

LONG-RANGE INFORMATION TECHNOLOGY PROGRAM

Program Description

The Long-Range Information Technology Program (LRITP) provides an alternative method of funding large information technology (IT) investments. The LRITP consolidates all major IT projects in one appropriation bill and defines major IT enterprises as capital projects. All of the executive branch projects included in the LRITP program will be overseen by the state chief information officer (CIO) within the Department of Administration (DOA).

Summary of Legislative Action

The Sixty-fourth Legislature provided total appropriations of \$35.3 million for five major IT projects in HB 10. The figure below shows the projects by agency, project name, and fund type.

Long-Range Information Technology Program (LRITP) Projects				
HB 10 - 2017 Biennium				
Agency / Decision Point / Project	LRITP Capital Projects Funds	State Special	Federal Special	Total
Project Appropriations				
Administration				
Statewide Information Technology Projects	\$6,466,000			\$6,466,000
Network Equipment				
Data Protection Initiative				
Statewide Public Safety Communications				
Security System Replacements/Assessments				
Court Data Exchange Enhancement				
Enterprise Electronic Content Management	0			0
Public Health and Human Services				
Enhanced Federal Financial Participation	2,000,000		18,000,000	20,000,000
Transportation				
PPMS, Risk Based Management, Linear Referencing System		650,000	4,350,000	5,000,000
Financial Management Suite		3,000,000		3,000,000
Judicial Branch				
Court Technology Improvement Program	834,000			834,000
Total Projects	\$9,300,000	\$3,650,000	\$22,350,000	\$35,300,000

In addition to the projects appropriated in the LRITP, the legislature also made an appropriation of \$75,000 for the costs of an audit of the Montana Medicaid Information System. The appropriation of \$7,500 was made directly from the general fund, since it is not a capitalizable expense. The remaining \$67,500 was appropriated from federal special revenues.

Project Descriptions

The following is a brief description of the projects shown in the table above. The appropriations are provided to the department of administration unless otherwise noted.

Department of Administration (DOA)

- Statewide Information Technology Projects: \$6.5 million LRITP Capital Projects Fund (05031). This appropriation supports five projects requested in the executive budget. HB 10 includes the following language related to the appropriation:

“The department of administration may prioritize the expenditure of the statewide information technology projects appropriation among the network and security upgrades, data protection initiative, statewide public safety communication system, security system replacement/assessments, and court technology improvement program projects. The department will report the use of the funds to the legislative finance committee.”

- Enterprise Electronic Content Management: \$1.0 million GSD Proprietary Funds (05031) appropriated to DOA. This appropriation will support the continued development of an enterprise wide electronic content management solution for the state. Note: The Governor line item vetoed the Enterprise Electronic Content Management project. In the veto message, the executive states, "I am directing the Department of Administration to leverage existing resources to accomplish the goals of electronic content management." At the time of this writing the line-item veto is being polled by the legislature.

Department of Public Health and Human Services (DPHHS)

- Enhance Federal Financial Participation and A-87 Cost Allocation Waiver: \$2.0 million LRITP Capital Projects Fund (05031) and \$18.0 million federal special revenue appropriated to DOA. This project will allow the department use A-87 cost waivers through 12/31/2018 for projects qualifying for the 90/10 enhanced federal financial participation from the federal government. The funds may be used for design and implementation services with a focus on leveraging and reusing existing assets, improved processes, interoperability, increased security, and outcome-based focus for programs.

Department of Transportation (MDT)

- Program and Project Management/Risk-based Asset Management and Linear Referencing Systems: \$650,000 Restricted Highway SSR (02422) and \$4.4 million Federal Special Revenue appropriated to DOA. This appropriation supports the replacement of three systems: Program and Project Management System (PPMS); Risk-based Asset Management (RBAM); and Linear Referencing System (LRS). PPMS and LRS will replace obsolete technology and RBAM will be developed to meet new federal requirements.
- Financial Management Suite: \$3.0 million Restricted Highway SSR (02422) appropriated to DOA. This appropriation will replace various stand-alone software systems with a financial management system that will be integrated with other MDT systems. The new system would provide essential information to managers for the critical functions of budget development, personal services projections, personal services allocation, and project cost scheduling.

Judicial Branch

- Court Technology Improvement Program: \$834,000 LRITP Capital Projects Fund (05031) appropriated to the supreme court. This appropriation supports upgrades of interactive video equipment to replace failing equipment; implementation of audio technology, and upgrading end-of-life technology. Funding also implements new e-filing technology such as scanners, mobile devices, and public workstations for filers without the ability to e-file elsewhere; mobile device access to case information from anywhere with internet connectivity, and public access workstations for access to records at individual court locations.

Other Legislative Actions

In addition to funding major IT projects, the Sixty-fourth Legislature made use of HB 10 to provide agency guidance. Sections 5 and 6 of HB 10 direct the DOA to:

- In relation to the use of the state data center (Sec. 5):
 - Encourage agencies to use the center, where allowable
 - Encourage local governments, school districts, and the university system to use the facility
 - Market excess capacity to other states
- In relation to state networks efficiencies (Sec. 6):
 - Leverage federal funds and other resources
 - Utilize existing authority to support or enhance enterprise electronic content management services

Sections 7, 8, and 9 provide direction to the DPHHS specifically related to the Medicaid Management Information Systems (MMIS):

- Directs DPHHS to contract for a third party audit reporting on (Sec. 7):
 - The ability for the vendor to meet all contractual requirements of the replacement contract
 - Analyze MMIS systems in other states to project future issues
 - Report to the Legislative Finance Committee no later than July 1, 2015
- Allows DPHHS to replace the contracted vendor given an adverse audit recommendation, non-performance, or breach of the contract.² (Sec. 8)
- Allows DPHHS to terminate the contract for the MMIS system (Sec. 9):
 - Termination is allowed given non-performance or breach of contract by the vendor or as a result of a negative third party audit
 - If termination occurs, then DPHHS is directed to take all legal action necessary to recover previously appropriated funds and any other damages
 - DPHHS may utilize its existing appropriation authority to take advantage of the A-87 cost allocation waiver

Funding

Funding for LRITP capital projects is made through the LRITP capital projects fund. The LRITP fund does not have a dedicated revenue source, but instead relies on fund transfers and agency funds to pay the costs of major IT projects. HB 10 includes a transfer of \$10.3 million to fund LRITP projects in the 2017 biennium.

Note: The Governor struck one project, with a cost of \$1.0 million from the list of projects appropriated in HB 10. While the Governor has the ability to strike appropriations, he does not have the ability to reduce the general fund transfers that support the projects. As a result, DOA will retain \$1.0 million in their capital projects fund but will not have the ability to expend the funds. As a result, there will be at least a \$1.0 beginning fund balance at the start of the 2019 biennium.

Executive Budget Comparison (Adjusted for Governor’s Line Item Veto)

The Sixty-fourth Legislature increased the appropriation for LRITP from the executive recommendation by \$15.4 million or 76.9%.

The specific changes to the LRITP budget include:

- Consolidation of five project requests in one state-wide request – (\$4.7) million
- Addition of two projects - \$3.0 million in LRITP funds and \$18.0 million in federal special revenue funds
 - Enterprise Electronic Content Management (line item vetoed, awaiting polling results)
 - Enhanced Federal Financial Participation
- Reduction of the general fund transfer to the LRITP capital project fund (\$1.7) million

Program Comparison - Long-Range Information Technology Program				
Budget Item	Executive Budget 2017 Biennium	Legislative Budget 2017 Biennium	Change	% Change
	<u>Proposed</u>	<u>Appropriated</u>		
Projects Cost	\$20,000,000	\$35,300,000	\$15,300,000	76.5%
Other Costs	0	75,000	75,000	-
Total Costs	\$20,000,000	\$35,375,000	\$15,375,000	76.9%
Capital Project Fund ¹	\$12,000,000	\$9,300,000	(2,700,000)	-22.5%
General Fund ²	0	7,500	7,500	-
State Special	650,000	3,717,500	3,067,500	471.9%
Federal Special	7,350,000	22,350,000	15,000,000	204.1%
Total Funds	\$20,000,000	\$35,375,000	15,375,000	76.9%

¹General fund is a transfers to the capital project fund
²Non-Project Appropriation

² The contractor for the MMIS project is also the current fiscal agent for the DPHHS legacy system.