

THE LONG-RANGE INFORMATION TECHNOLOGY BILL

By Cathy Duncan, Senior Analyst Legislative Fiscal Division (LFD)

In the 2007 legislative session, the Office of Budget and Program Planning (OBPP), for the first time, introduced a long-range information technology (IT) appropriation bill, HB 14. The bill introduced the legislature to an alternative method of funding large IT investments. The Long-Range Information Technology Program (LRITP) consolidated all major IT projects, those costing in excess of \$2 million, in one appropriation bill and defined major IT enterprises as capital projects. All projects included in the LRITP bill are overseen by the state chief information officer (CIO) within the Department of Administration (DOA).

In creating the LRITP, OBPP followed the model of the Long-Range Building Program (LRBP). There are numerous similarities between the appropriation for buildings and IT projects. First, both buildings and IT projects are considered major capital assets of the state. Since the inception of the LRBP, the acquisition and construction of capital assets has been managed outside the normal budgeting process. Containing all capital projects, whether buildings or IT projects, in one piece of legislation provides the legislature with a broad vision of the necessity and dimension of the state's capital investments. Next, neither buildings nor IT projects can be completed in a two year time frame. The requirement to return to the legislature for subsequent appropriations while in the middle of the construction of a major project presents significant risk to the project. Capital projects through "Long-Range" type programs can be appropriated for the full project amount without the requirement that the project be completed in a two year period or the need to make multiple appropriations over long periods of time.

As introduced, HB 14 contained appropriations for 10 major IT projects. Total appropriations included in the initial bill were \$84.8 million. As passed in HB 4 of the 2007 special session, the 60th Legislature appropriated \$80.8 million for a revised list of 10 projects. Project funding came from a combination of one-time only general funds and the federal fund match to state dollars for projects requested by the Department of Public Health and Human Services. The one-time general funds were transferred to and are expended from a new IT capital projects fund. During the legislative process, ongoing project costs were necessarily disaggregated from the project total and funded through direct appropriation from the general fund. Brief details of the projects are listed in the attached table, titled "Long-Range Information Technology Projects (LRITP)".

In addition to the new capital investment for the state IT systems, the 60th Legislature also authorized capital investment in the form of two new buildings (primary site in Helena and a remote site, now planned for Miles City) to house the state's IT equipment, the Enterprise Systems Services Center (ESSC) project. The appropriation for the ESSC was introduced to the 60th Legislature in HB 5 (in the LRBP), at an all funds cost of \$24.2 million. The Helena project was initially envisioned to house the state's IT equipment and to consolidate the staff of the Information Technology Services Division (ITSD). As authorized in HB 4, the ESSC was funded at \$14.5 million, which effectively eliminated the ITSD staff offices from the project. Arguments for the new buildings were grounded in the concern over the current location of the states IT infrastructure in the Mitchell building, a basement space recognized for leaky pipes and a location known to be on a major fault line.

While there was a significant learning curve associated with the new program (with mistakes encountered, corrected, and lessons learned), the LRITP has achieved the goal of providing a more effective method for appropriating IT capital projects. The legislature was able to visualize the magnitude of investment required to maintain the state's high quality of technology, and questions related to security and viability of ongoing biennial funding are no longer a concern. Tracking the progress of the LRITP is easier, because there is one office tasked with oversight of the projects. Project progress is reported to the LFD twice each year (as seen in the attached report titled "Long-Range Information Technology Program Project Status", last updated on 5/20/2008).

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**Long-Range Information Technology Projects (LRITP)
Executive Recommendations / Legislative Appropriations - 2009 Biennium**

As Introduced in HB 14, 2007 Regular Session				As Passed in HB 4, May, 27 Special Session				
Agency / Project / Discription	<u>LRITP*</u>	<u>Federal Funds</u>	<u>Total</u>	Agency / Project / Discription	<u>LRITP*</u>	<u>Federal Funds</u>	<u>General Fund</u>	<u>Total</u>
Northern Tier Network and SummitNet Expansion and improvement projects	\$7,823,000		\$7,823,000	State expansion and improvement projects	\$2,042,000		\$4,645,000	\$6,687,000
Statewide E911 Network Projects to enhance current 9-1-1 system	4,000,000		4,000,000	University Research Network Expanded capacity for university system research	568,000		568,000	<u>1,136,000</u>
Public Safety Radio Consortium				Public Safety Radio Consortium			Sub-Total:	7,823,000
Expansion of key public safety radio sites	5,000,000		5,000,000	Expansion of key public safety radio sites	4,595,000		405,000	5,000,000
Public Safety Radio Interoperability Redundant controller and transmission, public safety wireless	3,500,000		3,500,000	Public Safety Radio Interoperability Redundant controller and transmission, public safety wireless	3,500,000			3,500,000
TANF Eligibility Systems Replace TEAMS system	7,625,750	8,599,250	16,225,000	TANF Eligibility Systems Replace TEAMS system	7,625,000	8,600,000		16,225,000
CHIMES Replace TEAMS system	550,000	550,000	1,100,000	CHIMES Replace TEAMS system	550,000	550,000		1,100,000
Food Stamp Eligibility Systems Replace TEAMS system	6,535,000	6,535,000	13,070,000	Food Stamp Eligibility Systems Replace TEAMS system	6,535,000	6,535,000		13,070,000
Child and Adult Protective Services System Replace CAPS system	15,204,000	11,946,000	27,150,000	Child and Adult Protective Services System Replace CAPS system	15,204,000	11,946,000		27,150,000
Medicaid Disease Codes Replace current code system for federal agreement	300,000	2,700,000	3,000,000	Medicaid Disease Codes Replace current code system for federal agreement	300,000	2,700,000		3,000,000
FileNet Court technology Improvements	3,935,000		3,935,000	Court Technology Projects Court technology Improvements	2,909,470		1,025,530	3,935,000
Total Projects	\$54,472,750	\$30,330,250	\$84,803,000	Total Projects	\$43,828,470	\$30,331,000	\$6,643,530	\$80,803,000

* Capital Project Funds

Long-Range Information Technology Program Project Status

Last Update: 5/20/2008

Administering Branch/Agency/Division: Department of Administration, Information Technology Division

Contact: Dick Clark

Contact Phone: (406) 444-2777

Updated 5/2008

Funding				Milestones					Estimated Completion Date*	Comments
Project Name	Bien	Fund Type	Project Total	Initiation	Planning	Acquisition	Execution	Close-out		
Network Upgrades	2009	CP/GF	6,687,000	X	X	X	X		FY2009	Contract signed, portions in implementation.
University Research Network	2009	CP/GF	1,136,000	X	X				FY2009	Use for research station connections before Regents
Public Safety Radio Consortium	2009	CP/GF	5,000,000	X	X	X			FY 2013	Tower site RFP issued
Public Safety Radio Interoperability	2009	CP/GF	3,500,000	X	X				FY 2013	Site selection in progress.

Updated 5/2008

Long-Range Information Technology Program Project Status

Administering Branch/Agency/Division: Department of Public Health and Human Services

Contact: Mary Angela Collins

Contact Phone: (406) 449-2134

Funding				Milestones					Estimated Completion Date*	Comments
Project Name	Bien	Fund Type	Project Total	Initiation	Planning	Acquisition	Execution	Close-out		
TANF Eligibility System	2009	CP/FS	16,225,000	X	X				FY2011	Security plan approved, RFP in development
CHIMES System (completion)	2009	CP/FS	1,100,000	X	X	X	X		FY2009	Security plan approved, PMO created.
Food Stamps System	2009	CP/FS	13,070,000	X	X				FY2011	Security plan approved, RFP in development
Child & Adult Protective Services (CAPS) System	2009	CP/FS	27,150,000	X	X				FY 2012	Security plan approved, planning with Feds.
ICD 10 (Medicaid Disease Codes)	2009	CP/FS	3,000,000	X	X				FY 2012	Fed rules not final

Updated 5/2008

Long-Range Information Technology Program Project Status

Administering Branch/Agency/Division: Judicial Branch

Contact: Lois Menzies

Contact Phone: (406) 841-2957

Funding				Milestones					Estimated Completion Date*	Comments
Project Name	Bien	Fund Type	Project Total	Initiation	Planning	Acquisition	Execution	Close-out		
Case Management and Courtroom Tech. Improvs.	2009	CP/FS	3,935,000	X	X	X	X		FY2010	

KEY

X - Project / Benchmark Completed

/ - In process

CP - Capital Project Funds

SS - State Special Revenue Funds

FS - Federal Special Revenue Funds

Milestone Descriptions:

Initiation This phase includes the development of the major plans, approval of the plans, and funding solicitation. Activities could include:

- EPP Request submitted and Request is included in Governor's budget
- Agency identifies base budget funding
- Business case developed and approved by OBPP and ITSD

Planning This phase includes the development of the major plans, approval of the plans, and funding commitment. Activities could include:

- Project charter developed
- Project plan developed
- ITSD approves charter and plan
- Funding secured via legislation, grant approval, or base budget.

Acquisition This phase covers the procurement of the project's major IT asserts:

- Hardware, software, services
- RFI, RFPs, SOWs or contracts
- Developed, awarded, negotiated and signed


Execution Execution includes:

- Installation, development, and test of the major system components
- Extends to the end of any successful acceptance period or warranty

Close-out Close-out period includes:

- Develops the assessment and report on the project's implementation
- Assembles lessons learned
- Close-out report focuses on whether the project met its goals on time, scope, and budget
- Normally this follows within a few weeks of the end of the execution phase
- The complete assessment of whether the project met its business objectives may take many months, and is not part of phase.

*The estimated completion date is the completion of the close-out phase.

 Indicates a change from the previous report (12/2008)