

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	57.10	57.10	57.10	57.10	57.10	57.10	0.00	0.00%
Personal Services	3,655,002	3,788,426	3,791,923	3,836,547	7,443,428	7,628,470	185,042	2.49%
Operating Expenses	15,692,356	15,357,182	12,547,976	12,518,101	31,049,538	25,066,077	(5,983,461)	(19.27%)
Equipment & Intangible Assets	345,287	0	345,287	345,287	345,287	690,574	345,287	100.00%
Grants	0	0	0	0	0	0	0	n/a
Debt Service	244,617	287,531	244,617	244,617	532,148	489,234	(42,914)	(8.06%)
<b>Total Costs</b>	<b>\$19,937,262</b>	<b>\$19,433,139</b>	<b>\$16,929,803</b>	<b>\$16,944,552</b>	<b>\$39,370,401</b>	<b>\$33,874,355</b>	<b>(\$5,496,046)</b>	<b>(13.96%)</b>
General Fund	7,857,242	7,558,505	4,317,017	4,322,190	15,415,747	8,639,207	(6,776,540)	(43.96%)
State Special	1,010,225	739,337	1,091,622	1,093,231	1,749,562	2,184,853	435,291	24.88%
Federal Special	11,069,795	11,135,297	11,521,164	11,529,131	22,205,092	23,050,295	845,203	3.81%
<b>Total Funds</b>	<b>\$19,937,262</b>	<b>\$19,433,139</b>	<b>\$16,929,803</b>	<b>\$16,944,552</b>	<b>\$39,370,401</b>	<b>\$33,874,355</b>	<b>(\$5,496,046)</b>	<b>(13.96%)</b>

**Program Description**

Mission Statement: The mission of the Technology Services Division (TSD) is to provide state-of-the-art support in operational and technological areas critical to the efficient and effective implementation of department programs.

The Technology Services Division (TSD) is responsible for all agency information technology. TSD has four bureaus:

- The Business Strategies and Operations Bureau provides policy guidance and business oversight including financial management for the division
- The Project Management Bureau is engaged in project management, using outside contractors to develop and manage major data systems including:
  - The System for Enforcement and Recovery of Child Support (SEARCHS) for child support enforcement
  - The Montana Automated Child Welfare Information System MACWIS (formerly CAPS) for children's protective services
  - The Combined Healthcare Information and Montana Eligibility System (CHIMES) for Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program system (SNAP) that was formerly called the Food Stamp Eligibility system
  - Montana Access for electronic benefits
- The Information Systems Bureau provides database and web server hosting and system development services. It also operates the Technology Services Center, a computer help desk that provides first level support for employees and contractors conducting business for the Department. Systems developed and maintained by ISB programmers include:
  - ISERV, an online system which provides both employee time reporting and employee travel functionality
  - PERQS, a Department purchasing system that supports online order entry, purchase order generation, receiving and payments
  - AWACS, a series of financial and management subsystems including agency contracts, Developmental Disabilities, Disability Determination, Vocational Rehabilitation and Montana Aging Services
  - MICRS, an electronic institutional billing system
- The Network and Communications Bureau provides networking and desktop services to all agency employees

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

**Program Highlights**

<b>Technology Services Division (TSD)</b>	
<b>HB 2 Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The \$34 million 2011 biennium budget is \$5.5 million lower than the 2009 biennium budget primarily due to:               <ul style="list-style-type: none"> <li>• A 2 percent department-wide general fund reduction of \$7.2 million recorded in TSD to be allocated among all divisions</li> <li>• A reduction of \$508,000 general fund from the TSD base budget</li> </ul> </li> <li>◆ Increases to the budget are primarily due to statewide and other present law adjustments as well as:               <ul style="list-style-type: none"> <li>• Costs for the National Electronic Disease Surveillance System - \$171,360 total funds</li> <li>• The legislatively approved pay plan in HB 13 - \$86,785 total funds</li> </ul> </li> <li>◆ The legislature also approved:               <ul style="list-style-type: none"> <li>• \$65.5 million in HB 10, long-range planning, for the DPHHS Medicaid management information system replacement project, which would be managed by the TSD</li> <li>• About \$1.9 million state and federal special revenue over the 2011 biennium for enhancements to the eligibility and Medicaid systems necessary for the I-155 - Healthy Montana Kids voter initiative to be allocated through the Health Resources Division</li> </ul> </li> </ul>	
<b>HB 645 Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislature approved \$714,000 general fund in HB 645 for a grant to develop a statewide health information technology pilot</li> </ul>	

**Summary of Legislative Action**

The legislature approved a budget of nearly \$34 million for the 2011 biennium that is \$5.5 million lower than the 2009 biennium budget due to reductions in general fund. The largest of the reductions, about \$7.2 million general fund, comes from a legislative reduction of 2 percent assessed to DPHHS that was recorded in the TSD budget to be allocated among all divisions. At the time of this writing, the actual TSD share is not known. Because the \$7.2 million for the entire department is taken from the TSD budget, the tables reflect a much deeper reduction than will ultimately be assessed TSD.

*Reductions to the Budget*

Major reductions over the biennium include:

- A 2 percent DPHHS general fund reduction recorded in the TSD budget - \$7.2 million general fund
- Elimination of general fund from the base - \$508,000 general fund
- Increasing the 4 percent vacancy savings to 7 percent - \$97,387 general fund; \$243,279 total funds

*Increases to the Budget*

The majority of the increases are the result of statewide present law adjustments for personal services costs offset by vacancy savings reductions for a net of \$1.5 million total funds. Other increases over the biennium support:

- Present law increases for rent and computer support - \$68,777 general fund; \$177,089 total funds
- National Electronic Disease Surveillance System - \$74,442 general fund; \$171,360 total funds
- Health insurance contributions and one-time payments of \$450 for employees earning less than \$45,000 approved in HB 13 - \$33,865 general fund; \$86,785 total funds

The legislature also moved the request for one-time-only funding for a health information technology system from HB 2 to HB 645 and appropriated \$714,000 general fund. There is further discussion in the “Other Legislation” section of this narrative.

### **Program Discussion**

As shown in the above budget comparison, the legislature appropriated nearly \$34 million for the 2011 biennium budget including \$7.6 million for personal services and over \$25 million for operating costs. Within the \$25 million for operating costs, \$16.6 million supports contracted computer system development and maintenance.

TSD staff and contracted entities develop, maintain, and support systems that provide a wide variety of services related to program eligibility determination, claims processing, data collection, case management support, and payment processing. The systems are funded through HB 2, long-range planning bills (HB 10 for this session and HB 4 from the 2007 special session), and HB 645.

### HB 2

In addition to the computer or system funding listed in the increases above, the legislature provided funding for system needs related to the I-155 - Healthy Montana Kids voter initiative. As discussed in the agency overview, the funding of \$26.0 million in state special revenue (SSR) funds and \$86.8 million in federal funds is actually in the budget for the Health Resources Division. However, at the time of this writing the department estimated that TSD would receive over \$1.9 million of state and federal special revenue over the 2011 biennium for system development, network connections, on-line application, and maintenance for the Combined Healthcare Information and Montana Eligibility System (CHIMES) and the Medicaid Management Information System (MMIS) systems. The final TSD allocation is unknown at this time.

### Long-Term IT Projects managed by TSD

In addition to the HB 2 budget, TSD manages technology systems that are funded through long range planning legislation to accommodate funding and projects that could extend beyond a single biennium. Presently, the division is guiding projects from HB 4 of the 2007 special session and HB 10 from the 2009 session that are funded at about \$125 million, including \$65.5 million appropriated for the 2011 biennium.

There is further discussion and a detailed budget chart in the Other Legislation section of this narrative.

### *Recommendations to the LFC*

The following is the goal, objective, and measurement for the 2011 biennium that the legislature recommends be tracked and reported to the Legislative Finance Committee over the interim.

Goal: Ensure that information technology resources are efficient, responsive, secure, cost-effective and available when needed

Objective: to continually work to provide state-of-the-art support and service to customers by knowing what our customers want/need and deploying best practices and best technology to meet these needs

The measurements are:

- Customer satisfaction surveys conducted quarterly for new system developments and semi-annually for other services will receive rating of “agree” or “strongly agree” 85 percent of the time. Baseline surveys will be conducted in the fall of 2008.
- Keep all development projects at “green light” status with the state CIO’s office at least 70 percent of the time

The base line for the measurements would be the fall 2008 Customer Satisfaction Survey for the division, with the surveys from fall of 2009 and 2010 serving as updates.

There is additional reporting required in HB 10, long rang planning legislation, that is discussed later in the narrative.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table						
Technology Services Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 7,857,242	39.4%	\$ 4,317,017	25.5%	\$ 4,322,190	25.5%
01100 General Fund	7,857,242	39.4%	4,317,017	25.5%	4,322,190	25.5%
02000 Total State Special Funds	1,010,225	5.1%	1,091,622	6.4%	1,093,231	6.5%
02381 02 Indirect Activity Prog 09	1,010,225	5.1%	1,091,622	6.4%	1,093,231	6.5%
03000 Total Federal Special Funds	11,069,795	55.5%	11,521,164	68.1%	11,529,131	68.0%
03598 03 Indirect Activity Prog 09	11,069,795	55.5%	11,521,164	68.1%	11,529,131	68.0%
Grand Total	\$ 19,937,262	100.0%	\$ 16,929,803	100.0%	\$ 16,944,552	100.0%

The Technology Services Division is funded with general fund, state special revenue, and federal funds based upon a complex federally approved cost allocation plan, often referred to as indirect activity. Federal funds account for about 68 percent of the total biennium budget, general fund 26 percent, and state special revenue 6 percent. Without the department-wide 2 percent reduction in general fund of \$7.2 million, the funding ratio would be closer to 56 percent federal funds and 40 percent general fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	7,857,242	7,857,242	15,714,484	181.90%	19,937,262	19,937,262	39,874,524	117.71%
Statewide PL Adjustments	271,958	278,938	550,896	6.38%	748,564	765,162	1,513,726	4.47%
Other PL Adjustments	40,718	28,059	68,777	0.80%	103,217	73,872	177,089	0.52%
New Proposals	(3,852,901)	(3,842,049)	(7,694,950)	(89.07%)	(3,859,240)	(3,831,744)	(7,690,984)	(22.70%)
<b>Total Budget</b>	<b>\$4,317,017</b>	<b>\$4,322,190</b>	<b>\$8,639,207</b>		<b>\$16,929,803</b>	<b>\$16,944,552</b>	<b>\$33,874,355</b>	

**Other Legislation****HB 645**

The legislature provided \$714,000 general fund in HB 645 to support the state match for a Health Information Technology grant to develop a system to provide clinical information at the point of care and aggregated data for disease management capability. The exchange of healthcare information among healthcare facilities and providers should lead to better quality healthcare in the form of reduced medical errors and reduced medical costs (e.g., redundancy of tests, duplication of therapies, drug interactions, etc).

The general fund in HB 645 was available as the result of the FMAP and other changes in the American Recovery and Reinvestment Act (ARRA) and would be used as a dollar-for-dollar match for funding from the federal Department of Health and Human Services. Communication from the office of Senator Baucus stated that the amount included in the federal grant appropriation for Montana would be \$714,000, which would provide a total project grant of \$1,428,000.

During the initial discussion of this project, the Joint Appropriations Subcommittee on Health and Human Services asked that the nonprofit entity selected to receive the funds report to the Children, Families, Health, and Human Services Interim Committee during the 2009-10 interim on how the funds were used, including but not limited to the number of participants in the health care information exchange pilot project and how the participants used the health care information exchange system to improve patient care. This discussion followed the journey of the appropriation through HB 2 and its transfer to HB 645, but was not formalized in language in HB 645.

Language in HB 645 specifies that: "In granting the funds for Health Information Technology -- 2010-11, the department shall seek a nonprofit entity that is governed by a board of directors made up of members who provide a good geographic and demographic representation of the state and who represent the constituents interested in health care information technology, including but not limited to physicians, health care facilities, insurers, telemedicine providers, and government agencies."

#### *HB 2 and HB 645 Combined*

The table illustrates HB 2 and HB 645 combined. It shows the appropriations in HB 2 and HB 645 side by side, with the third column showing the total funding for the division from both bills.

2011 Biennium HB 2 and HB 645 Appropriations Technology Services Division			
Fund	HB 2 & HB 13	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$8,639,207	\$714,000	\$9,353,207
State Special Revenues	2,184,853	0	2,184,853
Federal Special Revenues	<u>23,050,295</u>	<u>0</u>	<u>23,050,295</u>
Total Funds	<u>\$33,874,355</u>	<u>\$714,000</u>	<u>\$34,588,355</u>

#### *Long Range Planning*

The 2009 Legislature provided \$65.5 million in HB 10 for the DPHHS Medicaid management information system (MMIS) replacement project. It also included the following language:

"The department of public health and human services shall provide a work plan with milestones, goals, and measures to guide the Medicaid management information system replacement to the Legislative Finance Committee at its June 2009 meeting. At each legislative finance committee meeting, the department shall provide an update on its activities and progress toward achieving elements of the work plan in a format developed in conjunction with the legislative finance committee. To reduce state risk, a vendor who successfully bids on the Medicaid management information system replacement project must have experience, proven performance, corporate resources, and corporate qualifications in large-scale data processing system development along with health care claims processing experience in system planning, design, development, implementation, and operation. In responding to the request for proposals, each vendor shall identify whether the vendor's proposed solution is substantially similar to a project that has been installed in another state, how long the project has been in production, and whether the project has been approved by the centers for Medicare and Medicaid services."

#### HB 10 and HB 4 (from the 2007 session)

Both bills provide the funding as well as statements of intent that: 1) business application systems must have a plan approved by the chief information office for the design, definition, creation, storage, and security of the data associated with the application system; 2) information is shared with other state agencies in the design, definition, creation, storage and security of the data; and 3) the chief information officer with Department of Administration (DOA) monitors the benchmarks for each project and, with approval of the budget director, distributes the funding.

However, outside the bills, the ultimate management of the DPHHS projects falls with TSD, while the appropriation transfer will likely occur between the DOA and Business and Financial Services Division of DPHHS.

Long-range appropriations from HB 4 that are currently managed by TSD are:

- CHIMES - the Combined Healthcare Information and Montana Eligibility System upgrade and replacement comprised of:
  - Medicaid eligibility component completion project scheduled to "go live" in July 2009
  - Temporary Assistance for Needy Families (TANF) system for eligibility determination, benefit distribution and program administration presently in the planning phase and scheduled for implementation August 2011
  - SNAP - the Supplemental Nutrition Assistance Program component (formerly called the Food Stamp Eligibility System) for eligibility determination, benefit distribution, and program administration presently in the planning phase and scheduled for implementation August 2011
- MACWIS – the Montana Automated Child Welfare System designed to replace the Child and Adult Protective Services system (CAPS), including the Adoption and Foster Care Analysis and Reporting System (AFCARS)

Figure 21 shows the projects and funding from both bills. The HB 10 funding for the MMIS replacement project reflects preliminary estimates.

System Design	Total 2009 Biennium Estimated	FY 2010 Estimated	FY 2011 Estimated	Total 2011 Biennium Estimated	Total 2013 Biennium Estimated	Total Project Request
<b>House Bill No. 4</b>						
TEAMS System - TANF						
TANF Block Grant	\$460,461	\$3,471,500	\$3,471,500	\$6,943,000	\$1,196,539	\$8,600,000
General Fund	392,786	3,078,500	3,078,500	6,157,000	1,075,214	7,625,000
Subtotal	\$853,247	\$6,550,000	\$6,550,000	\$13,100,000	\$2,271,753	\$16,225,000
SNAP (Formerly Food Stamps)						
USDA Food & Nutrition	\$455,461	\$2,430,000	\$2,430,000	\$4,860,000	\$1,219,539	\$6,535,000
General Fund	435,792	2,430,000	2,430,000	4,860,000	1,239,208	6,535,000
Subtotal	\$891,253	\$4,860,000	\$4,860,000	\$9,720,000	\$2,458,747	\$13,070,000
CHIMES						
Medicaid	\$1,747,714	\$0	\$0	\$0	\$0	\$1,747,714
General Fund	202,450	0	0	0	0	202,450
Subtotal	\$1,950,164	\$0	\$0	\$0	\$0	\$1,950,164
MACWIS-Child & Adult Protection						
Title IV-E Revenue	\$417,006	\$3,169,500	\$4,169,500	\$7,339,000	\$5,808,137	\$13,564,143
General Fund	438,719	3,169,500	4,169,500	7,339,000	5,808,137	13,585,856
Subtotal	\$855,725	\$6,339,000	\$8,339,000	\$14,678,000	\$11,616,274	\$27,149,999
<b>House Bill No. 10</b>						
MMIS Replacement						
Medicaid Match Available	\$0	\$18,930,000	\$21,537,125	\$40,467,125	\$21,532,875	\$62,000,000
General Fund	0	1,070,000	1,212,875	2,282,875	1,217,125	3,500,000
House Bill No. 10	\$0	\$20,000,000	\$22,750,000	\$42,750,000	\$22,750,000	\$65,500,000
Total Systems						
Total Federal Funds	\$3,080,642	\$28,850,045	\$31,608,125	\$60,458,170	\$29,757,090	\$93,295,902
Total General Fund	1,469,747	10,744,705	10,890,875	21,635,580	9,339,684	32,445,011
Total	\$4,550,389	\$39,594,750	\$42,499,000	\$82,093,750	\$39,096,774	\$125,740,913

Not all of the funding would be spent in the 2011 biennium. The budget timeline is projected to last through 2015 because the division opts to focus on early, in-depth planning using DPHHS staff prior to entering the “request for proposal” phases. Funding would remain in the long-range IT budget administered by DOA until the completion of the project, which includes the warranty period.

### Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					392,045	0.00				407,284
Vacancy Savings					(161,879)	0.00				(162,490)
Inflation/Deflation					8,624	0.00				8,940
Fixed Costs					509,774	0.00				511,428
<b>Total Statewide Present Law Adjustments</b>		<b>\$271,958</b>	<b>\$77,312</b>	<b>\$399,294</b>	<b>\$748,564</b>	<b>0.00</b>	<b>\$278,938</b>	<b>\$78,635</b>	<b>\$407,589</b>	<b>\$765,162</b>
					0	0.00				0
DP 90104 - Universal Serial Bus(USB) Device Encryption (Bien)	0.00	14,558	2,354	17,254	34,166	0.00	0	0	0	0
DP 90287 - Rent Increases (Restricted)	0.00	26,160	5,414	37,477	69,051	0.00	28,059	5,797	40,016	73,872
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$40,718</b>	<b>\$7,768</b>	<b>\$54,731</b>	<b>\$103,217</b>	<b>0.00</b>	<b>\$28,059</b>	<b>\$5,797</b>	<b>\$40,016</b>	<b>\$73,872</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$312,676</b>	<b>\$85,080</b>	<b>\$454,025</b>	<b>\$851,781</b>	<b>0.00</b>	<b>\$306,997</b>	<b>\$84,432</b>	<b>\$447,605</b>	<b>\$839,034</b>

*Fixed Costs*

Fixed costs are primarily due to Department of Administration technology charges reflective of the fact that TSD either provides technology support or manages contracted services for technology projects that serve the entire agency.

DP 90104 - Universal Serial Bus (USB) Device Encryption (Biennial) - The bill provides \$34,166 as a biennial appropriation to install encryption software on agency computers in accordance with state and federal requirements to secure information and data accessed and stored by computer. Funding for the biennium includes \$14,558 general fund, \$2,354 state special revenue, and \$17,254 federal funds. Funding was appropriated based upon an estimated cost of \$34,166 or \$11.00 per computer to install encryption software to limit access by Universal Serial Bus (USB) devices. The TSD is currently responsible for 3,106 computers within the agency.

DP 90287 - Rent Increases (Restricted) - The legislature approved a total fund increase of \$142,923 over the biennium for rent of non state-owned buildings. The amount includes an increase of \$54,219 general fund over the biennium.

**New Proposals**

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2011 Biennium Pay Plan - HB 13										
09	0.00	7,619	1,525	10,252	19,396	0.00	22,998	4,647	30,975	58,620
DP 6014 - Pay Plan Lump Sum Payment - OTO										
09	0.00	3,248	722	4,799	8,769	0.00	0	0	0	0
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent										
09	0.00	(48,597)	(9,703)	(63,110)	(121,410)	0.00	(48,790)	(9,737)	(63,342)	(121,869)
DP 90227 - NEDSS Base System (NBS)										
09	0.00	37,754	3,773	45,403	86,930	0.00	36,668	3,664	44,098	84,430
DP 90280 - Base Budget Reduction										
09	0.00	(254,000)	0	0	(254,000)	0.00	(254,000)	0	0	(254,000)
DP 90285 - Two Percent Reduction										
09	0.00	(3,598,925)	0	0	(3,598,925)	0.00	(3,598,925)	0	0	(3,598,925)
<b>Total</b>	<b>0.00</b>	<b>(\$3,852,901)</b>	<b>(\$3,683)</b>	<b>(\$2,656)</b>	<b>(\$3,859,240)</b>	<b>0.00</b>	<b>(\$3,842,049)</b>	<b>(\$1,426)</b>	<b>\$11,731</b>	<b>(\$3,831,744)</b>

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 90227 - NEDSS Base System (NBS) - The bill appropriates \$171,360 over the biennium for the National Electronic Disease Surveillance System (NEDSS) support and hosting. The NEDSS supports routine surveillance activities associated with the rapid reporting of disease trends to control outbreaks. The NEDSS platform allows states to enter, update, and electronically transmit demographic and notifiable disease data to the Centers for Disease Control and Prevention (CDC).

The agency's Public Health and Safety Division (PHSD) is using a commercial Application Service Provider (ASP) to host the NEDSS system. This ASP has to date been free of charge to use. However, since the trial period is completed, states who utilize the commercial ASP will be charged. The appropriation funds the move to a state-hosted platform that is estimated to save \$388,640 over the biennium over the current ASP cost.

DP 90280 - Base Budget Reduction - The legislature reduced the base budget by \$254,000 general fund each year of the biennium.

DP 90285 - Two Percent Reduction - The legislature approved a 2 percent general fund reduction for all agencies. The DPHHS share is \$7.2 million over the biennium. The entire amount is included in TSD, but the department may allocate the reduction among all divisions when developing the 2011 biennium operating plans.

#### **Language and Statutory Authority**

The legislature added the following language to HB 2:

"Technology Services Division includes a reduction in general fund money of \$3,598,925 each year of the biennium. The agency may allocate this reduction in funding among divisions when developing 2011 biennium operating plans."