

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	SB 134
Version:	ENGR
Request Number:	
Author:	Rep. Tommy Hardin
Date:	4/18/2019
Impact:	See Analysis Below

Research Analysis

SB 134 exempts the Oklahoma Department of Veterans Affairs from having to obtain authorization from the Chief Information Officer prior to purchasing computer hardware, software, or information technology services.

Prepared By: Anna Rouw

Fiscal Analysis

(REVISED – 4/18/19)

SB 134 in its current form authorizes the Dept. of Veterans Affairs (ODVA) to opt-out of certain IT consolidation requirements.

OMES-ISD estimation:

Officials from the Information Services Division of the Office of Management and Enterprise Services (OMES-ISD) projects a negative fiscal impact for ODVA if it chooses to utilize the opt-out.

According to OMES, there are two replacement scenarios:

- 1) If ODVA were to hire state employees to support their needs (based off of an addition of 10 FTE) this equates to a cost of \$1,000,000 annually. There will be roughly \$200,000 in cost-savings from removing labor from existing service rates, so that nets to roughly \$800,000 in increased costs.
- 2) If ODVA were to contract out personnel (based on 10 FTE) that would net \$1,000,000 to \$1,300,000 a year in increased costs.

According to OMES-ISD there will also be an unknown cost for cyber-security efforts to ODVA that will no longer be covered by OMES. The exact cost is unknown.

ODVA estimation:

Officials from the Oklahoma Department of Veterans Affairs (ODVA), anticipate a net savings if allowed to opt-out of certain IT consolidation requirements.

According to ODVA opting-out would allow the agency to avoid OMES-ISD charges of approximately \$3,356,000 annually. The cost to ODVA of replacing those services is estimated by the agency to be no more than \$2,356,000 annually. The ODCA estimate would equate to cost inflation of slightly more than 25% compared to the average cost of such services to ODVA in the years immediately prior to IT consolidation. Based on these assumptions, ODVA estimates a net savings of at least \$1,000,000 annually.

It should be noted, the measure does not require ODVA to utilize the opt-out authorization.

Prepared By: John McPhetridge

Other Considerations

According to OMES, ODVA has already been granted an exception as part of the mechanism already in statute.

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