

Information Technology Recommendations

Introduction – Information technology budget requests are extracted from the executive budget and presented separately in this section to comply with 17-7-123(1), MCA. Each major IT decision package in excess of \$250,000 for the biennium is presented in the following. These projects, if approved, will require formal project management and oversight, and will be reported to the Legislative Finance Committee during the interim.

Information technology funding requests are presented in two bills in the executive budget. HB 2 includes funding requests for operations and maintenance, and may represent an on-going cost of state services.

In contrast, new investments in information technology assets are appropriated as long-range capital projects in HB 10. IT projects are investments in state service infrastructure. HB 10 projects are complex and are likely to extend through more than one biennia, making these projects more appropriate to be funded in a long range program.

The contents of each bill are summarized separately below.

Information Technology Service Division Rates - HB 2 Section R

Information Technology Services Division (ITSD) of the Department of Administration is a proprietary program that manages central computing and telecommunications services for state government. ITSD provides central mainframe and mid-tier computer services, and manages the statewide data network called SummitNet, used by all agencies located throughout the state. ITSD provides local and long distance telephone network services used by all agencies, including the university system, and manages the state's video network. ITSD coordinates electronic government services for the state, and manages the state's Internet presence mt.gov. ITSD also manages the Continuity of Operations (COOP), Security, Architecture, and IT Project Management Enterprise Offices.

Funding for ITSD comes primarily from charges to state agencies for server and application hosting, and data/voice network services. A significant portion of ITSD's budget is Enterprise Services. Funding for Enterprise Services comes from agency charges based on a per-user allocation.

ITSD's rates are based on the FullCost Maturity Model (FMM), an activity based budgeting model. Over the past year, ITSD has defined over 260 services, allocated costs and staff time to each service, and estimated units of service provided to each agency. Rates are based on a detailed allocation of expenditures and staff time to each service. Each agency's budget includes their anticipated consumption of ITSD services valued at the proposed detailed rates.

Based on increase of services and agency predicted growth, ITSD's FY 2008 base expenditures of \$36,140,078 are requested to increase to \$39,929,886 in both FY 2010 and FY 2011.

ITSD's base expenditures and rates are affected by previously approved initiatives and the increased services they provide for more detailed information regarding the ITSD budget; see Section P of the executive budget. An explanation of these initiatives and their funding impact is presented below.

Network Expansion On-going Transport Costs

This request is for on-going funding to provide converged (Voice, Video and Data) network connectivity and state services to state agencies and Montana communities added under the Network Expansion Project funded in HB 4 passed by the 60th Legislative Special Session in May 2007. The purpose of this project is to continue to provide converged IT services to rural locations within Montana.

ESSC Operating Costs

With the completion of the Helena and Miles City data centers, authorized by the last legislature there will be new operating and maintenance costs. Included in this request is \$1,297,720 for maintenance charges paid to DOA General Services for the Helena site and maintenance and utility costs for the Miles City site for the biennium.

Microsoft Enterprise License Agreement

The State of Montana Microsoft Enterprise License Agreement is a volume licensing program that simplifies license management, provides maintenance benefits and includes rights to any supported version of and

upgrades to the latest versions of Microsoft Professional Plus software products (Outlook, Word, Excel, PowerPoint, Access, Publisher, InfoPath, and Communicator) for the term of the contract. It also provides licenses to upgrade all desktops with a current Microsoft operating system license and covered under the agreement to the Windows Vista operating system. The cost is an additional \$1,875,380 for three years, after which ITSD will pay only the maintenance costs for a period of the contract renewable over seven years.

House Bill 2 Information Technology Decision Packages

Table IT-1 shows the projects included in HB 2

Table IT-1 HB 2 IT Projects				
Depart	Project	GF	SSR	FSR
Leg	TVMT Consolidation	\$1,195,164		
Leg	Reserve Funds for Obsolete System - OTO	\$5,000,000		
OPI	21 st Century E-Learning - Montana Virtual High School	\$1,450,000		
MBCC	Criminal History Record Improvement Grant			\$382,000
CHE	PBS Restore One-time funding to be On-Going	\$400,000		
MDT	Variable Message Signs		\$189,307	\$757,228
MDT	Computer Services Contract		\$427,465	
DoR	Improve Efficiency Through Field Computers - OTO	\$794,000		
DoA	High Performance Computing Operations - BIEN/OTO	\$2,000,000		
DPHHS	Emergency Department / Hosp Discharge Surveillance		\$300,000	
DPHHS	MTAP New Technology - BIEN		\$1,600,000	

Legislative Branch

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$528,288	\$528,288
FY 2011	\$666,876	\$666,876

NP3 – TVMT Consolidation of Funding and Transmission

The first part of this proposal is to consolidate funding for Television Montana (TVMT) in the LSD. Payments made from carryforward appropriations, one-time-only appropriations, and legislative feed bills are not included in the present law base. The LSD asks the Legislature to recognize the combined costs already being paid from multiple funding sources and to consolidate appropriations for TVMT. A total of \$331,336 is included in LSD's present law budget; the first part of this proposal appropriates an additional \$283,570 general fund to the LSD for the 2011 biennium to eliminate the use of carryforward funds, one-time appropriations, and beginning with the 2011 session, legislative feed bills. As directed by the Legislative Council, the second part of this proposal is to increase transmission efforts to reach Montana communities not previously included in the TVMT viewing area and to continue the same transmission effort during the legislative interim as during a legislative session. The combined cost for both years of the biennium is \$1,195,164 general fund.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$5,000,000	\$5,000,000
FY 2011	\$0	\$0

NP4 – Reserve Funds for Obsolete Systems – OTO

Section 5-11-407, MCA, created the legislative branch reserve account to set aside funds for major legislative branch information technology projects. Funds in the reserve account are invested pursuant to Title 17, chapter 6, and may only be expended with the approval of the Legislative Council. The estimated reserve balance at the end of fiscal year 2009 will be \$500,000 following replacement of the House and Senate voting systems and boards and fiscal year-end 2009 reversions.

The Legislative Services Division is requesting the legislature transfer \$5 million general fund into the reserve account to provide funding for the replacement of the Legislative Automated Workflow System (LAWS) and appurtenant systems for bill drafting, engrossing, enrolling, committee minutes, journal, bill status and code update. The replacement process is projected to take four years beginning in fiscal year 2010 and ending in fiscal year 2013.

Office of Public Instruction

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$450,000	\$450,000
FY 2011	\$1,000,000	\$1,000,000

NP21 – 21st Century E-Learning – Montana Virtual High School

This request for \$1.45 million in the 2011 biennium is to provide pass-through funding to establish a year-round virtual high school in the University of Montana (UM) School of Education. The virtual high school will provide distance learning courses to increase access for all students in Montana to support quality schools to provide core courses for accreditation, accelerated learning classes, and credit recovery to improve graduation rates. In the first year, the UM, guided by and advisory council, will conduct a needs assessment and build curriculum based on the results of the assessment. In the second year, Montana certified quality educators will be hired to deliver e-courses to students who remain enrolled in their local school districts. In addition, the virtual high school will serve as a source to integrate e-learning in Montana’s teacher preparation programs.

Crime Control Division

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$191,000	\$0
FY 2011	\$191,000	\$0

PL107 – Criminal History Record Improvement Grant

The Montana Board of Crime Control (MBCC) administers the National Criminal History Record Improvement Grant. These funds are intended to improve the exchange of information between states and nationally. This request is to obtain additional spending authority to reflect increases in federal grant funds. It is anticipated that the available federal funding will increase by \$191,000 each year of the biennium.

Commissioner of Higher Education

Total Agency Impact General Fund Total

FY 2010	\$200,000	\$200,000
FY 2011	\$200,000	\$200,000

NP920 – PBS Restore One-Time Funding to Be On-Going

The 2007 Legislature provided one-time-only support for the Public Broadcast System (PBS) for \$400,000 for FY 2008 only. This request restores funding, \$200,000 general fund per year, on an ongoing basis.

Department of Transportation

Total Agency Impact General Fund Total

FY 2010	\$946,535	\$0
FY 2011	\$0	\$0

PL306 – Variable Message Signs

This request is for five Variable Message Signs (VMS) and four support structures to address traveler notification needs at Lookout Pass and Rocker. The estimated cost is \$757,228 in federal special revenue and \$189,307 in state special revenue for the biennium.

Total Agency Impact General Fund Total

FY 2010	\$202,357	\$0
FY 2011	\$225,108	\$0

PL1503 – Computer Services Contract

The executive recommends an increase of \$202,357 in FY 2010 and \$225,108 in FY 2011 of state special revenue. This request is for a scheduled increase in the maintenance contract and for partial restoration of the base for continued enhancements to the various contract permitting, registration, and licensing systems.

Department of Revenue

Total Agency Impact General Fund Total

FY 2010	\$475,000	\$475,000
FY 2011	\$319,000	\$319,000

NP80008 – Improve Efficiency Through Field Computers - OTO

The Department of Revenue, Property Assessment Division requests \$794,000 in one-time-only general fund for the 2011 biennium to help provide an increase in appraisal efficiency that is required for it to meet its constitutional charge to fairly and equally value property. This request will provide hand held laptop computers (plus the necessary software enhancement) to division staff members for field use. The exponential growth in the work of the Property Assessment Division over the past many years coupled with a net reduction in staff over that same time period means the division has to find ways to become more efficient. Eliminating as much duplication of effort is an essential ingredient to increased efficiency. The current process for performing field work functions such as capturing new construction, updating building characteristics, discussing property values with property owners, resolving AB-26 and appeal issues, etc. is cumbersome at best. Each event involves many pieces of paper and the involvement of multiple staff. This proposal contemplates the use of a pen-based/hand held/laptop computer system to help staff capture and maintain property information while in the field.

Department of Administration

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$2,000,000	\$2,000,000
FY 2011	\$0	\$0

NP6109 - High Performance Computing Operations - Bien/OTO

The 2007 Legislative session approved an economic development proposal for Butte through the establishment of a high performance computer center. The proposed request is for operating funds for the start-up of the facility. It includes funding for a lease in the Thorton Building and operating costs to run the high performance computer.

Department of Health and Human Services

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$150,000	\$0
FY 2011	\$150,000	\$0

NP70004 -- Emergency Department / Hosp Discharge Surveillance

This request is for \$150,000 for each year of the biennium in SSR funds (tobacco master settlement) for operational costs and for contracted services to be provided by the Montana Hospital Association to fully implement an emergency department and hospital discharge monitoring system within DPHHS. Availability of emergency department and hospitalization claims data is essential to monitor the health status of Montanans and to guide actions by the department and other health organizations to improve health and inform policy deliberations and legislation.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$800,000	\$0
FY 2011	\$800,000	\$0

NP10015 – MTAP New Technology (BIEN)

DSD requests \$1.6 million state special revenue authority for the Montana Telecommunications Access Program (MTAP), in the event that the federal government mandates that the states pay for new technologies. DSD predicts that the federal mandate will come with advance notice of at least 18 months.

House Bill 10 Long- Range Information Technology Investments

HB 10 requests funding for eight major information technology projects. These projects represent significant, complex investments in service delivery infrastructure. Each project is briefly presented below.

Table IT-2 shows the projects included in HB 10.

Table IT-2 HB 10 IT Projects				
Dept	Project	GF	SSR	FSR
DoR	Improve Efficiency through Imaging Technology	\$3,366,178		
DoA	Interoperability Montana Matching Funds	\$2,000,000		
DoA	ESSC Relocation and Equipment	\$3,500,000		
Gov	Governor's GIS Challenge Program	\$1,000,000		
DoLI	Building Standards System (One Stop E-Permitting)		\$2,250,000	
DoLI	Licensing Standard System (COTS System)		\$2,250,000	
DoLI	UI Tax Modernization (upgrade or replacement)		\$19,735,567	
DPHHS	MMIS	\$4,000,000		\$90,000,000

Department of Revenue

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$3,366,178	\$3,366,178
FY 2011	\$0	\$0

Improve Efficiency through Imaging Technology

The Department of Revenue, Information Technology and Processing Division requests \$3,366,178 in one-time-only general fund and ongoing costs in the 2011 biennium to implement a data imaging system to facilitate more efficient handling of paper returns and other documents that will improve the department business processes in the areas of compliance, tax processing, and information technology. This imaging technology proposal, at a cost of \$3.3 million in the 2011 biennium, will create efficiencies that generate \$3.5 million in revenue in the 2011 biennium. Enhanced business efficiencies resulting from this proposal will improve taxpayer services by speeding up processing and help to provide sound studies and analysis for the executive, the legislature, and the public on tax policy matters.

This proposal will incorporate the use of imaging technology with its current computer systems to enhance and improve the processing of information received in the form of paper documents from the public. This represents the next logical step in the continued implementation of both the Integrated Revenue Information System (IRIS) and the Property Valuation Assessment System (PVAS) by adding imaging and workflow functionality for document handling and storage. These funds would allow the department to purchase document imaging equipment and transition to converting paper information to electronic in a rapid, automated system that captures more tax information than at present. The result will be greater efficiency and speed in processing; faster refunds and more timely and accurate service to the public.

The department is responsible for the administration, security, and confidentiality of state tax documentation, in both physical and electronic formats. In transporting physical documents, the risks of disclosure are unnecessarily heightened. Imaging and workflow will greatly enhance the department's ability to protect confidential taxpayer

information of both payments and documents. Imaging of documents will also provide improved document disaster recovery. Expenditures are anticipated to be one-time-only with the exception of ongoing costs such as maintenance and support.

Department of Administration

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$2,000,000	\$2,000,000
FY 2011	\$0	\$0

Interoperability Montana Matching Funds

The Interoperability Montana (IM) request is an essential continuation of the Interoperability Montana Communication Project deployment and is intended to continue the build-out of the Interoperability Montana public safety radio system to regions in central and eastern Montana, with future impact on other areas of the state. Specifically, the funding approved through this request will provide \$2,000,000 to be used for matching funds for federal grants to leverage the money to maximize potential. These matching grants are anticipated to be utilized for infrastructure upgrades and radio system expansion in southwest, western, and central Montana.

The IM Project is led by a board of directors consisting of nine local and three state agencies, with local, tribal, state and federal non-voting partner groups. All 56 counties and 7 tribes are members, in addition to most state agencies that utilize radios. Over the past four years, the IM group has led deployment of equipment and services to improve interoperable communications. Previous legislative appropriations allowed the State of Montana to leverage an additional \$13,000,000 in federal funding that required state matching funds.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$3,500,000	\$3,500,000
FY 2011	\$0	\$0

ESSC Relocation and Equipment

The Helena and Miles City Enterprise Systems Services Centers (ESSCs) are expected to be ready for occupancy by January, 2010. The success of the ESSCs will be greatly impacted by the start-up experience of ITSD and agencies using the ESSCs from the outset. This proposal provides ITSD with one-time-only funding for relocating existing IT equipment and services to the new facilities and establishing the communications required to operate a second facility.

The proposal includes the cost of using consultants experienced in moving data centers for both the planning of the move events and on-site oversight of the physical moves, movers experienced in moving sensitive electronic equipment, and charges from key vendors, to assist in the disassembly, reassembly, and testing of moved equipment.

This proposal also includes essential telecommunications equipment to be installed in the Miles City ESSC. Servers and data stored in the Eastern Montana facility must be accessible through State of Montana secure network to provide services to state workers and Montana citizens, and to provide needed technical support for the Miles City site. Additionally, the mission of the Miles City ESSC to provide “non-stop” support for critical state services requires redundant, high quality telecommunications infrastructure in the Miles City facility. The equipment will allow site access to the wide area network (WAN), provide redundant connections to the servers and storage devices in Miles City, and support remote administration and support of Miles City equipment by Helena technicians. General fund support is requested to provide front-end financing of these important services.

Total Agency Impact

General Fund Total

FY 2010	\$1,000,000	\$1,000,000
FY 2011	\$0	\$0

Governor’s GIS Challenge Program

In September 2008, Governor Schweitzer announced several geospatial challenges, charging the Montana Land Information Advisory Council (MLIAC), the State of Montana statutory Geographic Information Council, with promoting the development of spatial information and applications that directly aid clean energy and economic development issues. Among the seven challenges, four are directly related to renewable energy, including Pine Beetle Infestation (Red & Dead), Carbon Sequestration Zones, a Montana Energy Atlas (wind, geothermal, methane, coal, hydroelectric, and ethanol), and Organic Matter (Carbon Credits). Three challenges are related to economic issues including Drought, Abandoned Mines, and Mineral Rights Ownership. All challenges will leverage the state's existing base digital geographic data, commonly called the Montana Spatial Data Infrastructure (MSDI). Some challenges will require enhancements to MSDI as well as development of issue specific data.

The Montana Base Map Service Center (BMSC) under the direction of the state’s Geographic Information Officer (GIO) provides coordination for all these efforts. Working with the Department of Environmental Quality (DEQ), the GIO is striving to make both location and environmental data associated with abandoned mines available to help fuel a reclamation economy. Initial abandoned mines applications should be available in early 2009. The chief of the BMSC has researched existing wind energy data and maps and is working with DEQ and the Montana State Library to update the content of the existing maps with new wind speed and power data acquired by data loggers. Additionally the BMSC has acquired mineral rights ownership on federal, state, and split estate properties in Rosebud County and is working with a private contractor to determine the cost for these data statewide. The BMSC forecasts that this data can be web enabled by May 2009. The BMSC is also working with federal partners USGS and the Forest Service on solutions that can document the severity and changing acreage of the Pine Beetle Infestation on an on-going basis. Additionally, the Montana Heritage Program of the University of Montana has proposed to the GIO analytic solutions using GIS tools that would help forecast drought conditions and predict carbon footprints on the landscape.

These challenges present opportunities for local, tribal, state, federal, and private sector agencies to form partnerships to produce solutions. These solutions will leverage existing spatial databases and GIS technology, as well as require development of new data; for example landcover data, that can potentially be used by multiple challenges. By July 1, 2009, the BMSC will develop a white paper that describes progress made since the Governor addressed the MLIAC, and what additional help, if any, will be needed to engage in full-fledged statewide projects that meet the challenges.

HB 10 includes \$1,000,000 one-time-only funding for creation of additional data layers and enhancements to the MSDI to support the Governor’s GIS Challenge.

Department of Labor and Industry

Total Agency Impact

General Fund Total

FY 2010	\$2,250,000	\$0
FY 2011	\$0	\$0

Building Standards System (One-Stop Permitting)

This is a proposed system to provide business and technical services related to a comprehensive statewide data management and e-permitting system for State Building Codes responsibilities.

The Bureau of Building and Measurement Standards (BBMS) establishes and enforces minimum building (including accessibility), plumbing, mechanical, electrical, energy, elevator, and boiler codes used by state and local governments in Montana. Additionally, BBMS sets operating standards, provides technical assistance and annual certification to local governments (ARM 24.301.207 (1) through (4)). In addition to the state, there are currently 46 local building departments, known in Montana as Certified Local Governments (certified cities, counties and towns), that issue and track building-related permits and conduct plan reviews and inspections using a variety of manual and technology-enabled systems.

The primary goal of this project is to acquire a data management and customer service system to better serve the needs of the citizens of Montana, the design-build community, and the Department of Labor and Industry.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$2,250,000	\$0
FY 2011	\$0	\$0

Licensing Standard System (COTS System)

This request proposes a system to provide the licensing bureaus (Business and Occupational Licensing and the Health Care Licensing) with a comprehensive data management and e-government licensing system for the 39 boards/programs and the approximately 150 license types.

The primary goal of this project is to acquire a comprehensive system in that it will include the ability to track all data from the original application to the issuance of the license and provide additional services to the citizens of Montana via e-government.

In response to this identified requirement, the Business Standards Division (BSD) has initiated a process of conducting an internal business process analysis and system requirement evaluation to provide business and technical services relating to an e-government solution and will be soliciting a request for proposal.

This will provide:

- requested services to Montana citizens via e-government
- standardization between the licensing bureaus and among the licensing boards/programs.
- cross training for staff among the various boards and programs
- use licensing staff more efficiently within the license renewal cycles of boards and programs
- Technology upgrade to gain efficiencies within the WEB based architecture.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$19,735,567	\$0
FY 2011	\$0	\$0

Unemployment Insurance – UI Tax Modernization

The division seeks to (1) enhance the current UI Tax mainframe system; (2) build a new custom system; and (3) integrate with MISTICS system to ensure federal and state unemployment insurance requirements continue to be met. In addition, the proposal will improve and increase on-line, self-service access for customers and enhance internal security controls.

The current UI Tax system was revived in SFY 2005 when the UI Tax program was moved back to the Department of Labor following termination of the POINTS project. The UI Tax system is based on dated technology, and computer programmers with the expertise to support the system are difficult to find and demand high wages. The 2007 Legislature authorized the UI Division to conduct a feasibility study related to the risks of retaining and maintaining the current system as well as determining options for building a new system. The department is currently in the process of issuing an RFP for the feasibility study. Results from the study should be available by December 2008.

Department of Public Health and Human Services

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2010	\$90,000,000	\$4,000,000
FY 2011	\$0	\$0

MMIS Replacement

The Department of Health and Human Services requests funding to replace the current MMIS system with a new system using updated technology. Montana's current MMIS system is mainframe CICS/VSAM and utilizes COBOL legacy language that has been in operation since 1985. The system was previously updated in 1997 and certified by CMS in 1998. Due to the old technology and data integrity of our existing system, the department finds it necessary to update the current MMIS with a system using the most current technology in order to increase the accurately and timeliness of processing claims.

The MMIS would be enhanced to include new business functionality identified during the Medicaid Information Technology Architecture (MITA) assessment as well as functionality required by federal law. In addition, the vendor would be required to re-engineer the system architecture (enhance maintainability; upgrade data access and storage capability, etc.) The MMIS would be able to support multiple benefit plans including managed care plans, premium payment plans, and multiple fee-for-service plans with different claims adjudication policies. The new MMIS would process all claims for Medicaid, the State Mental Health Services Plan (MHSP), the Developmental Disabilities Program, and the Breast and Cervical Cancer Program. The system will also need to have the flexibility to process claims from other programs that are not listed here. It will also issue premium payments for the Big Sky Rx and be capable of issuing capitation payments and performing enrollment broker functions to support managed care program administration.