

# PROCLAMATION

BY THE

**Governor of the State of Texas**

41-3264

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Pursuant to Article IV, Section 14, of the Texas Constitution, I, Rick Perry, Governor of Texas, do hereby disapprove of and veto House Bill No. 2499 as passed by the Eighty-Second Texas Legislature, Regular Session, because of the following objections:

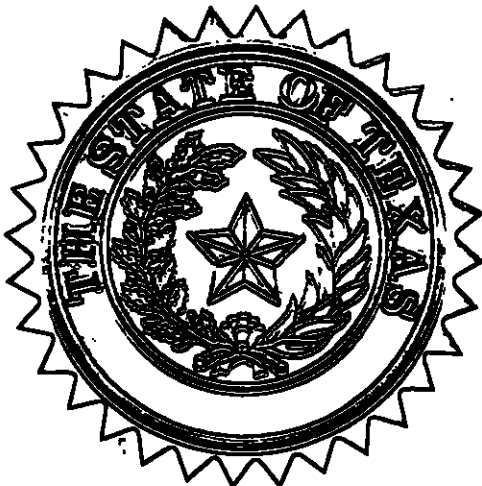
House Bill 2499, the Department of Information Resources sunset bill, contains a number of substantive changes to the operation of the agency, including important ones, such as the hiring of an internal auditor.

However, House Bill 2499 seems to ignore the progress DIR's new leadership has made in improving agency operations and efficiencies. The bill also undermines executive branch authority by removing a single state agency from data center consolidation, removing qualified and hardworking board members from their positions without cause, and removing DIR's important procurement function during the ongoing re-procurement of data services.

I do not take lightly the impact this veto could have on the future of important state information resources functions. Therefore, I have asked the legislature to include legislation during the ongoing special session to extend DIR operations through 2017.

I also request DIR to closely examine the Sunset Commission report, as well as House Bill 2499, to help implement additional operational improvements, and to work closely with its agency customers and experts in the Office of the Comptroller of Public Accounts and office of the Attorney General, to constantly improve procurement efficiency and effectiveness.

Since the Eighty-Second Texas Legislature, Regular Session, by its adjournment has prevented the return of this bill, I am filing these objections in the office of the Secretary of State and giving notice thereof by this public proclamation according to the aforementioned constitutional provision.

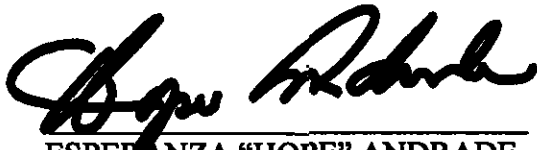


IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 17th day of June, 2011.

*Rick Perry*  
RICK PERRY  
Governor of Texas

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
4:00pm O'CLOCK  
JUN 17 2011

ATTESTED BY:



ESPERANZA "HOPE" ANDRADE  
Secretary of State

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
\_\_\_\_\_ O'CLOCK

JUN 17 2011

AN ACT

1  
2 relating to the continuation and functions of the Department of  
3 Information Resources and the transfer of certain department  
4 functions to the comptroller of public accounts.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 572.054, Government Code, is amended by  
7 adding Subsection (g-1) to read as follows:

8 (g-1) For purposes of this section, the Department of  
9 Information Resources is a regulatory agency.

10 SECTION 2. Section 2054.005, Government Code, is amended to  
11 read as follows:

12 Sec. 2054.005. SUNSET PROVISION. The Department of  
13 Information Resources is subject to Chapter 325 (Texas Sunset Act).  
14 Unless continued in existence as provided by that chapter, the  
15 department is abolished and this chapter expires September 1, 2017  
16 [~~2011~~].

17 SECTION 3. Sections 2054.021(a), (c), (g), and (h),  
18 Government Code, are amended to read as follows:

19 (a) The department is governed by a board composed of seven  
20 voting members appointed by the governor with the advice and  
21 consent of the senate. One member must be employed by an  
22 institution of higher education as defined by Section 61.003,  
23 Education Code. Each member must have expertise in at least one of  
24 the following areas:

- 1           (1) business or financial management;  
2           (2) information technology;  
3           (3) telecommunications; or  
4           (4) any other area necessary for policymaking and  
5 oversight of the department.

6           (c) Three [~~Two~~] groups each composed of three ex officio  
7 members serve on the board on a rotating basis. The ex officio  
8 members serve as nonvoting members of the board. [~~Only one group~~  
9 ~~serves at a time.~~] The first group is composed of the commissioner  
10 of insurance, the executive commissioner of the Health and Human  
11 Services Commission, and the executive director of a small state  
12 agency [~~the Texas Department of Transportation~~]. [~~Members of the~~  
13 ~~first group serve for two-year terms that begin February 1 of every~~  
14 ~~other odd-numbered year and that expire on February 1 of the next~~  
15 ~~odd-numbered year.~~] The second group is composed of the executive  
16 director of the Texas Department of Transportation, the  
17 commissioner of education, and the executive director of a small  
18 state agency. The third group is composed of the executive director  
19 of the Texas Department of Criminal Justice, [~~and~~] the executive  
20 director of the Parks and Wildlife Department, and the executive  
21 director of a small state agency. Members of a [~~the second~~] group  
22 serve on the board for two-year terms that begin February 1 of [~~the~~]  
23 ~~odd-numbered years~~ [~~in which the terms of members of the first group~~  
24 ~~expire~~] and [~~that~~] expire on February 1 of the next odd-numbered  
25 year. Only one group serves at a time. The governor shall appoint  
26 the small state agency representative for each group. In this  
27 subsection, "small state agency" means a state agency with fewer

1 than 100 employees.

2 (g) The training program must provide information to the  
3 person regarding:

4 (1) this chapter and the board [~~the enabling~~  
5 ~~legislation that created the department and its policymaking body~~]

6 to which the person is appointed to serve;

7 (2) the programs operated by the department;

8 (3) the role and functions of the department;

9 (4) the rules of the department, with an emphasis on  
10 the rules that relate to disciplinary and investigatory authority;

11 (5) the current budget for the department;

12 (6) the results of the most recent formal audit of the  
13 department;

14 (7) the requirements of the:

15 (A) open meetings law, Chapter 551;

16 (B) open records law, Chapter 552; and

17 (C) administrative procedure law, Chapter 2001;

18 (8) the requirements of the conflict of interest laws  
19 and other laws relating to public officials; ~~and~~

20 (9) any applicable ethics policies adopted by the  
21 department or the Texas Ethics Commission; and

22 (10) contract management training.

23 (h) A person appointed to the board under Subsection (a) is  
24 entitled to reimbursement for travel expenses incurred in attending  
25 the training program, as provided by the General Appropriations Act  
26 and as if the person were a member of the board.

27 SECTION 4. Section 2054.022(c), Government Code, is amended

1 to read as follows:

2 (c) An employee of the department, other than the executive  
3 director, ~~+~~

4 ~~[(1) may not participate in the department's bidding~~  
5 ~~process, including the proposal development related to a contract~~  
6 ~~and the negotiation of a contract, if:~~

7 ~~[(A) the employee receives more than five percent~~  
8 ~~of the employee's income from any likely bidder on the contract, or~~

9 ~~[(B) the employee's spouse is employed by any~~  
10 ~~likely bidder on the contract, and~~

11 ~~[(2)] may not:~~

12 ~~(1) [(A)] be a person required to register as a~~  
13 ~~lobbyist under Chapter 305 because of the person's activities for~~  
14 ~~compensation on behalf of a business entity that has, or on behalf~~  
15 ~~of a trade association of business entities that have, a~~  
16 ~~substantial interest in the information resources technologies~~  
17 ~~industry; or~~

18 ~~(2) [(B)] be employed by a state agency as a~~  
19 ~~consultant on information resources technologies.~~

20 SECTION 5. Section 2054.0285(b), Government Code, is  
21 amended to read as follows:

22 (b) The executive director has authority for certain ~~[all]~~  
23 aspects of information technology for state agencies, including:

24 (1) the use of technology to support state goals;

25 (2) functional support to state agencies;

26 (3) ~~[technology purchases,~~

27 ~~[(4)] deployment of new technology;~~

1           (4) [~~5~~] delivery of technology services; and  
2           (5) [~~6~~] provision of leadership on technology  
3 issues.

4           SECTION 6. Subchapter B, Chapter 2054, Government Code, is  
5 amended by adding Section 2054.0331 to read as follows:

6           Sec. 2054.0331. CUSTOMER ADVISORY COMMITTEE. (a) The  
7 board shall appoint a customer advisory committee under Section  
8 2054.033.

9           (b) The advisory committee is composed of customers who  
10 receive services from each of the department's key programs and of  
11 members of the public, including at least:

12           (1) one member representing a state agency with fewer  
13 than 100 employees;

14           (2) one member appointed by the Information Technology  
15 Council for Higher Education; and

16           (3) one public member.

17           (c) The advisory committee shall report to and advise the  
18 board on the status of the department's delivery of critical  
19 statewide services.

20           SECTION 7. Subchapter B, Chapter 2054, Government Code, is  
21 amended by adding Sections 2054.0345 and 2054.0346 to read as  
22 follows:

23           Sec. 2054.0345. DETERMINATION OF ADMINISTRATIVE FEES. (a)  
24 The department shall adopt a process to determine the amount of the  
25 administrative fee the department charges to administer any of its  
26 programs, including fees charged for programs under Sections  
27 2054.380 and 2170.057.

1        (b) The process must require that the amount of a fee  
2 directly relate to the amount necessary for the department to  
3 recover the cost of its operations, as determined by the  
4 department's annual budget process.

5        (c) The department shall develop clear procedures directing  
6 staff for each department program and the department's financial  
7 staff to work together to determine the amount of administrative  
8 fees. The procedures must require review and approval of all  
9 administrative fees by the board, the executive director, and the  
10 department's chief financial officer.

11        Sec. 2054.0346. REPORTING OF ADMINISTRATIVE FEES. (a) The  
12 department shall report to the Legislative Budget Board all  
13 administrative fees that the department sets under Section  
14 2054.0345 each fiscal year. The report must include:

15                (1) the underlying analysis and methodology used to  
16 determine the fee amounts; and

17                (2) the cost allocation charged to customers.

18        (b) The department shall post on the department's website  
19 information about each administrative fee the department charges,  
20 including a description of how the fee is determined. The  
21 department must update this information when a contract amendment  
22 or other action results in a major change to the costs incurred or  
23 the price paid by the department or a customer of the department.

24        SECTION 8. Subchapter B, Chapter 2054, Government Code, is  
25 amended by adding Section 2054.037 to read as follows:

26        Sec. 2054.037. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE  
27 RESOLUTION. (a) The board shall develop and implement a policy to



1 encourage the use of:

2 (1) negotiated rulemaking procedures under Chapter  
3 2008 for the adoption of department rules; and

4 (2) appropriate alternative dispute resolution  
5 procedures under Chapter 2009 to assist in the resolution of  
6 internal and external disputes under the department's  
7 jurisdiction.

8 (b) The department's procedures relating to alternative  
9 dispute resolution must conform, to the extent possible, to any  
10 model guidelines issued by the State Office of Administrative  
11 Hearings for the use of alternative dispute resolution by state  
12 agencies.

13 (c) The department shall:

14 (1) coordinate the implementation of the policy  
15 adopted under Subsection (a);

16 (2) provide training as needed to implement the  
17 procedures for negotiated rulemaking or alternative dispute  
18 resolution; and

19 (3) collect data concerning the effectiveness of those  
20 procedures.

21 SECTION 9. Subchapter B, Chapter 2054, Government Code, is  
22 amended by adding Sections 2054.038, 2054.039, and 2054.040 to read  
23 as follows:

24 Sec. 2054.038. INTERNAL AUDITOR; POWERS AND DUTIES. (a)

25 The board shall:

26 (1) appoint an internal auditor who reports directly  
27 to the board and serves at the will of the board; and

1           (2) provide staff and other resources to the internal  
2 auditor as appropriate.

3           (b) The internal auditor shall prepare an annual audit plan  
4 using risk assessment techniques to rank high-risk functions in the  
5 department. The internal auditor shall submit the annual audit  
6 plan to the board for consideration and approval. The board may  
7 change the plan as necessary or advisable.

8           (c) The internal auditor may bring before the board an issue  
9 outside of the annual audit plan that requires the immediate  
10 attention of the board.

11           (d) The internal auditor may not be assigned any operational  
12 or management responsibilities that impair the ability of the  
13 internal auditor to make an independent examination of the  
14 department's operations. The internal auditor may provide guidance  
15 or other advice before an operational or management decision is  
16 made but may not make the decision, approve the decision, or  
17 otherwise violate this subsection.

18           (e) The department shall give the internal auditor  
19 unrestricted access to the activities and records of the department  
20 unless restricted by other law.

21           Sec. 2054.039. OPEN MEETINGS EXCEPTION FOR INTERNAL  
22 AUDITOR. A meeting between the board and the department's internal  
23 auditor to discuss issues related to fraud, waste, or abuse is not  
24 required to be an open meeting under Chapter 551.

25           Sec. 2054.040. AUDIT SUBCOMMITTEE. (a) The board shall  
26 maintain an audit subcommittee of the board. The subcommittee  
27 shall oversee the department's internal auditor and any other audit

1 issues that the board considers appropriate.

2 (b) The subcommittee shall evaluate whether the internal  
3 auditor has sufficient resources to perform the auditor's duties  
4 and ensure that sufficient resources are available.

5 SECTION 10. Subchapter B, Chapter 2054, Government Code, is  
6 amended by adding Section 2054.041 to read as follows:

7 Sec. 2054.041. ADDITIONAL BOARD OVERSIGHT. (a) The board  
8 shall adopt a policy describing the board's role in setting a  
9 strategic direction for the department. The policy must address  
10 the board's role in developing new initiatives for and service  
11 offerings by the department, including requiring the board to  
12 evaluate and approve new initiatives for, or categories of,  
13 services offered by the department under the department's various  
14 programs.

15 (b) The board shall regularly evaluate the extent to which  
16 the department fulfills the department's information resources  
17 technology mission by providing cost-effective services and  
18 meeting customer needs.

19 (c) The board shall regularly evaluate department  
20 operations, including an evaluation of analytical data and  
21 information regarding trends in department revenue and expenses, as  
22 well as performance information.

23 SECTION 11. Subchapter C, Chapter 2054, Government Code, is  
24 amended by adding Section 2054.0525 to read as follows:

25 Sec. 2054.0525. ASSISTANCE TO STATE AGENCIES. The  
26 department on request shall advise and provide technical assistance  
27 to a state agency to determine the agency's information resources

1 technology needs and to solve the agency's information resources  
2 technology problems.

3 SECTION 12. Section 2054.0565(a), Government Code, is  
4 amended to read as follows:

5 (a) The comptroller [~~department~~] may include terms in a  
6 procurement contract entered into by the comptroller [~~department~~],  
7 including a contract entered into under Section 2157.068, that  
8 allow the contract to be used by another state agency, a political  
9 subdivision of this state, a governmental entity of another state,  
10 or an assistance organization as defined by Section 2175.001.

11 SECTION 13. Section 2054.057, Government Code, is amended  
12 to read as follows:

13 Sec. 2054.057. TRAINING IN CONTRACT NEGOTIATION. (a) The  
14 [~~department, with the cooperation of the~~] comptroller and other  
15 appropriate state agencies[~~7~~] shall develop and implement a program  
16 to train state agency personnel in effectively negotiating  
17 contracts for the purchase of information resources technologies.

18 (b) The comptroller [~~department~~] shall make the training  
19 available to state agency personnel who are directly or indirectly  
20 involved in contract negotiations, such as senior or operational  
21 management, purchasers, users of the purchased technologies, and  
22 personnel with relevant technical, legal, or financial knowledge.

23 (c) The comptroller [~~department~~] shall include in the  
24 training:

25 (1) information on developing a structured purchasing  
26 method that meets an agency's needs;

27 (2) information drawn from the state's previous

1 procurement experience about what is or is not advantageous for the  
2 state;

3 (3) the perspective of state agencies with oversight  
4 responsibilities related to the state's procurement of information  
5 resources technologies; and

6 (4) other information that the comptroller  
7 [~~department~~] considers to be useful.

8 (d) The comptroller [~~department~~] may use its own staff or  
9 contract with private entities or other state agencies to conduct  
10 the training.

11 SECTION 14. Subchapter C, Chapter 2054, Government Code, is  
12 amended by adding Section 2054.061 to read as follows:

13 Sec. 2054.061. USE OF CONSULTANTS AND OUTSIDE STAFF. (a)  
14 The department shall develop clear criteria for the appropriate use  
15 of consultants and outside staff by the department to temporarily  
16 augment the department's existing staff.

17 (b) The department shall annually analyze:

18 (1) the department's staffing needs;

19 (2) the need for and cost-effectiveness of contracting  
20 for consultants and outside staff;

21 (3) whether the department could use department staff  
22 to accomplish tasks proposed for the consultants and outside staff;  
23 and

24 (4) whether and what type of training or additional  
25 resources are necessary for the department to use the department's  
26 own staff to accomplish tasks proposed for the consultants or  
27 outside staff.

1       (c) In conjunction with the budget process, the department  
2 shall provide the analysis to the board for approval. The  
3 department may not hire or train any consultants or outside staff  
4 unless it has been approved during this budget process.

5       SECTION 15. Subchapter C, Chapter 2054, Government Code, is  
6 amended by adding Section 2054.062 to read as follows:

7       Sec. 2054.062. INFORMATION       RESOURCES       TECHNOLOGIES  
8 CONSOLIDATION. (a) The department shall develop a consistent and  
9 clear method of measuring the costs and progress of an information  
10 resources technology consolidation initiative, including a  
11 consolidation under Subchapter L.

12       (b) The department shall work with any entity involved in an  
13 information resources technology consolidation to develop an  
14 agreed on methodology for collecting and validating data to  
15 determine a baseline assessment of costs. The department shall use  
16 the data both in the department's initial cost projections and in  
17 any later cost comparison. The department shall coordinate with  
18 the internal auditor for guidance, subject to Section 2054.038(d),  
19 on developing a methodology that provides an objective assessment  
20 of costs and project status.

21       (c) Using the methodology agreed on under Subsection (b),  
22 the department shall evaluate actual costs and cost savings related  
23 to the consolidation. The department shall also evaluate the  
24 progress of the department's information resources consolidation  
25 projects compared to the initially projected timelines for  
26 implementation. The evaluation results must break out the  
27 information on both statewide and individual entity levels.

1        (d) The department shall annually report the evaluation  
2 results to:

3            (1) the board;

4            (2) the Legislative Budget Board; and

5            (3) customers involved in the consolidation.

6        (e) The department shall post on the department's website  
7 the report required by this section.

8        SECTION 16. Sections 2054.1015(b), (c), (d), and (e),  
9 Government Code, are amended to read as follows:

10        (b) The comptroller [~~department~~] may require a state agency  
11 to provide [~~to the department~~] a planned procurement schedule for  
12 commodity items if the comptroller [~~department~~] determines that the  
13 information in the schedule can be used to provide a benefit to the  
14 state. If required by the comptroller [~~department~~], a state agency  
15 must provide a planned procurement schedule for commodity items to  
16 the comptroller and the department before the agency's operating  
17 plan may be approved under Section 2054.102.

18        (c) The comptroller [~~department~~] shall use information  
19 contained in the schedules to plan future vendor solicitations of  
20 commodity items or for any other activity that provides a benefit to  
21 the state.

22        (d) A state agency shall notify the comptroller  
23 [~~department~~], the Legislative Budget Board, and the state auditor's  
24 office if the agency makes a substantive change to a planned  
25 procurement schedule for commodity items.

26        (e) The comptroller [~~department~~] shall specify hardware  
27 configurations for state commodity items in its instructions for

1 the preparation of planned procurement schedules.

2 SECTION 17. Section 2054.122, Government Code, is amended  
3 to read as follows:

4 Sec. 2054.122. COORDINATED TECHNOLOGY TRAINING. A state  
5 agency each calendar quarter shall coordinate agency training for  
6 the use of information resources technologies with training offered  
7 or coordinated by the department or comptroller. The agency shall  
8 use training offered or coordinated by the department or  
9 comptroller if it meets agency requirements and is  
10 cost-competitive.

11 SECTION 18. Section 2054.124, Government Code, is amended  
12 to read as follows:

13 Sec. 2054.124. POWER MANAGEMENT SOFTWARE. (a) After  
14 researching the software available, the comptroller [~~department~~]  
15 shall by competitive bid select power management software to be  
16 used, if technically feasible, by state agencies to reduce the  
17 amount of energy required to operate state computer networks and  
18 networked personal computers.

19 (b) [~~(a)~~] An institution of higher education shall  
20 purchase, lease, or otherwise acquire and use power management  
21 software only if the comptroller [~~department~~], in consultation with  
22 the Information Technology Council for Higher Education,  
23 determines that the institution of higher education's use of power  
24 management software would provide cost savings to this state. In  
25 making a determination under this subsection, the comptroller  
26 [~~department~~] must perform the analysis described by Section  
27 2054.121(c) in the same manner as the department under that



1 subsection. The analysis must include an assessment of how the use  
2 of power management software affects the security of electronic  
3 data, including data protected from public disclosure by state or  
4 federal law.

5 SECTION 19. Section 2054.376(b), Government Code, is  
6 amended to read as follows:

7 (b) This subchapter does not apply to:

8 (1) the Department of Public Safety's use for criminal  
9 justice or homeland security purposes of a federal database or  
10 network;

11 (2) a Texas equivalent of a database or network  
12 described by Subdivision (1) that is managed by the Department of  
13 Public Safety;

14 (3) the uniform statewide accounting system, as that  
15 term is used in Subchapter C, Chapter 2101;

16 (4) the state treasury cash and treasury management  
17 system; [~~or~~]

18 (5) a database or network managed by the comptroller  
19 to:

20 (A) collect and process multiple types of taxes  
21 imposed by the state; or

22 (B) manage or administer fiscal, financial,  
23 revenue, and expenditure activities of the state under Chapter 403  
24 and Chapter 404;

25 (6) a database or network managed by the Department of  
26 Agriculture;

27 (7) a database or network managed by the General Land

1 Office; or

2 (8) a database or network managed by a state agency in  
3 the judicial branch of state government.

4 SECTION 20. Subchapter L, Chapter 2054, Government Code, is  
5 amended by adding Section 2054.392 to read as follows:

6 Sec. 2054.392. STATEWIDE TECHNOLOGY ACCOUNT. The  
7 comptroller shall establish in the state treasury the statewide  
8 technology account. The account is a revolving fund account for the  
9 administration of this subchapter. The account is the depository  
10 for all money received from entities served under this subchapter.  
11 Money in the account may be used only for the operation and  
12 management of a statewide technology center or for any other  
13 purpose specified by the legislature.

14 SECTION 21. Chapter 2054, Government Code, is amended by  
15 adding Subchapters N and O to read as follows:

16 SUBCHAPTER N. MAJOR OUTSOURCED CONTRACTS

17 Sec. 2054.501. MAJOR OUTSOURCED CONTRACT DEFINED; RULE.  
18 The board by rule shall define what constitutes a major outsourced  
19 contract with regard to contracts the department executes with  
20 entities other than this state or a political subdivision of this  
21 state. The definition must include as a major outsourced contract:

- 22 (1) outsourced contracts entered into under  
23 Subchapter I and Subchapter L of this chapter or Chapter 2170; and  
24 (2) contracts that exceed a monetary threshold, other  
25 than those described by Subdivision (1).

26 Sec. 2054.502. BOARD APPROVAL AND OVERSIGHT OF MAJOR  
27 OUTSOURCED CONTRACTS. (a) The department must receive approval

1 from the board before:

2 (1) entering into a major outsourced contract; or

3 (2) amending any major outsourced contract, if the  
4 amendment has significant statewide impact.

5 (b) The board shall establish one or more subcommittees to  
6 monitor the department's major outsourced contracts.

7 Sec. 2054.503. MANAGEMENT PLANS FOR MAJOR OUTSOURCED  
8 CONTRACTS. (a) The department shall specify procedures for  
9 administering, monitoring, and overseeing each major outsourced  
10 contract by creating a management plan for each contract. In each  
11 management plan, the department shall specify the department's  
12 approach to managing and mitigating the risks inherent in each  
13 contract.

14 (b) Department staff who perform contract administration  
15 and program duties shall jointly develop the management plans with  
16 input from executive management and the board. Each management plan  
17 must be approved by the executive director.

18 (c) Each management plan must establish clear lines of  
19 accountability and coordination of contract activities. The plan  
20 must provide details about implementing the program that is the  
21 subject of the contract as well as procedures for monitoring  
22 contractor performance, identifying and mitigating risks related  
23 to the contract, and involving and communicating with customers who  
24 will be served by any programs implemented through the contract. As  
25 appropriate, the plan must define an approach for transitioning  
26 from one major outsourced contract to another major outsourced  
27 contract.

1 (d) The department shall revise each management plan:

2 (1) as necessary to keep current during the  
3 contracting process; and

4 (2) when the department renews, amends, or resolicits  
5 a major outsourced contract to ensure the plan remains updated and  
6 incorporates any changes resulting from a new contract.

7 Sec. 2054.504. CUSTOMER INVOLVEMENT IN MAJOR OUTSOURCED  
8 CONTRACTS. The department shall establish formal procedures to  
9 ensure customer involvement in decision making regarding each of  
10 the department's major outsourced contracts, including initial  
11 analysis, solicitation development, and contract award and  
12 implementation, that affect those customers.

13 SUBCHAPTER O. ADDITIONAL PROVISIONS ON CONTRACTING

14 Sec. 2054.531. DEFINITION. In this subchapter, "contract  
15 management guide" means the guide developed under this subchapter.

16 Sec. 2054.532. RULES. In addition to the rules adopted  
17 under Subchapter N for major outsourced contracts, the board by  
18 rule shall establish approval requirements for all other contracts,  
19 including a monetary threshold above which board approval is  
20 required before the contract may be executed.

21 Sec. 2054.533. CONFLICT OF INTEREST IN CONTRACTING. (a) A  
22 department employee may not:

23 (1) have an interest in, or in any manner be connected  
24 with, a contract or bid for a purchase of goods or services by the  
25 department; or

26 (2) in any manner, including by rebate or gift,  
27 directly or indirectly accept or receive from a person to whom a

1 contract may be awarded anything of value or a promise, obligation,  
2 or contract for future reward or compensation.

3 (b) A department employee who violates Subsection (a)(2) is  
4 subject to dismissal.

5 (c) The board shall adopt rules to implement this section.

6 (d) The department shall train staff in the requirements of  
7 this section and Section 572.054 and incorporate the requirements  
8 into the contract management guide and the department's internal  
9 policies, including employee manuals.

10 Sec. 2054.534. CONTRACT MANAGEMENT TRAINING POLICY. (a)  
11 The department shall develop a policy for training department staff  
12 in contract management.

13 (b) The policy must establish contract management training  
14 requirements for all staff involved in contract management,  
15 including contract managers, program staff, and executive  
16 management.

17 (c) The policy must specify the department's overall  
18 approach to procuring and managing contracts, as well as  
19 contract-specific procedures developed in the contract management  
20 guide and under Subchapter N.

21 Sec. 2054.535. CONTRACT MANAGEMENT GUIDE; RULES. (a) The  
22 department shall develop and periodically update a contract  
23 management guide to provide an overall, consistent approach on  
24 procurement and management of major outsourced contracts under  
25 Subchapter N and other contracts. In updating the guide, the  
26 department shall make changes based on contract experiences and  
27 account for changing conditions to guide the updates.

1        (b) The department shall coordinate with the department's  
2 internal auditor, subject to Section 2054.038(d), as needed for  
3 assistance and guidance in developing procedures in the contract  
4 management guide for monitoring contracts and individual  
5 contractors.

6        (c) The board may adopt rules necessary to develop or update  
7 the contract management guide.

8        (d) The contract management guide must provide information  
9 regarding the department's:

10            (1) general approach to business case analysis,  
11 procurement planning, contract solicitation, contract execution,  
12 and contract monitoring and oversight;

13            (2) ethics standards and policies, including those  
14 required by Section 2054.533; and

15            (3) approach to changing a program's internal  
16 structure or model for delivering services to customers.

17        (e) The contract management guide must:

18            (1) establish clear lines of accountability, staff  
19 roles and responsibilities, and decision-making authority for  
20 program staff, contract management staff, executive management,  
21 customers, and the board;

22            (2) include the procedures established under Section  
23 2054.504 regarding customer involvement; and

24            (3) establish the department's process for evaluating  
25 and managing risk during each stage of contract procurement,  
26 implementation, and management.

27        (f) The contract management guide must describe the

1 expectations and standards for obtaining and using customer input  
2 during all contract management phases.

3 SECTION 22. Section 2155.003, Government Code, is amended  
4 by amending Subsection (e) and adding Subsections (f) and (g) to  
5 read as follows:

6 (e) The comptroller must report to the Texas Ethics  
7 Commission a campaign contribution from a vendor that bids on or  
8 receives a contract under the comptroller's purchasing authority,  
9 including authority under this subtitle.

10 (f) In this section, "campaign contribution" and  
11 "specific-purpose committee" have the meanings assigned by Section  
12 251.001, Election Code.

13 (g) For purposes of Subsection (e), a campaign contribution  
14 to a specific-purpose committee for the purpose of supporting a  
15 candidate for comptroller, opposing the candidate's opponent, or  
16 assisting the comptroller is considered to be a campaign  
17 contribution to the comptroller.

18 SECTION 23. Sections 2155.502(a), (b), and (c), Government  
19 Code, are amended to read as follows:

20 (a) The comptroller [~~commission~~] shall develop a schedule  
21 of multiple award contracts that have been previously awarded using  
22 a competitive process by:

23 (1) the federal government, including the federal  
24 General Services Administration; or

25 (2) any other governmental entity in any state.

26 (b) In developing a schedule under Subsection (a) [~~or (e)~~],  
27 the comptroller [~~commission or department, as appropriate,~~] shall

1 modify any contractual terms, with the agreement of the parties to  
2 the contract, as necessary to comply with any federal or state  
3 requirements, including rules adopted under this subchapter.

4 (c) The comptroller [~~commission~~] may not list a multiple  
5 award contract on a schedule developed under Subsection (a) if the  
6 goods or services provided by that contract:

- 7 (1) are available from only one vendor; or  
8 (2) are telecommunications services, facilities, or  
9 equipment [~~or~~

10 [~~(3) are commodity items as defined by Section~~  
11 ~~2157.068(a)~~].

12 SECTION 24. Section 2155.503, Government Code, is amended  
13 to read as follows:

14 Sec. 2155.503. RULES. (a) The comptroller [~~and the~~  
15 ~~department~~] shall adopt rules to implement this subchapter. The  
16 rules must:

17 (1) establish standard terms for contracts listed on a  
18 schedule; and

19 (2) maintain consistency with existing purchasing  
20 standards.

21 (b) The comptroller [~~and the department~~] shall consult with  
22 the attorney general in developing rules under this section.

23 SECTION 25. Subchapter A, Chapter 2157, Government Code, is  
24 amended by adding Section 2157.0013 to read as follows:

25 Sec. 2157.0013. SUNSET PROVISION. (a) The transfer of  
26 powers and duties to the comptroller under Section 2157.068 and  
27 under House Bill 2499, Acts of the 82nd Legislature, Regular



1 Session, 2011, is subject to Chapter 325 (Texas Sunset Act).

2 (b) The Sunset Advisory Commission shall evaluate the  
3 transfer of powers and duties to the comptroller under Section  
4 2157.068 and under House Bill 2499, Acts of the 82nd Legislature,  
5 Regular Session, 2011, and present to the 84th Legislature a report  
6 on its evaluation and recommendations in relation to the transfer.  
7 The comptroller shall perform all duties in relation to the  
8 evaluation that a state agency subject to review under Chapter 325  
9 would perform in relation to a review.

10 (c) This section expires September 1, 2015.

11 SECTION 26. Section 2157.004, Government Code, is amended  
12 to read as follows:

13 Sec. 2157.004. TRANSFERS AND LOANS. A state agency that  
14 acquires a telecommunications device, system, or service or an  
15 automated information system by interagency transfer, contract, or  
16 loan, or by public loan, shall comply with the requirements that  
17 apply to that acquisition under [e] Chapter 2054 and this chapter.

18 SECTION 27. Section 2157.068, Government Code, is amended  
19 to read as follows:

20 Sec. 2157.068. PURCHASE OF INFORMATION TECHNOLOGY  
21 COMMODITY ITEMS. (a) In this section, "commodity items" means  
22 commercial software, hardware, or technology services, other than  
23 telecommunications services, that are generally available to  
24 businesses or the public and for which the comptroller [~~department~~]  
25 determines that a reasonable demand exists in two or more state  
26 agencies. The term includes seat management, through which a state  
27 agency transfers its personal computer equipment and service

1 responsibilities to a private vendor to manage the personal  
2 computing needs for each desktop in the state agency, including all  
3 necessary hardware, software, and support services.

4 (b) The comptroller [~~department~~] shall negotiate with  
5 vendors to attempt to obtain a favorable price for all of state  
6 government on licenses for commodity items, based on the aggregate  
7 volume of purchases expected to be made by the state. The terms and  
8 conditions of a license agreement between a vendor and the  
9 comptroller [~~department~~] under this section may not be less  
10 favorable to the state than the terms of similar license agreements  
11 between the vendor and retail distributors.

12 (c) In contracting for commodity items under this section,  
13 the comptroller [~~department~~] shall make good faith efforts to  
14 provide contracting opportunities for, and to increase contract  
15 awards to, historically underutilized businesses and persons with  
16 disabilities' products and services available under Chapter 122,  
17 Human Resources Code.

18 (d) The comptroller [~~department~~] may charge a reasonable  
19 administrative fee to a state agency, political subdivision of this  
20 state, or governmental entity of another state that purchases  
21 commodity items through the comptroller [~~department~~] in an amount  
22 that is sufficient to recover costs associated with the  
23 administration of this section. The comptroller shall develop a  
24 clear procedure for calculating the fee under this subsection,  
25 including procedures for review and approval of the fee.

26 (e) The comptroller [~~department~~] shall compile and maintain  
27 a list of commodity items available for purchase through the

1 comptroller [~~department~~] that have a lower price than the prices  
2 for commodity items otherwise available to state agencies under  
3 this chapter. The comptroller [~~department~~] shall make the list  
4 available on the comptroller's website [~~world wide web or on a~~  
5 ~~suitable successor to the world wide web if the technological~~  
6 ~~developments involving the Internet make it advisable to do so~~].

7 (f) The comptroller [~~department~~] may adopt rules regulating  
8 a purchase by a state agency of a commodity item under this section,  
9 including a requirement that, notwithstanding other provisions of  
10 this chapter, the agency must make the purchase in accordance with a  
11 contract developed by the comptroller [~~department~~] unless the  
12 agency obtains:

- 13 (1) an exemption from the comptroller [~~department~~]; or  
14 (2) express prior approval from the Legislative Budget  
15 Board for the expenditure necessary for the purchase.

16 (g) The Legislative Budget Board's approval of a biennial  
17 operating plan under Section 2054.102 is not an express prior  
18 approval for purposes of Subsection (f)(2). A state agency must  
19 request an exemption from the comptroller [~~department~~] under  
20 Subsection (f)(1) before seeking prior approval from the  
21 Legislative Budget Board under Subsection (f)(2).

22 (h) The comptroller [~~department~~] shall, in cooperation with  
23 state agencies, establish guidelines for the classification of  
24 commodity items under this section. The comptroller [~~department~~]  
25 may determine when a statewide vendor solicitation for a commodity  
26 item will reduce purchase prices for a state agency.

27 (i) Unless the agency has express statutory authority to

1 employ a best value purchasing method other than a purchasing  
2 method designated by the comptroller [~~commission~~] under Section  
3 2157.006(a)(2), a state agency shall use a purchasing method  
4 provided by Section 2157.006(a) when purchasing a commodity item  
5 if:

6 (1) the agency has obtained an exemption from the  
7 comptroller [~~department~~] or approval from the Legislative Budget  
8 Board under Subsection (f); or

9 (2) the agency is otherwise exempt from this section.

10 SECTION 28. Subchapter B, Chapter 2157, Government Code, is  
11 amended by adding Section 2157.0685 to read as follows:

12 Sec. 2157.0685. REPORTING OF ADMINISTRATIVE FEES FOR  
13 COMMODITY ITEMS. (a) The comptroller shall report to the  
14 Legislative Budget Board any administrative fee the comptroller  
15 sets under Section 2157.068 for each fiscal year. The report must  
16 include the underlying analysis and methodology used to determine  
17 the fee amounts.

18 (b) The comptroller shall post on the comptroller's website  
19 information about the fee, including a description of how the fee is  
20 determined. The comptroller must update this information when a  
21 contract amendment or other action results in a major change to the  
22 costs incurred or the price paid by the comptroller or a customer of  
23 the comptroller.

24 SECTION 29. Subchapter B, Chapter 2157, Government Code, is  
25 amended by adding Section 2157.069 to read as follows:

26 Sec. 2157.069. CLEARING FUND ACCOUNT. The comptroller  
27 shall establish in the state treasury the clearing fund account.

1 The account is a revolving fund account for the administration of  
2 Section 2157.068. The account is the depository for all money  
3 received from entities served under that section. Money in the  
4 account may be used only to administer that section or for any other  
5 purpose specified by the legislature.

6 SECTION 30. Section 2157.121, Government Code, is amended  
7 to read as follows:

8 Sec. 2157.121. ACQUISITION THROUGH COMPETITIVE SEALED  
9 PROPOSALS. (a) The comptroller [~~commission~~] or other state agency  
10 may acquire a telecommunications device, system, or service or an  
11 automated information system by using competitive sealed proposals  
12 if the comptroller [~~commission~~] determines that competitive sealed  
13 bidding and informal competitive bidding are not practical or are  
14 disadvantageous to the state.

15 (b) A state agency, other than the department under  
16 Subsection (c), shall send its proposal specifications and criteria  
17 to the comptroller [~~commission~~] for approval or request the  
18 comptroller [~~commission~~] to develop the proposal specifications  
19 and criteria.

20 (c) The department may acquire a telecommunications device,  
21 system, or service [~~or an automated information system~~] by using  
22 competitive sealed proposals without regard to whether the  
23 comptroller [~~commission~~] makes the determination required under  
24 Subsection (a) for other state agencies. This subsection applies  
25 only to an acquisition under Subchapter H, Chapter 2054, or under  
26 Chapter 2170.

27 SECTION 31. Section 2157.181(a), Government Code, is

1 amended to read as follows:

2 (a) The comptroller [~~commission, with the concurrence of~~  
3 ~~the department,~~] may negotiate with vendors preapproved terms and  
4 conditions to be included in contracts relating to the purchase or  
5 lease of [~~a telecommunication device, system, or service or~~] an  
6 automated information system awarded to a vendor by a state agency.

7 SECTION 32. Section 2157.182, Government Code, is amended  
8 to read as follows:

9 Sec. 2157.182. VALIDITY OF PREAPPROVED TERMS AND  
10 CONDITIONS; RENEGOTIATION. (a) Preapproved terms and conditions  
11 to which a vendor [~~the commission,~~] and the comptroller  
12 [~~department~~] agree are valid for two years after the date of the  
13 agreement and must provide that the terms and conditions are to be  
14 renegotiated before the end of the two years.

15 (b) The comptroller [~~commission and the department jointly~~]  
16 shall establish procedures to ensure that terms and conditions are  
17 renegotiated before they expire in a contract between the vendor  
18 and a state agency.

19 SECTION 33. Section 2157.184, Government Code, is amended  
20 to read as follows:

21 Sec. 2157.184. NOTIFICATION OF STATE AGENCIES AND VENDORS.  
22 The comptroller [~~commission and the department jointly~~] shall  
23 establish procedures to notify state agencies and potential vendors  
24 of the provisions of this subchapter regarding preapproved terms  
25 and conditions.

26 SECTION 34. Sections 2054.024(c), 2059.060, 2155.501(1),  
27 2155.502(e), 2157.0611, and 2157.181(b), Government Code, are

1 repealed.

2 SECTION 35. (a) Not later than September 1, 2011, the  
3 governor shall appoint the initial members of the governing board  
4 of the Department of Information Resources under Section 2054.021,  
5 Government Code, as amended by this Act. The governor shall  
6 appoint:

7 (1) two members whose terms expire February 1, 2013;

8 (2) two members whose terms expire February 1, 2015;

9 and

10 (3) three members whose terms expire February 1, 2017.

11 (b) The terms of the current members of the board expire  
12 September 1, 2011.

13 SECTION 36. (a) Not later than September 1, 2011, the  
14 first group of ex officio members shall begin serving or be  
15 appointed under Section 2054.021(c), Government Code, as amended by  
16 this Act.

17 (b) The governor shall appoint to the first group an ex  
18 officio member from a state agency with fewer than 100 employees  
19 under Section 2054.021(c), Government Code, as amended by this Act.  
20 When that member is appointed, the term of the executive director of  
21 the Texas Department of Transportation expires.

22 (c) The commissioner of insurance and the executive  
23 commissioner of the Health and Human Services Commission shall  
24 continue to serve in the first group under Section 2054.021(c),  
25 Government Code, as amended by this Act, until February 1, 2013.

26 SECTION 37. (a) In this section, "department" means the  
27 Department of Information Resources.

1           (b) On the effective date of this Act, the powers and duties  
2 of the department under Section 2157.068, Government Code, or other  
3 law relating to information and communications technology  
4 cooperative contracts are transferred to the comptroller.

5           (c) The department shall work in cooperation with and at the  
6 direction of the comptroller to facilitate the transfer described  
7 by this section.

8           (d) A rule, form, policy, procedure, or decision of the  
9 department that is related to a power or duty transferred under  
10 Subsection (b) of this section continues in effect as a rule, form,  
11 policy, procedure, or decision of the comptroller until superseded  
12 by an act of the comptroller.

13           (e) A court case, administrative proceeding, contract  
14 negotiation, or other proceeding involving the department that is  
15 related to a power or duty transferred under Subsection (b) of this  
16 section is transferred without change in status to the comptroller,  
17 and the comptroller assumes, without a change in status, the  
18 position of the department in a negotiation or proceeding relating  
19 to a power or duty transferred under Subsection (b) of this section  
20 to which the department is a party.

21           (f) All department employees who primarily perform duties  
22 related to a power or duty transferred under Subsection (b) of this  
23 section, including employees who provide administrative support  
24 for those powers or duties, are transferred to the office of the  
25 comptroller. A management employee of the department who is  
26 transferred to the office of the comptroller under this section  
27 does not automatically continue to hold the person's management



1 position. To hold the management position on other than an interim  
2 basis, the person must apply for the position with the comptroller.

3 (g) All personal property, including records, in the  
4 custody of the department related to a power or duty transferred  
5 under Subsection (b) of this section is transferred to and becomes  
6 the property of the comptroller.

7 (h) All contracts, memoranda of understanding, leases, and  
8 rights of the department related to a power or duty transferred  
9 under Subsection (b) of this section are transferred to the  
10 comptroller.

11 (i) All money appropriated by the legislature to the  
12 department related to a power or duty transferred under Subsection  
13 (b) of this section, including money for providing administrative  
14 support, is transferred to the comptroller.

15 SECTION 38. A contract transferred under Section 37 of this  
16 Act may not be canceled by the comptroller except as provided by the  
17 terms of the contract.

18 SECTION 39. (a) The comptroller shall submit, on the dates  
19 prescribed by Subsection (c) of this section, a report regarding  
20 the transfer described by Section 37 of this Act to the following:

- 21 (1) the Legislative Budget Board;  
22 (2) the speaker of the house of representatives;  
23 (3) the lieutenant governor; and  
24 (4) the chairs of the house and senate committees with  
25 primary oversight over the comptroller's purchasing functions.

26 (b) The report must analyze the efficiency and  
27 implementation of the transfer described by Section 37 of this Act.

1 (c) Each report described by this section is due not later  
2 than:

- 3 (1) March 1, 2012;  
4 (2) September 1, 2012;  
5 (3) September 1, 2013; and  
6 (4) September 1, 2014.

7 SECTION 40. Sections 2054.502 and 2054.533, Government  
8 Code, as added by this Act, apply only to a contract for which a  
9 solicitation of bids or proposals or similar expressions of  
10 interest is published on or after September 1, 2011. A contract for  
11 which a solicitation of bids or proposals or similar expressions of  
12 interest is published before September 1, 2011, is governed by the  
13 law in effect on the date the state agency first publishes the  
14 solicitation of bids or proposals or similar expressions of  
15 interest, and the former law is continued in effect for that  
16 purpose.

17 SECTION 41. Section 2155.003, Government Code, as amended  
18 by this Act, applies only to a campaign contribution made on or  
19 after the effective date of this Act. A campaign contribution made  
20 before the effective date of this Act is governed by the law in  
21 effect when the contribution was made, and the former law is  
22 continued in effect for that purpose.

23 SECTION 42. This Act takes effect September 1, 2011.

David Dewhurst

President of the Senate

Joe Straus

Speaker of the House

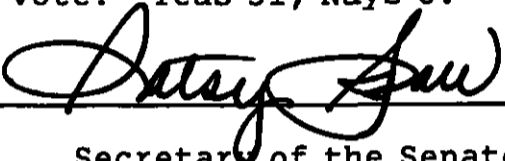
I certify that H.B. No. 2499 was passed by the House on April 18, 2011, by the following vote: Yeas 145, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 2499 on May 23, 2011, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 2499 on May 28, 2011, by the following vote: Yeas 144, Nays 2, 2 present, not voting.

Robert Haney

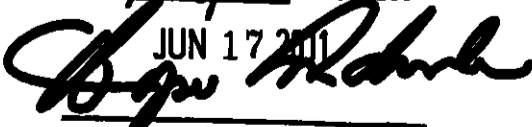
Chief Clerk of the House

H.B. No. 2499

I certify that H.B. No. 2499 was passed by the Senate, with amendments, on May 19, 2011, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 2499 on May 28, 2011, by the following vote: Yeas 31, Nays 0.

  
Secretary of the Senate

APPROVED: \_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
4:00pm O'CLOCK  
JUN 17 2011  
  
Secretary of State