



April 4, 2025

The Honorable Aaron Woods  
Co-Chair, Joint Committee on Information Management and Technology  
Oregon State Legislature

The Honorable Nancy Nathanson  
Co-Chair, Joint Committee on Information Management and Technology  
Oregon State Legislature

**Re: Position Letter – Senate Bill 1090 (Regarding the establishment of a program to provide grants and loans to state agencies for replacing outdated information technology)**

The Alliance for Digital Innovation (ADI) is a non-profit coalition of technology companies focused on accelerating change in the public sector through the adoption of commercial technology. Our members are some of the most innovative technology firms in the nation, including many that already proudly serve the State of Oregon.

**ADI supports Senate Bill 1090 and encourages your committee to return a favorable report.**

As government services evolve to meet the demands of our digital lives and provide enhanced security across its systems, public sector agencies are investing in modern, updated technology to address critical upgrades to legacy systems. For successful integration and innovation, adequate funding for this mission and clear oversight are critical. SB 1090 represents an important step in delivering a modern digital experience to the people of Oregon.<sup>1</sup>

By establishing a self-sustaining IT Modernization Fund to help state agencies upgrade outdated systems and a \$10M GF appropriation, ADI believes that state agencies would have the flexibility to replace information technology (IT) systems, fund AI and technology projects, enhance cybersecurity, and transition to cloud computing. The creation of an Advisory Board with nine members also ensures strong oversight and accountability, while a mandatory cost savings repayment model maintains the fund's sustainability. Agencies using the program must provide financial reports, and there is a requirement to report to the Joint Committee on Information Management and Technology, which will evaluate program costs, savings, procurement compliance, and project details. This would ensure the funding is appropriately allocated and effectively managed, enabling modernization efforts to progress seamlessly and achieve their intended outcomes.

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<sup>1</sup> See text of OR SB 1090, available at:  
<https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureDocument/SB1090/Introduced>.

Oregon's state-level technology modernization initiative reflects the successful approaches of other states, such as Maryland's SB 982 (Chapter 497), approved by Governor Wes Moore in 2024.<sup>2,3</sup> The Maryland IT Investment Fund supports major IT development projects, with a portion of the fund dedicated to expediting high-priority initiatives. The fund also allows for a revolving loan process and allocates up to \$10 million annually for IT investments, along with \$1 million for educational technology and innovation projects. Like Maryland's Modernize Maryland Commission, Oregon would ensure that the state's IT infrastructure remains adaptive to evolving technological demands and best practices. Through these efforts, Oregon is poised to enhance its digital capabilities while aligning with proven models of success from other states.

As the committee considers this legislation, ADI would like to emphasize the bill's key focus areas and how it will drive essential improvements to Oregon's state agency IT systems:

1. ***Addressing Critical Infrastructure Needs:*** This bill represents a crucial step towards modernizing Oregon's aging IT infrastructure, directly addressing the pressing need to replace outdated systems that not only pose significant security risks but also hinder the efficient delivery of essential services to Oregonians. The creation of the Technology Modernization Fund offers a strategic, long-term approach to tackling these challenges by providing the necessary resources to update critical IT systems. This approach will allow state agencies to implement more secure, scalable, and efficient technologies, ultimately improving government operations and ensuring the state's IT infrastructure can better serve Oregonians.
2. ***Fiscal Responsibility and Innovation:*** A fundamental aspect of the program is its loan repayment structure, which guarantees fiscal responsibility by requiring state agencies to repay grants and loans based on the cost savings realized through these IT improvements. This repayment model encourages agencies to pursue impactful projects with measurable returns on investment and ensures efficient use of public funds. The \$10 million initial investment is expected to generate much larger long-term savings throughout state government by streamlining operations, improving system efficiencies, and reducing maintenance costs. This approach provides a sustainable funding cycle that allows for continued improvements while reducing the burden on taxpayers and promoting innovation within the state's IT infrastructure.
3. ***Enhancing Cybersecurity:*** In light of increasing cyber threats targeting government systems, especially at the state-level, this bill prioritizes funding for enhanced cybersecurity solutions, recognizing the critical need to protect sensitive citizen data and maintain public trust. As cyberattacks become increasingly sophisticated, it is vital that state agencies have access to the most current, effective technologies and strategies to defend against them. To ensure that the funds are spent wisely and effectively, the advisory board includes experts in cybersecurity who will play an integral role in guiding funding decisions. This inclusion of industry professionals guarantees that decisions are made with expert insight into the evolving nature of cyber threats.
4. ***Embracing Cloud Computing and AI:*** The bill encourages migration to cloud computing platforms, a move that aligns Oregon with industry best practices and enables the state to remain a leader in leveraging cutting-edge technology. By adopting cloud technology, Oregon can streamline operations, improve service delivery, and respond more quickly to the needs of its citizens. In addition to cloud migration, the bill's funding of AI projects will further allow the

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<sup>2</sup> See text of MD SB 982, available at:

<https://mgaleg.maryland.gov/mgaweb/Legislation/Details/SB0982?ys=2024RS>.

<sup>3</sup> See text of MD Chapter 49, available at:

[https://mgaleg.maryland.gov/2024RS/chapters\\_noln/Ch\\_497\\_sb0982E.pdf](https://mgaleg.maryland.gov/2024RS/chapters_noln/Ch_497_sb0982E.pdf).

state to harness the power of AI to improve public services. By investing in these forward-looking technologies, the bill not only prepares Oregon to meet current demands but also positions the state as a leader in leveraging cutting-edge innovations to better serve its citizens and improve overall quality of life.

5. **Transparency and Oversight:** To ensure transparency, the bi-annual reporting requirements to the legislature on the program's effectiveness will providing detailed insights into the program's effectiveness, financial performance, and the progress of individual projects. The diverse advisory board, consisting of IT experts and government representatives, will play a critical role in overseeing the program's implementation. The mandated competitive procurement process ensures fairness and the best value for taxpayers. Through these measures, the bill strikes a careful balance between innovation and oversight, fostering an environment where transparency, efficiency, and public trust are prioritized.
6. **Workforce Considerations:** The bill also emphasizes consultation with labor organizations, ensuring that employee perspectives and concerns are considered in these modernization initiatives. Beyond consultation, the bill also creates significant opportunities for workforce development and upskilling. As agencies transition to modern IT systems and adopt cutting-edge technologies, there will be a growing demand for skilled workers to manage, maintain, and optimize these new systems. By considering workforce development as part of the overall strategy, this bill ensures that Oregon not only strengthens its IT infrastructure but also builds a skilled workforce capable of supporting and driving future technological advancements.
7. **Immediate Impact:** With the inclusion of an emergency clause, this program can begin immediately upon passage of the bill, eliminating any unnecessary delays. Early adoption will position Oregon as a leader in innovative government IT funding approaches. Several other states have already successfully implemented similar IT modernization funds. For example, California's Technology Modernization Fund, with a \$25 million budget, invites state agencies to pitch short-term projects that deliver results within a year.<sup>4,5</sup> This approach focuses on high-impact solutions that can later be scaled, with no repayment required but rigorous accountability. Similarly, Massachusetts passed an IT Bond Bill (Chapter 175), providing \$164 million to modernize state court IT systems. These initiatives demonstrate how targeted funding can drive meaningful and scalable modernization efforts across state governments.<sup>6,7</sup>

Thank you for your attention to this important issue. Please consider us a resource as your committee deliberates on this legislation.

Sincerely,

Dan Wolf  
Director of State Programs  
Alliance for Digital Innovation

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<sup>4</sup> See California's Department of Technology's Technology Modernization Fund, *available at*: <https://cdt.ca.gov/tmf/>.

<sup>5</sup> See text of Cal. Gov Code § 11546.45, *available at*: [https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=3.&title=2.&part=1.&chapter=5.6.&article](https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=3.&title=2.&part=1.&chapter=5.6.&article).

<sup>6</sup> See Massachusetts's Judiciary IT Bond Bill, *available at*: <https://www.mass.gov/info-details/judiciary-it-bond-bill#:~:text=A%20Judiciary%20IT%20Bond%20Bill,legislature%20and%20governor%20since%201997>.

<sup>7</sup> See text of MA Chapter 175, *available at*: <https://malegislature.gov/Laws/SessionLaws/Acts/2022/Chapter175>.