- 407 Rep. Burley Refers to information provided to committee members. **(Note: Copies were not submitted for the record.)** Asks about the annual recurring savings for server and storage which was originally \$4.9 million. Seems to be a potential of becoming a performance measure.

#### TAPE 39, B

- 015 Rep. Burley Inquires about how cyber security would be measured to demonstrate to the public that their tax dollars are being spent wisely.
- 025 Rep. Burley Indicates that many deliverables are after the end of June. Asks about the intent of the quality management plan.
- 047 Freese Responds that most of the information provided relates to the project itself. Advises they will need to measure against the budget and the budget will show what will be expended.
- 060 Rep. Burley Seeks clarification that what he wants to see will be dealt with in the budget.
- 064 Freese Answers correct.
- 065 Rep. Burley Asks if there will be a performance measure demonstrating the improved cyber security.



068	Freese	Replies no, that is not part of the state data center.
074	Weyand	Points out that DAS had been directed to develop performance measures for cyber security, and there will be continued reporting and feedback during the interim.
095	Rep. Kropf	Inquires about the backup center shown in the original proposal.
104	Freese	Explains the function of a backup center. Advises that the capabilities of the data center have been increased and a Tier 3 certification received, which means that all critical systems are engineered to be redundant. Continues that they will have a good disaster recovery plan which doesn't currently exist.
132	Rep. Kropf	Has a problem that a decision was made based on a 2004 report.
142	Freese	Replies that they were asked to present two options and that report shows both and the cost analysis. Continues that they recommended one data center and that is what the governing board adopted.
148	Rep. Wirth	Asks if two centers would be preferable.
157	Freese	Replies that two are better to have; however, there needs to be a balance between cost effectiveness and risk mitigation.
171	Rep. Wirth	Inquires if the one-center scenario was based on need and not necessarily to build a case for potential savings.
174	Freese	Responds that the primary purpose of the project was to save money while maintaining or improving service levels, so cost did become the determining factor. Continues that when comparing two centers to one, there is no gain in security over having a disaster recovery plan.
183	Rep. Wirth	Comments then there is a negligible increase in risk.
184	Freese	Replies correct.
186	Rep. Krummel	Asks if the Tier 3 certification is for the design and if there will be a recertification when built.

191	Freese	Answers correct. Advises that the certification was based on what has been done to date and the design of future construction, for which plans have been approved.
203	Rep. Krummel	Asks who approved.
204	Freese	Replies, an independent third-party engineering firm.
207	Rep. Kropf	Has a number of questions about the business case but will present in writing. Asks if the facility is on budget.
213	Freese	Responds that it is under budget.
215	Rep. Kropf	Requests that documentation.
218	Chair Dallum	Summarizes status of issue. Requests a bottom-up budget with anticipated savings and a cost accounting of expenses. Offers to share that information with the committee members if there are no further committee meetings.
254	Rep. Krummel	Indicates that information will be helpful to support the project.
265	Chair Dallum	Adjourns the informational meeting on Computing and Networking Infrastructure Consolidation (CNIC) Project Plan at 2:45 p.m.

## **EXHIBIT SUMMARY**

- A. HB 3486, -2 amendments, staff, 2 pp
- B. HB 3486, newspaper articles, Rep. Jerry Krummel, 2 pp

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

**March 15, 2005 Hearing Room 357**

**1:00 P.M. Tapes 25 - 26**

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

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

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

**Rep. Chuck Burley**

**Rep. Brad Witt**

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

**Louann Rahmig, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**High Performance Computing Briefing – Informational Meeting**

**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>
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**TAPE 25, A**

003	Chair Dallum	Calls the meeting to order at 1:00 p.m. Introduces the high school students from Mitchell, Oregon, attending the committee meeting as guests. Opens the informational meeting on high performance computing briefing.
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**HIGH PERFORMANCE COMPUTING BRIEFING – INFORMATIONAL MEETING**

015	Brian Wornath	LCN Media & Consulting Group. Announces that he represents the Oregon High Performance Computing Consortium. Distributes hard copy of <i>General Proposal for Establishing an Oregon High Performance Computing Infrastructure</i> PowerPoint presentation
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**(EXHIBIT A).** Begins the presentation with an overview and the goals of developing a supercomputing resource in Oregon.

- 055 Wornath Provides an explanation of supercomputing and who would use it.
- 074 Wornath Describes the old-style, traditional, single-purpose computer called a “monolith.”
- 088 Wornath Discusses types of supercomputers. Refers to case studies in **EXHIBIT A, Page 14.**
- 117 Wornath Discusses how much unused computing time is available after regular office hours, creating an affordable and powerful computing “grid.”
- 149 Wornath Continues with justification to develop affordable high performance computing resources within Oregon.
- 184 Wornath Proposes to create a state resource that markets the unused capacity and the accompanying consulting services, offering “one-stop shopping” for high-performance computing.
- 216 Wornath Outlines sources for general initial capitalization. States that earnings from operations would come from leasing affordable high-performance computing time.
- 237 Wornath Shows comparison of estimated financial scenarios **(EXHIBIT A).**
- 313 Wornath Discusses the percentage of return and cost per year of operating a computer grid.
- 381 Wornath Suggests implementing a pilot project to determine the best technical solution. Displays the estimated pilot profitability.

**TAPE 26, A**

- 019 Wornath Discusses a possible organizational structure similar to an Oregon high-performance computing consortium. Continues with explanation of challenges.
- 069 Wornath

Has spoken with Chief Information Officers around the state, who believe the concept is good.

083 Wornath Summarizes by stating that the technology is proven, can easily be applied to numerous applications and uses, and is easily expandable.

121 Chair Dallum Asks about the “down side.”

125 Wornath Responds that information technology people will say this is a very specialized area. Believes that ideally the universities and the state would co-develop a pilot program.

148 Chair Dallum Inquires if this concept is attractive to private enterprise.

155 Wornath Replies, it is. Continues that there are certain niches that don’t have the financial resources to take on a project such as this. Cites examples of researchers who believe they can use.

192 Chair Dallum Asks what proposed legislation should look like.

196 Wornath Answers that funding for a pilot project could be requested.

227 Rep. Burley Inquires what is preventing us from using this now.

233 Wornath Responds, nothing. Indicates from a financial standpoint, it is best to consolidate and not have many small clusters.

261 Rep. Burley Refers to the case studies in **EXHIBIT A** that were mostly done by private corporations. Comments that if we were going to use public resources, that is a different set of circumstances particularly since we are concerned with security issues.

270 Wornath Agrees. Offers to provide more up-to-date information. Reports on other states that are doing this for economic development.

313 Rep. Burley States that the corporate environment is more controlled than ours as we have computers all across the state. Asks how we would insure security.

323 Wornath Agrees that some environments are better suited than others.

329	Rep. Krummel	Asks if setting something like this up in the new data center might generate the dollars to pay for it.
338	Wornath	Replies, absolutely. Reports that high performance computing is being done on a limited basis at the Oregon State University Oceanic School.
404	Rep. Krummel	Asks if there have been discussions with the Department of Administrative Services (DAS) or other privately owned data centers to see if there is an interest.
416	Wornath	Has spoken with DAS and some small companies affiliated with academics.
439	Rep. Witt	Inquires if one has to be a participant in the network to be able to utilize supercomputing capacity.
<b>TAPE 25, B</b>		
011	Wornath	Responds, yes, for security reasons. States that the criteria needs to be identified in the business model.
020	Rep. Witt	Asks if he is aware of any claims in other states that there is not equal access.
025	Wornath	Answers that he has not heard of any.
027	Rep. Wirth	Inquires if anyone has expressed an interest in helping finance a pilot study.
032	Wornath	Replies, absolutely.
038	Rep. Wirth	Asks how much private money might be available.
046	Wornath	Replies that there is interest, and some medical schools are trying to lure grants. Believes discussions with interested parties to determine how much money is available would be needed.
069	Rep. Wirth	

		Inquires if other states have included some public financing, and how far along they are in the process.
077	Wornath	Answers, it varies.
089	Wanda Brennan	High School Science Teacher, Mitchell, Oregon. Cites problems of areas with limited internet access. Asks how high-performance computing will benefit them.
096	Wornath	Responds that not all rural areas will receive the same amount of benefit; however, areas with community colleges perhaps can provide access.
140	Chair Dallum	Closes the informational meeting on high performance computing and adjourns the meeting at 2:08 p.m.

## **EXHIBIT SUMMARY**

- A. High Performance Computing Infrastructure, General Proposal for Establishing, printed copy of PowerPoint presentation, Brian Wornath, 67 pp**