

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2015-16 STAFF FIGURE SETTING

CAPITAL CONSTRUCTION

(Information Technology Projects)

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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March 6, 2015**

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Overview of Capital Construction Information Technology Projects

Per H.B. 14-1395 (Information Technology Budget Requests), the Joint Technology Committee is tasked with producing a written report setting forth recommendations, prioritization, findings, and other comments with respect to each information technology (IT) budget request submitted for consideration for inclusion in the capital construction budget section of the Long Bill. The report must be submitted to the Joint Budget Committee by February 15th of each year. The Joint Budget Committee is required to consider the prioritized list of information technology budget requests made by the Joint Technology Committee. For FY 2015-16, the prioritized list is as follows:

1. IT Systems Replacement (Revenue)
2. Offender Management Information System (Corrections)
3. Electronic Health Record and Pharmacy System Replacement (Human Services)
4. Technology Infrastructure Upgrade (Otero Jr. College)
5. Modular Data Center (CSU-Pueblo)
6. IT Systems Interoperability (Human Services)
7. Child Welfare Management System Replacement (Human Services)
8. Data Integration and Analysis Systems (Human Services)
9. Enterprise Content Management (Human Services)

If the Joint Budget Committee alters the determinations of priority established by the Joint Technology Committee, it is required to notify the Joint Technology Committee of the changes, and allow for a joint meeting of the two committees to discuss the differences.

Layout of this Document

On February 13th, the Joint Technology Committee considered 11 budget requests, and recommended all of the projects receive funding for FY 2015-16 for a total of \$78.6 million General Fund and \$29.5 million non-General Fund moneys. Each project considered by the Joint Technology Committee is presented in this document with the following information:

- Project title;
- Requesting agency;
- Project type (new or continuation of a previously initiated project);
- Funding (General Fund or other funds, which include cash funds and federal funds);
- Joint Technology Committee priority number (as required by H.B. 14-1395);
- Office of State Planning and Budgeting priority number (IT capital construction projects only);
- Governor’s Office of Information Technology priority number (rank is based on IT operating and capital construction projects, as required by S.B. 14-169);
- Colorado Commission on Higher Education priority number (rank is based on all capital construction projects requested, not just IT projects);
- Detailed description of request;
- Joint Technology Committee recommendation to the Joint Budget Committee on funding; and
- Joint Budget Committee staff’s recommendation to the Joint Budget Committee on funding.

FY 2015-16 Requested State-funded Projects

IT Systems Replacement

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Revenue	Continuation	\$52,350,833	\$0	\$52,350,833

JTC Priority	OSPB Priority	OIT Priority
1	1	1

Request: The Department of Revenue seeks an appropriation of \$52,350,833 General Fund for FY 2015-16 to fund the second and final year of a project to replace the software systems used by the Division of Motor Vehicles (DMV) to process driver's licenses, and titles and registrations, known respectively as the Driver's License System (DLS) and the Colorado State Titling and Registration System (CSTARS). The Department's plan includes replacement software that will unify the two systems into one master system, will be vendor-provided in a State-hosted environment, and will be supported by network architecture designed by the Governor's Office of Information Technology. For the first step of the project, the Department received an appropriation of \$41,021,167 General Fund for FY 2014-15.

JTC Recommendation: The Joint Technology Committee recommended funding this project for FY 2015-16, and offered thoughts to the Joint Budget Committee to weigh when considering funding for the project. First, the JTC is concerned that the first phase of the project funded with \$41,021,167 General Fund for FY 2014-15 has only expended approximately \$20,000 to date. Second, the JTC recommends that that JBC explore alternative options for funding the FY 2015-16 phase of the project rather than providing the moneys outright. The JTC envisions a scenario whereby the moneys may be set aside in a special account to be used after a vendor has been selected and a contract has been negotiated.

JBC Staff Recommendation: **JBC staff recommends rejecting the request for FY 2015-16.** The Department of Revenue has not selected a vendor to begin the work funded for FY 2014-15. It is staff's opinion that initial funding for this project in FY 2014-15, \$41,021,167 General Fund, was prematurely awarded. It is preferred that agencies obtain more concrete cost information through the RFP process prior to submitting a funding request. The recommended approach affords agencies the opportunity to develop and cost-out a specific plan for projects. This is in contrast to the current business practice of submitting an idea or concept to the legislature for funding with costs based on preliminary estimates that may or may not prove to be accurate once RFP responses are analyzed. An additional weakness in the current approach is that providing appropriations for projects prior to the issuance of an RFP creates the possibility for vendors to match the proposal to the budget rather than submitting the most cost effective plan.

For this project, the Department of Revenue received funding for FY 2014-15 before reviewing RFP responses, and instead estimated the funding level required to fulfill its objectives. The RFP award for the project is not scheduled until March 9, 2015. Until the Department is able to provide a funding plan based on the RFP selected rather than a funding estimate, staff recommends rejecting any additional moneys for this project. Moreover, staff does not recommend funding subsequent phases of this project until performance criteria is met for initial work performed. Thus, staff provides four options for the Committee to consider for this request:

- **Claw Back** – This approach requires the Committee to amend current law to reduce the FY 2014-15 appropriation for the amount not anticipated to be expended by June 30, 2015. The Department may submit a request for the project during a future budget cycle after it has a specific cost plan.
- **Do Nothing** – This approach entails not appropriating additional funds requested for FY 2015-16. The Department would still have access to the moneys appropriated for FY 2014-15 for the project, which can be used through FY 2016-17. The Department may submit a request for the next phase of the project during a future budget cycle after it has a specific cost plan and evidence that the initial phase of the project work has met performance measures.
- **Fund It** – This option allows the Department to retain its funding for FY 2014-15 at a level of \$41,021,167 General Fund and appropriates an additional \$52,350,833 General Fund for FY 2015-16, as requested. Selecting this strategy continues the process of appropriating State funds based on project estimates.
- **Legislation** – Sponsor legislation requiring the Department to report the following information quarterly to the Joint Technology Committee. Note, this option can be used in combination with any of the three options described.
 - An overview of the project management structure, including leadership, project management, and internal oversight;
 - An overview of the work-plan, including:
 - List of all scheduled project components;
 - The actual or anticipated start and end dates for each project component;
 - The amount budgeted for each project component; and
 - The amount expended for each project component.
 - A list and description of any major changes, additions, deletions, or modifications to project components;
 - An overview of the project status indicator for each of component of the project work-plan currently completed, in progress, or scheduled to commence within the quarter following the date of the report, including:
 - Overall project status;
 - Scope of project;
 - Resources of project;
 - Budget projection;
 - Risk of project;
 - Schedule of project; and
 - Deliverables of project.
 - Detailed update for each component of the project work-plan currently completed, in progress, or scheduled to commence within the quarter following the date of the report, including for each component:
 - The rating;

- Percentage complete;
- Descriptive information on the overall status;
- Schedule status;
- Scope status;
- Budget status;
- Key accomplishments associated with the component;
- Work plan for the next quarter;
- Critical dependencies associated with the component;
- Issues and concerns relating to the component; and
- How the project component is affecting or will affect the delivery of services to staff and citizens.

Staff recommends that the Committee select the “Do Nothing” option and anticipate that the Department will submit a budget request during a future budget cycle after it has been able to construct a specific project plan that includes costs and performance measures. If at that time the Committee opts to continue funding the project, it should consider whether a bill is necessary to provide additional legislative oversight.

Offender Management Information System

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Corrections	Continuation	\$11,049,761	\$0	\$11,049,761

JTC Priority	OSPB Priority	OIT Priority
2	3	4

Request: The Department of Corrections seeks an appropriation of \$11,049,761 General Fund for FY 2015-16 for the second phase of a three phase project to replace a legacy computer system with a new electronic information management system to track and record offender data from admission until an offender is released from parole. The system will replace the Department’s current legacy system, the Department of Corrections Information Management System (DCIS), and the Colorado Web-based Integrated Support Environment (C WISE). The project also includes an electronic health record platform. For the first phase of the project, the Department received an appropriation of \$5,796,000 General Fund for FY 2014-15. The third phase of the project is expected to require an appropriation of \$10,469,960 General Fund for FY 2016-17.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: **JBC staff recommends rejecting this request.** The Department of Corrections has not selected a vendor to begin the work funded for FY 2014-15. It is staff’s opinion that initial funding for this project in FY 2014-15, \$5,796,000 General Fund, was prematurely awarded. It is preferred that agencies obtain more concrete cost information through the RFP process prior to submitting a funding request. The recommended approach affords agencies the opportunity to develop and cost-out a specific plan for projects. This is in contrast to the current business practice of submitting an idea or concept to the legislature for funding with costs based on preliminary estimates that may or may not prove to be accurate once RFP responses are analyzed. An additional weakness in the current approach is that providing appropriations for projects prior to the issuance of an RFP creates the possibility for vendors to match the proposal to the budget rather than submitting the most cost effective plan.

For this project, the Department of Corrections received funding for FY 2014-15 before reviewing RFP responses, and instead estimated the funding level required to fulfill its objectives. The RFP responses were not due to the agency until January 27, 2015. Until the Department is able to provide a funding plan based on the RFP selected rather than a funding estimate, staff recommends rejecting any additional moneys for this project. Moreover, staff does not recommend funding subsequent phases of this project until performance criteria is met for initial work performed.

Electronic Health Record and Pharmacy System Replacement

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Human Services	Continuation	\$4,863,145	\$0	\$4,863,145

JTC Priority	OSPB Priority	OIT Priority
3	4	6

Request: The Department of Human Services seeks \$4,863,145 General Fund for FY 2015-16 for the second phase of the implementation of an electronic health record platform at the two State-owned and operated mental health institutes (Fort Logan and Pueblo). The project will replace a number of separate health information and billing systems with a fully automated and comprehensive system. For the first phase of the project, the Department received an appropriation of \$9,849,560 General Fund for FY 2014-15.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends approving this request. The Department has already begun working with a vendor to implement this solution. Staff is not aware of any cause for caution or concern associated with the work to date. The Joint Technology Committee and Joint Budget Committee should monitor the performance of this project and revoke or delay funding as needed based on performance.

Technology Infrastructure Upgrade

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Otero Junior College	New	\$818,950	\$0	\$818,950

JTC Priority	OSPB Priority	OIT Priority	CCHE Priority
4	N/P	N/P	24

Request: Otero Junior College seeks a one-time appropriation of \$818,950 General Fund to upgrade and improve the school’s technology infrastructure. This project will replace or upgrade a majority of the school’s critical hardware and software. The current infrastructure is outdated and unsustainable. The request includes funding for servers, data backup, communications, course delivery support, and distance learning software. The campus will also upgrade wireless and video/audio communications systems and provide new desktops, laptops, and printers for labs and staff.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends approving this request. The campuses entire critical information technology infrastructure is outdated and unsustainable.

Modular Data Center

Lead Department	Project Type	General Fund	Other Funds	Total Funds
CSU-Pueblo	New	\$1,864,800	\$0	\$1,864,800

JTC Priority	OSPB Priority	OIT Priority	CCHE Priority
5	N/P	N/P	26

Request: The Colorado State University – Pueblo (CSU-Pueblo) seeks a one-time appropriation of \$1,864,800 General Fund for FY 2015-16 upgrade its data centers and computing infrastructure, including improvements to the data center, local area network (LAN), and the wireless LAN.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends approving this request. The school’s current data center is housed in an administrative building with inadequate cooling and electrical power capabilities, and renovating the administrative building to meet the environmental and power needs of the ever-increasing demands of the current data center is cost prohibitive. Procuring a “containerized” data center with an engineered modular design that provides a self-contained environment for housing servers and other critical hardware represents a creative and proven method to meet the school’s challenges.

IT Systems Interoperability

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Human Services	New	\$1,413,930	\$12,725,370	\$14,139,300

JTC Priority	OSPB Priority	OIT Priority
6	7	17

Request: The Department of Human Services seeks an appropriation of \$14,139,300 total funds, including \$1,413,930 General Fund, for FY 2015-16 to create a new system that will standardize all existing information technology systems under this interoperability environment project, while leaving the core systems in place. The next phase of the project is expected to require an appropriation of \$10,611,880 total funds for FY 2016-17 and \$31,812,780 total funds in future fiscal years.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends rejecting this request. It is preferred that agencies obtain more concrete cost information through the RFP process prior to submitting a funding request. The recommended approach affords agencies the opportunity to develop and cost-out a specific plan for projects. This is in contrast to the current business practice of submitting an idea or concept to the legislature for funding with costs based on preliminary estimates that may or may not prove to be accurate once RFP responses are analyzed. An additional weakness in the current approach is that providing appropriations for projects prior to the issuance of an RFP creates the possibility for vendors to match the proposal to the budget rather than submitting the most cost effective plan.

Child Welfare Management System Replacement

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Human Services	New	\$4,648,707	\$2,175,860	\$6,824,567

JTC Priority	OSPB Priority	OIT Priority
7	6	9

Request: The Department of Human Services seeks an appropriation of \$6,824,567 total funds, including \$4,648,707 General Fund, for FY 2015-16 to enhance and modernize the Trails case management system, which is the state's Statewide Automated Child Welfare Information System (SACWIS), and associated infrastructure. The project will modernize Trails to allow for faster implementation of system modifications and to accommodate changing child welfare practices. The next phase of the project is expected to require an appropriation of \$6,428,206 total funds for FY 2016-17 and \$6,428,206 total funds in future fiscal years.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: **JBC staff recommends rejecting this request.** It is preferred that agencies obtain more concrete cost information through the RFP process prior to submitting a funding request. The recommended approach affords agencies the opportunity to develop and cost-out a specific plan for projects. This is in contrast to the current business practice of submitting an idea or concept to the legislature for funding with costs based on preliminary estimates that may or may not prove to be accurate once RFP responses are analyzed. An additional weakness in the current approach is that providing appropriations for projects prior to the issuance of an RFP creates the possibility for vendors to match the proposal to the budget rather than submitting the most cost effective plan.

Data Integration and Analysis Systems

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Human Services	New	\$1,200,949	\$436,000	\$1,636,949

JTC Priority	OSPB Priority	OIT Priority
8	8	22

Request: The Department of Human Services seeks a one-time appropriation of \$1,636,949 total funds, including \$1,200,949 General Fund, for FY 2015-16 to develop data systems for the Division of Community and Family Support. The project will allow for tracking data at the child level, and will integrate data across all Office of Early Childhood programs. The project will provide an integrated system for seven programs within Office, replace some existing systems, and complement the Trails system and the Child Care Automated Tracking System (CHATS). The project will also build upon the Early Intervention Database that is currently under construction and integrate the Trails and CHATS systems, while eliminating the use of excel spreadsheets and access databases.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: **JBC staff recommends rejecting this request.** It is preferred that agencies obtain more concrete cost information through the RFP process prior to submitting a funding request. The recommended approach affords agencies the opportunity to develop and cost-out a specific plan for projects. This is in contrast to the current business practice of submitting an idea or concept to the legislature for funding with costs based on preliminary estimates that may or may not prove to be accurate once RFP responses are analyzed. An additional weakness in the current approach is that providing appropriations for projects prior to the issuance of an RFP creates the possibility for vendors to match the proposal to the budget rather than submitting the most cost effective plan.

Enterprise Content Management

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Human Services	New	\$500,400	\$0	\$500,400

JTC Priority	OSPB Priority	OIT Priority
9	9	21

Request: The Department of Human Services seeks an appropriation of \$500,400 General Fund for FY 2015-16 to implement an enterprise strategy for managing electronic documents across the Department. The project will expand licensing for an enterprise content management system already in use in the State and supported by the Governor’s Office of Information Technology. The next phase of the project is expected to require an appropriation of \$502,332 General Fund for FY 2016-17 and \$1,517,601 General Fund in future fiscal years.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends approving this request. The Department does not have an existing system or a comprehensive strategy to manage documents and files agency-wide. The proposed solution calls for the implementation of the same content management software that is used by the Colorado Operations Resource Engine (CORE), Colorado Benefits Management System (CBMS), and Colorado Program Eligibility and Application Kit (PEAK). The plan proposed mirrors the strategy and costs associated with Governor’s Office of Information Technology’s delivery of similar implementations. Staff’s only hesitation with recommending the request is how it was requested. It is staff’s opinion that this request may be more suited for the operating budget than the capital construction budget given that the cost is primarily driven by software licensing and system administration, which are both ongoing in future years.

FY 2015-16 Requested Cash-funded Projects

Child Care Automated Tracking System Enhancement

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Human Services	New	\$0	\$1,533,125	\$1,533,125

JTC Priority	OSPB Priority	OIT Priority
N/P	10	N/P

Request: The Department of Human Services seeks an appropriation of \$1,533,125 federal funds for FY 2015-16 to replace the Child Care Automated Tracking System (CHATS). The next phase of the project is expected to require an appropriation of \$1,458,125 federal funds for FY 2016-17 and \$270,000 federal funds in future fiscal years.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends approving this request. The replacement of CHATS has been analyzed more than once and staff is confident that the Department has enough data points to accurately forecast the costs associated with the replacement of this troubled system.

Collections System Replacement

Lead Department	Project Type	General Fund	Other Funds	Total Funds
Personnel	New	\$0	\$13,911,135	\$13,911,135

JTC Priority	OSPB Priority	OIT Priority
N/P	N/P	N/P

Request: The Department of Personnel seeks a one-time appropriation of \$13,911,135 cash funds to replace the current collections database system. The Columbia Ultimate Business Solutions (CUBS) system will be replaced by a vendor-hosted system that will fully integrate with the state’s current CORE financial system.

Joint Technology Committee Recommendation: The JTC recommends funding this project.

Joint Budget Committee Staff Recommendation: JBC staff recommends approving this request. The project will be implemented over four years on a performance-based contract, and will be paid for out of additional revenue generated by the new system to include future annual maintenance costs. In addition, the request is for funding for a vendor-hosted system that does not require the State to manage the system’s hardware or software. Instead, the vendor is responsible for maintaining the hardware that is running the system at the vendor’s location, as well as upgrading the software as necessary, managing necessary security patches, and customizing code as needed.
