

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** HB2946

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Plum

**3. Committee** Science and Technology

**4. Title** Powers of the CIO; information technology recycling.

**5. Summary/Purpose:** Requires the Chief Information Officer of the Commonwealth, to the extent practicable, to require the recycling and disposal of information technology investments when developing policies and procedures for the procurement of such investments. The substitute bill adds that any policy or procedure developed for the sale, disposal, or other transfer of an information technology investment shall ensure that all state confidential data and personal identifying information of citizens of the Commonwealth are erased or destroyed prior to such sale, disposal, or other transfer.

**6. Fiscal Impact Estimates are:** Indeterminate. See line 8.

**7. Budget amendment necessary:** No

**8. Fiscal implications:** The responsibility for recycling and disposal of all infrastructure assets currently rests with Northrop Grumman Corporation per the Comprehensive Infrastructure Agreement with the Virginia Information Technologies Agency (VITA). That agreement states "Assets that are no longer being used in connection with the Services (of the Commonwealth) hereunder shall be disposed of by Vendor (Northrop Grumman) in accordance with procedures set forth in the Procedures Manual and the other requirements of this Agreement, and in accordance with Commonwealth policies and procedures for the removal of data from, and recycling of such assets, including the disposal of the assets themselves." Northrop Grumman reports that their program approach and cost model meets all requirements of this statement.

The financial expense associated for such activities are already included in payments to Northrop Grumman. During transformation, this financial expense is bundled into various transformation milestones. In post-transformation, this financial expense is bundled into the unit rate that Northrop Grumman will charge for resource units.

It should be noted, however, that modifications to Commonwealth policies and procedures enacted from this point forward may have a fiscal impact on costs related to the performance of obligations governed by the agreement. In such events, a cost impact analysis will be conducted by Northrop Grumman and provided to the Commonwealth for review and action. Northrop Grumman estimates that the additional disposal and recycling costs could be as

significant as \$10 to \$40 per unit depending on the new requirements imposed.

There are also fiscal implications for the Department of General Services (DGS). The substitute bill would authorize VITA to set policies and procedures for surplus computers and other information technology assets. Currently, DGS is responsible for all surplus material, including computers. DGS collects about \$100,000 in revenue from the sale of surplus computers. If there is any change in the way surplus computers are disposed of it could negatively impact DGS' revenue. DGS' surplus property program is a self funding nongeneral fund program.

**9. Specific agency or political subdivisions affected:** All entities, primarily executive branch agencies, that procure information technology goods and services through the Virginia Information Technologies Agency.

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 02/02/07 / wfb

**Document:** G:\BOS Stuff\2007 Session\2007 Legislation\HB2946H1.Doc

**cc:** Secretary of Technology