

MEMORANDUM

TO: Joint Budget Committee

FROM: Kevin Neimond, Joint Budget Committee Staff, 303-866-4958

SUBJECT: Improve and Modernize the Colorado Benefits Management System
FY 2011-12 Supplemental Request

DATE: March 14, 2012

Background

Though not without problems, the Colorado Benefits Management System (CBMS) went live on September 1, 2004 as the single integrated system for determining eligibility and calculating benefits based on paper applications and paper client notices. The original contract for the design and operation of the system was awarded to EDS. The fixed price contract amount of \$220 million was nearly \$100 million less than contract bids from both EDS and IBM. However, due to State budget constraints funds were not available for the work proposed by vendors in the request-for-proposals process.

As the 2004 launch date neared, users in county social services agencies objected citing technical and training issues. After the launch date had been postponed several times, CBMS reached a point of "do or die," in part as a result of political and financial pressures. Consequently, CBMS was rolled out on September 1, 2004 despite objections from system end users and without the establishment of a satisfactory governance structure to manage CBMS processes and resources. Unfortunately, many of the early objections have proved accurate, as the system has been plagued with performance issues since its inception. In February 2012, the Governor outlined the technical issues (and their subsequent impacts) facing the system today, and proposed a series of technical solutions to mitigate ongoing issues. The overarching goal of the Governor's technical proposal is to deliver timely, accurate benefits to Colorado citizens.

Defining Technical Issues

CBMS was designed and developed based on technology of the late 1990s to serve a model whereby prospective and current State-supervised assistance program benefit recipients travelled to a county office to conduct business. Since 2004, the model for serving and assisting prospective and current benefit recipients has broadened beyond what was envisioned when pre-internet, 1990s technology was implemented as the preferred solution. Today, prospective and current benefit recipients interact with State-supervised assistance programs at Presumptive Eligibility Sites, Medical Assistance sites, and on the internet in addition to travelling to a county office. The pressures of serving a variety of access points to State-supervised assistance programs, growing caseloads for State-supervised assistance programs, and policy changes impacting State-supervised assistance programs have highlighted several issues with the 1990s technology design.

- The programming code is difficult to change without causing system-wide delays for users. Policy changes, which occur frequently, are driven by a combination of factors, including State and federal legislation, federal and court ordered timely application

processing requirements, and State and federal audits. Many policy changes require a programming code change to CBMS. The current CBMS programming environment requires the system to grind to a halt until changes are made to accommodate the policy changes.

- The processing of applications for assistance programs is not done in real-time (or near real-time), rather all applications are processed as a batch at one time. Batch processing, as it is known, delays the processing of applications without cause.
- The system is unable to expand to process applications in a timely manner as the number of users and applications increases for assistance programs.
- The underlying infrastructure experiences delays and bottlenecks due to outdated server technologies used to provide information to users.
- The system reporting tools used to generate client correspondence do not present accurate information to the client or the user.

Technical Issues Impact State Program Performance

The technical issues defined above negatively impact the performance of State-supervised assistance programs. The Department of Health Care Policy and Financing processed 72 percent of all new Medicaid applications within a timely manner (within 45 days) in FY 2010-11. Redeterminations of Medicaid benefits were processed within a timely manner only 52 percent during the same timeframe.

The Department of Human Services' Food Assistance Program has continually struggled to process applications for families applying for benefits. The Department processed 85 percent of Food Assistance expedited cases within a timely manner (seven days) in February 2012. During the same timeframe, 93 percent of regular Food Assistance cases were processed in a timely manner (within 30 days). In terms of benefit redeterminations for the program, 2011 saw a timely processing rate of 64 percent.

Applications for the Department of Human Services' Temporary Assistance for Needy Families (TANF) program were processed within a timely manner (45 days) 94 percent of the time in February 2012. In terms of benefit redeterminations for the program, February 2012 saw a timely processing rate of 75 percent, 20 points below the required 95 percent rate.

Technical Issues Impact Citizens

The technical issues defined above negatively impact the ability of citizens to interact with State-supervised assistance programs in a timely and beneficial manner. Applicants frequently have a delay in processing and determining their benefits. This is detrimental to the citizen (and the State) for several reasons.

- Individuals who do not receive medical benefits in a timely manner may forgo preventive care and end up in costly emergency rooms.
- Families receiving financial benefits may not be able to pay shelter bills in a timely manner, resulting in a loss to families and property owners.

- Verification that an individual submits at the time of application is frequently irrelevant by the time the application can be processed, requiring the individual to submit more current documentation to complete the application process. This delays an individual from accessing needed medical and financial assistance.

In addition to delays in processing and determining benefits, citizens are often provided with confusing, conflicting, and erroneous notices sent from CBMS reports. This scenario creates a lack of trust, and requires additional reassurances provided to citizens by county staff or through legal representation. This causes individuals to spend time navigating the system and resolving report notices that could be used to take steps to become self-sufficient.

Technical Issues Impact County Workers

The technical issues defined above negatively impact county workers administering State-supervised assistance programs. The timeliness of processing applications is impacted in three ways.

- Increases the amount of time required to perform an eligibility determination from start to finish for an assistance program. County users are often locked out of the system due to too many concurrent users, subjected to freezing computer screens during data entry, and forced to submit help desk tickets to resolve confusing error messages.
- Prevents the determination of eligibility for an assistance program for a period of days while system updates and fixes are finalized and ready for the production environment.
- Requires manual processes and cumbersome workarounds to complete the eligibility determination process for an assistance program.

Additionally, as mentioned above, confusing, conflicting, and erroneous notices sent from CBMS reports to citizens are not uncommon. These errors in client correspondence result in appeals, calls, increased lobby traffic at county offices, and overall increased workload to county workers. This increased workload at the county level detracts workers from processing applications and providing more targeted and useful assistance to citizens. The user workload is focused more on navigating and maneuvering the inadequate technology to determine and issue benefits than providing citizens with case management, resource referrals, and other critical services.

Similarly, although food, financial and medical assistance programs currently collaborate on policy changes, CBMS is not wired for program integration to consider cross program impacts. For example, a positive change to one program may result in a negative unintended consequence for another that is not flagged for the county staffer or the citizen. This results in additional workload for the county worker as the citizen receives a confusing notice, calls the county to figure out what happened, appeals the decision, and ultimately visits the county offices a second time to resolve the issue.

Technical Issues Impact Vulnerability to Lawsuits and Sanctions

The technical issues defined above negatively impact the ability of the State to reduce its vulnerability to lawsuits and federal sanctions related to State-supervised assistance programs. The Department of Health Care Policy and Financing and the Department of Human Services recently settled lawsuits with advocacy groups to maintain a prescribed level of timeliness every

month, which if not met, could reopen these lawsuits and expose the State to additional expenditures. On a related note, the most recent Centers for Medicare and Medicaid Services (CMS) audit focused on CBMS' timeliness, compliance, and client notifications. While CMS noted that the State has implemented several system and process remediation and plans around these areas, unfortunately the efforts were not sufficient and, if not fixed soon, could result in lost funding as well as new sanctions. Below is a description of the three interrelated CBMS issues that leave the State open to future lawsuits and federal sanctions if not remedied.

- The inability of CBMS to keep up with rising caseloads in assistance programs due to its slow performance, inability to scale to meet demand, and limits on the number of concurrent users leaves the State vulnerable to lawsuits and sanctions.
- The inability of CBMS to adapt to the changing demands of State and federal legislation, federal and court ordered timely application processing requirements, and State and federal audits leaves the State vulnerable to lawsuits and sanctions.
- The inability of CBMS to issue correct notifications to citizens poses various problems such as improper noticing, unnecessary repetitive volume of notices, excessive postage costs, and contradictory notices leaves the State vulnerable to lawsuits.

Governor's Proposed Technical Solutions

The Governor's Office proposes a series of technical and process solutions to deliver timely, accurate benefits to Colorado citizens. The solutions include enhancements and technology upgrades to CBMS, improvements to business processes, changes to help desk activities that support users across the state, and improvements to worker training. The proposal categorizes the technical and process solutions into five categories:

- "Any Door is the Right Door" seeks to eliminate unnecessary tasks for county workers through efficient screening mechanisms;
- "Providing Workers the Right Tools" seeks to improve county worker productivity by eliminating time consuming functions and redundant activities;
- "Building Infrastructure that Supports the Customer" seeks to manage caseload volume by ensuring that the technology infrastructure supports county workers and assistance benefit applicants;
- "Ensuring Correct Decisions are Made on Eligibility" seeks to make correct decisions on eligibility and enrollment on first contact with a citizen; and
- "Increasing Effective Communication and Training" seeks to develop, implement, and maintain a comprehensive training system for all users of CBMS (county workers, state workers, medical assistance site staff, etc.) to ensure a consistent and standardized set of procedures for interacting with CBMS.

The five technical and process solution categories contain 15 specific, overarching (and sometimes overlapping) actions designed to meet each of the category goals listed above. These 15 actions represent a summary of 93 items contained in the CBMS 18-Month Work Plan.

- Enhance the online application (PEAK) to allow real-time eligibility determinations to minimize workload at the county level.
- Convert the existing rigid eligibility and financial calculations to a modern calculation engine that can be easily modified to accommodate policy changes without impacting overall system performance.
- Redesign citizen notification to reduce the volume of paper notices sent out and improve the accuracy of the language contained in the notice.
- Add infrastructure and web-based access to CBMS to reduce the reliance on outdated server technologies that add delays and bottlenecks in processing applications for county workers.
- Add infrastructure to allow more concurrent users of CBMS. The current environment does not have the capacity to accommodate the number of users concurrently accessing the system that is required by increases in caseload and the number of workers required to process the increased applications.
- Introduce a process to troubleshoot performance issues, such as freezing computer screens, and remedy the source to eliminate the occurrence of future system degradation.
- Upgrade infrastructure to increase disaster recovery capabilities.
- Redesign the business process workflow in CBMS to only display the information needed by a county worker to complete a given task.
- Migrate CBMS to a computing power model that allows the State to manage increases in server needs caused by caseload increases in an on-demand manner.
- Build CBMS web tools and services that can be interoperable with other systems.
- Process applications and reports in a manner that does not negatively impact the overall performance of CBMS.
- Create a log-on routine that does not require users to enter multiple user IDs and passwords to be authenticated to use CBMS.
- Provide county workers with dual monitors to increase productivity.
- Implement changes for outstanding audit findings from federal regulators to eliminate federal sanctions.
- Expedite improvements to mitigate a potential lawsuit by three legal groups that represent clients who have been impacted by delays in eligibility determination.

Proposed Technical Solutions Impacting State Program Performance

The proposed technical and process solutions outlined above are slated to positively impact State program performance. The Department of Health Care Policy and Financing goal is to process

90 percent of family Medicaid and Child Health Plan Plus (CHP+) applications in real-time, five percent of family Medicaid and Child Health Plan Plus applications within 45 days, and 95 percent of adult Medicaid and Long Term Care applications within 45 and 90 days, respectively. The proposed technical and process solutions would allow the Department to reach its application processing goals. The changes would also enable the State to comply with the October 2013 federal requirement of real-time, online determinations for the family Medicaid and CHP+ programs.

The Department of Human Services expects to process 95 percent of all applications in a timely manner by September 2012 as a result of the proposed technical and process solutions. In addition to the timeliness of application for assistance supervised by the Department of Human Services, the Department indicates the following programmatic performance improvements would occur as a result of the proposed technical and process solutions.

- The Food Assistance Program is expected to improve in a federal performance measure that evaluates how clearly a household is informed of the reason why they were denied food assistance benefits. The proposed technical and process solutions would reduce the error rate from 66 percent in 2012 to six percent in 2013.
- The Food Assistance Program exceeded the national payment error rate in 2011 for the first time since 2007. The State expects the error rate to drop below the national average as a result of the proposed technical and process solutions.
- The proposed Income and Eligibility Verification System's Internal Revenue Service interface would automatically verify lottery and gambling income, self-employment wages, and interest payments to assist county workers with eligibility determinations for Temporary Assistance for Needy Families (TANF) and other public assistance programs. Programs will use this data to ensure payment accuracy, to detect and prevent citizen fraud, and to verify citizen statements regarding their finances.
- The proposed corrections to the interface between CBMS and the Child Support Automated System would ensure that all required children are referred to Child Support Enforcement for services. This could result in a savings for the TANF program by ensuring child support is pursued and used correctly in the TANF payment calculation.

Proposed Technical Solutions Impacting Citizens

The proposed technical and process solutions outlined above will positively impact citizens' interactions with State-supervised assistance benefits programs. Many, if not all, of the proposed solutions would benefit citizens. The examples below represent a subset of the total benefits to citizens.

- Enhancing the online application tool (PEAK) to allow real-time eligibility determinations to minimize workload at the county level would allow citizens to spend less time applying for benefits and waiting for a confirmation or rejection.
- Redesigning citizen notification to reduce the volume of paper notices sent out and improve the accuracy of the language contained in the notice would assist citizens in navigating the State's assistance programs and provide them with more time to focus on becoming self-sufficient.

- Redesigning the business process workflow in CBMS to only display the information needed by a county worker to complete a given task would get citizens processed faster at the time of application.
- Converting the existing rigid eligibility and financial calculations to a modern calculation engine that can be easily modified to accommodate policy changes without impacting overall system performance would provide citizens with the most accurate and up-to-date benefit information upon application or redetermination.

Proposed Technical Solutions Impacting County Workers

The proposed technical and process solutions outlined above will positively impact county workers workload. Many counties have a “same-day” processing philosophy, and the CBMS technical and process solutions will help to achieve this expected level of service. Specifically:

- Electronic Document Management project would allow workers to scan a citizen’s paper documents and store them electronically, significantly reducing the time and effort needed to file and store the paper documents and then retrieve them during redetermination.
- Improvements to migrate from batch processing to real-time (or near real-time) processing, data archival, and web expansion would reduce the latency that county workers face in the current system, allowing them to focus time on processing applications in a more timely and accurate manner.
- A more flexible programming environment in which to make system changes would result in less system downtime, alleviating the need for cumbersome and time consuming manual workaround processes.
- More accurate client correspondence would reduce county worker time spent resolving confusion via phone, dealing with appeals, and visiting with citizens at county offices.
- Dual monitors would allow county workers to verify information from multiple sources while simultaneously entering data in CBMS.
- The development of a single sign-on tool would help county workers maintain one set of authentication credentials to log on to CBMS. Currently, if the county worker does not recall a password, he/she must submit a help desk request to reset the password. This is a costly loss of time needed to process applications in a timely manner.
- An integrated CBMS and online help tool would provide a county worker with the ability to maintain his/her current workflow and access help tips concurrently. Today, CBMS users must exit CBMS, losing all data entered in the process, to access help documents.

Proposed Technical Solutions Impacting Vulnerability to Lawsuits and Sanctions

The proposed technical and process solutions outlined above will reduce the State’s vulnerability to lawsuits and federal sanctions caused by issues of timeliness in processing applications and redeterminations, inaccurate client correspondence, and compliance with a State and federal

legislation, federal and court ordered timely application processing requirements, and State and federal audits.

- Today, CBMS only allows 2,100 concurrent users to access the system. Timeliness of eligibility determination and processing would increase through the addition to 250 user licenses.
- Adding infrastructure and web-based access to CBMS to reduce the reliance on outdated server technologies that add delays and bottlenecks in processing applications for county workers would increase the timeliness of eligibility determination and processing.
- Improvements to migrate from batch processing to real-time (or near real-time) processing would ease system-wide performance degradation while batch processing is occurring and would increase the timeliness of eligibility determination and processing.
- Converting the existing rigid eligibility and financial calculations to a modern calculation engine that can be easily modified to accommodate policy changes without impacting overall system performance would assist the State in maintaining compliance with State and federal legislation, federal and court ordered timely application processing requirements, and State and federal audits.
- Redesigning the client notification process would make correspondence easier to read, reduce the number of notices sent out, remove contradictory notices, and move toward more cost effective electronic notifications.

Governor’s Financial Request

The Governor’s Office of Information Technology, Department of Health Care Policy and Financing, and the Department of Human Services jointly request an increase of \$23.2 million total funds (including \$13.7 million General Fund) and 22.0 FTE for use in FY 2011-12 and FY 2012-13 (via roll forward authority) and an additional \$7.2 million total funds (including \$4.2 million General Fund) and 5.0 FTE for FY 2013-14 to make the technical CBMS changes needed to mitigate negative State assistance program performance, provide citizens with the expected level of service, ease unnecessary workload burdens on county employees administering State-assisted benefits, and reduce the risk of future lawsuits and federal sanctions. The table below summarizes the request for each State agency impacted.

FY 2011-12 CBMS Supplemental Request (roll-forward authority through FY 2012-13 requested)						
	Total	GF	CF	RF	FF	FTE
DHS						
Personal Services	\$825,118	\$313,380	\$28,582	\$304,510	\$178,646	11.0
Operating Expenses	64,797	24,610	2,245	23,913	14,029	0.0
HCPF Personal Services	997,655	378,909	34,559	368,184	216,003	0.0
Contract Expenses	21,230,022	6,796,131	382,058	11,549,222	2,502,611	0.0
Centrally Appropriated Items	107,740	40,919	3,732	39,762	23,327	0.0
DHS Total	\$23,225,332	\$7,553,949	\$451,176	\$12,285,591	\$2,934,616	11.0
HCPF						
Personal Services	\$825,119	\$0	\$0	\$825,119	\$0	11.0
Operating Expenses	64,796	0	0	64,796	0	0.0
Centrally Appropriated Items	107,740	0	0	107,740	0	0.0
DHS Medicaid Funding	12,285,591	6,128,387	19,229	0	6,137,975	0.0

FY 2011-12 CBMS Supplemental Request (roll-forward authority through FY 2012-13 requested)							
	Total	GF	CF	RF	FF	FTE	
HCPF Total	\$13,283,246	\$6,128,387	\$19,229		\$997,655	\$6,137,975	11.0
GOV							
Contract Expenses	\$21,230,022	\$0	\$0		\$21,230,022	\$0	0.0
GOV Total	\$21,230,022	0	0		21,230,022	0	0.0
Total Request Minus RF*	\$23,225,332	13,682,336	470,405		n/a	9,072,591	22.0

*Reappropriated funds are not included in the total to avoid double counting. All reappropriated funds shown in the Department of Human Services are derived from the Department of Health Care Policy and Financing.

The federal Centers for Medicare and Medicaid Services (CMS) are providing funds to states to assist in building or upgrading eligibility systems, such as CBMS. Under the terms of the program, CMS provides 90 percent of the funding for system development costs and the state provides the remaining ten percent. This funding structure is often referred to as “90/10.”

The Department of Health Care Policy and Financing has taken the initial step to receive 90/10 funding for CBMS improvements. On December 30, 2011 the Department received approval from CMS to develop an implementation plan for CBMS technical solutions. This is the first step in the State being granted the 90/10 enhanced federal match rate for the project.

The Department of Health Care Policy and Financing has taken the initial step to receive the enhanced federal funding to upgrade and modernize CBMS. On December 30, 2011, the Department received approval of a Planning Advanced Planning Document which authorizes the Department to receive enhanced federal funding to develop an implementation plan to receive enhanced federal funding related to the system change provided in the 18-month plan. If funding is approved by the General Assembly for this supplemental request, the Department will integrate the components that are eligible for enhanced federal funding into a comprehensive and detailed implementation plan for CMS to review. Through this plan, CMS will allocate enhanced federal funding to the Department. Since federal approval is not expected to be received until June 2012, funding from the General Assembly has been requested at the standard federal match rates for FY 2011-12. Through the supplemental budget process, the appropriation will be adjusted to account to the additional federal funds which will reduce General Fund expenditure. If the 90/10 funding is received as anticipated, the FY 2011-12 General Fund appropriation (and subsequent requested roll-forward) would be reduced to approximately \$7.5 million from the current requested \$13.7 million request.

Joint Budget Committee Staff Recommendation

It is undeniable that CBMS is in need of a massive technology upgrade to mitigate negative State assistance program performance, provide citizens with the expected level of service, ease unnecessary workload burdens on county employees administering State-assisted benefits, and reduce the risk of future lawsuits and federal sanctions. As detailed above, the current technology inefficiencies of CBMS are negatively impacting the finances of the State, the finances of counties, and the finances and well-being of citizens. The Governor’s Office has worked closely with staff to ensure that technical problems with the system have been identified, the impacts of the technical problems on State programs, county workers, and citizens have been thoroughly identified, and proposed technical and process solutions directly align with the impacted populations and programs.

It is also undeniable that improving and modernizing CBMS is a massive undertaking for the State not only in terms of financial risk, but also technological complexity. It is staff's opinion that the 18 Month Plan submitted for funding by the Governor's Office represents a level of rigor expected for a project of this size and scope. It is clear from the documentation provided that the plan has been thoroughly vetted by State and county officials in consultation with experts from the private sector. Staff has no qualms with the technical and process solutions proposed.

It is also staff's opinion that a project of this magnitude requires a consortium of leaders possessing a combination of technical acumen, project management expertise, and overall experience with large information technology endeavors. Staff believes that the Governor's Office has worked diligently to assemble a cast of individuals, whether they are leaders within the Governor's Office of Information Technology or county officials, with the necessary qualities to make the requested project a success.

Due to the past performance issues of CBMS and the subsequent negative public attention, the Committee's decision to approve or reject funding to upgrade the system is more complex than simply reviewing a 18 Month Plan to ensure that it is technically and financially sound. A large variable in the decision to approve or reject funding to upgrade the system is trust. Trust that the project addresses clearly identified needs, trust that the project best serves citizens, trust that the project will accomplish its goals, trust that the State has enlisted the assistance of qualified leaders to steer the project on a successful path, and trust that the entire project will be as transparent and accountable as possible. In short, the Committee must trust that it is making a wise investment before proceeding to approve funding to upgrade the system.

Given the past performance issues of CBMS and the subsequent negative public attention, staff developed a plan to build trust with the project in a phased approach. Staff urged the Governor's Office to rework its FY 2011-12 supplemental request from a one-time appropriation with roll forward authority into a series of planned appropriation requests flowing from FY 2011-12 through FY 2013-14. Staff's original proposition called for appropriation requests to be submitted to the Committee at the following junctures:

- FY 2011-12 Long Bill add-on appropriation
- FY 2012-13 Long Bill appropriation
- FY 2012-13 Supplemental Appropriation
- FY 2013-14 Long Bill Budget Request
- FY 2013-14 Budget Amendment Request

This approach would provide the Committee and the Governor's Office with an opportunity to develop trust by setting goals, reporting on goals, and outlining the next phase. As confidence and trust in the project is gauged based on meeting goals, the Committee would make funding decisions. Unfortunately, the Governor's Office indicates that the only acceptable funding timeline to achieve the necessary changes to rebuild CBMS is for \$23 million total funds and 22.0 FTE to be appropriated across the Governor's Office of Information Technology, Department of Health Care Policy and Financing, and the Department of Human Services in FY 2011-12 with roll-forward authority through FY 2012-13.

The Governor's Office explains that any potential funding delays that cause work stoppages would cause this project to fail. The 18 Month Plan funding request provides the flexibility to keep working on CBMS projects without potentially running out of funding and creating a

scenario whereby CBMS remains in a tenuous position with delayed projects. Specifically, the Governor's Office indicates that the plan submitted has been carefully developed using the following guidelines:

- Current State contracting rules add a minimum of six-to-eight weeks of additional delay before the implementation vendor can begin work on authorized changes. The requested plan and funding represent an attempt to minimize the need for additional contract amendments each time new funding is approved for the work plan.
- Items that affect the CMS Audit and performance of the system have been prioritized to be completed across FY 2011-12 and FY 2012-13. Roll forward authority through FY 2012-13 because many of these projects must be implemented by August and September 2012, and can only be successfully delivered if the work begins in FY 2011-12.
- There are inter-dependencies and economies of scales that have been assumed to be gained by starting many of the projects on a particular date. The 18 month timeline is by itself a very aggressive undertaking, and hence the Governor's Office used creative ways to make sure the projects would be distributed optimally in order to make the most efficient use of State and vendor resources.

If the Governor's Office were to provide a plan in accordance with staff's request to structure it in a phased-funding approach, the Governor's Office indicates several issues would arise.

- The work plan would be extended beyond the 18 month timeline as there are additional delays that would have to be accounted for because of the four new amendments. This would either cause a staffing ramp up and down on a frequent basis or carrying a larger team throughout the entire year.
- The CMS Audit items plan items would extend beyond the expected date of completion as many of the items cannot be completed within the an alternative timeframe.
- The overall integrity of the current plan would be lost. The estimated effort for State and vendor resources would have to be reassessed as the efficiencies created through the original draft work plan would no longer be intact.

To remedy the accountability and reporting concerns staff, the Governor's Office offered to have the Executive Steering Committee of CBMS present quarterly progress reports to the Committee in an effort to promote full transparency, provide project updates, and review finances.

Given the lack of a formal legislative oversight mechanism for the financial investment made in this project, staff recommends the Committee reject the request from the Governor's Office. Staff fully believes in the need to upgrade CBMS, the technical plan and its goals, the leaders engaged in the project, and the total amount proposed for project. The history of CBMS and prior investments made to bring about technical changes, though, necessitate a measured and phased approach to investment that the Governor's Office indicates is not feasible for successful project completion. Staff applauds the Governor's Office for offering quarterly project updates to the Committee, however, staff is not comfortable recommending the approval of a \$23 million total funds and 22.0 FTE investment without a formal mechanism (such as the

appropriations process) to evaluate and consider if the project is proceeding at a level that warrants future investment.

Staff understands the challenges the Committee faces in choosing to approve or reject the proposal from the Governor's Office. While CBMS has been plagued with issues throughout its life-span, it is still an integral component of many State-funded programs. The option to approve staff's recommendation leaves the system in a precarious state which will undoubtedly lead to further issues in the future that negatively impact State programs, citizens, and counties. Recognizing this, staff has compiled a list of options for the Committee to consider.

1. Approve staff's recommendation to not fund the project due to its current legislative oversight deficiencies.
2. Reject staff's recommendation and fund the project as requested by the Governor's Office.
3. Craft legislation separately from the FY 2012-13 Long Bill that would provide funding for the project and reporting requirements.