

Board of Commissioners of Public Lands

(LFB Budget Summary Document: Page 109)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
2	Information Technology Initiatives (Paper #230)
3	Reimbursements for Certain Administrative Services (Paper #231)
7	Origination and Servicing Fees for Trust Fund Loans (Paper #232)

(60V) **Agency:** Board of Commissioners of Public Lands
Information Technology Initiatives

Recommendations:

Paper No. 230: Alternatives 2, 4(a) & 5

Comments: Alternative 2 provides the same amount of funding as the governor proposed, but puts some of it in JFC reserve to make the agency prove their new computer network is up-and-running before they start other projects. They would go through the passive review process to access the funds. See FB paragraph 8 and the bottom of paragraph 6.

Alternative 4(a) funds the consultant services directly and uses master leasing only for the equipment needs of the projects. This is better budgeting according to FB in paragraphs 12 and 13. (note: alternative 4(b) is also acceptable, it makes them go through JFC passive review to obtain these funds).

Alternative 5 hires a permanent employee rather than continuing to have to contract out. FB says this is reasonable in paragraph 17.

prepared by: Barry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 6, 1999

Joint Committee on Finance

Paper #230

Information Technology Initiatives (Board of Commissioners of Public Lands)

[LFB 1999-01 Budget Summary: Page 109, #2]

CURRENT LAW

The Board of Commissioners of Public Lands has base level supplies and services funding of \$295,700 PR annually. In addition, during the 1997-99 biennium, a total of \$386,200 PR was also appropriated to support Board information technology (IT) initiatives. Of these amounts, \$364,700 PR was provided on a one-time basis and \$21,500 PR was permanent funding for hardware and software maintenance and is included in the total base level supplies and services amounts.

GOVERNOR

Provide \$199,500 PR in 1999-00 and \$244,600 PR in 2000-01 to enable the Board to fund hardware, software and project development costs funded under three-year master lease agreements and to fund ongoing supplies and services costs and for consultant costs (in lieu of permanent staff) to undertake the following IT initiatives: (1) replacement of the agency's existing computer network with a single hardware/software platform (\$33,200 in 1999-00 and \$59,200 in 2000-01); (2) development of a graphical user interface to permit agency staff to access mapping, loan status and land ownership data (\$92,500 in 1999-00 and \$104,400 in 2000-01); (3) enhancement of the Board's existing imaging system to add field surveyors' notebook entries and federal Bureau of Land Management land patent information to the existing database (\$26,800 in 1999-00 and \$34,000 in 2000-01); and (4) \$47,000 annually for IT consultant services associated with the actual operation of the new systems.

Under this IT initiative, the actual total cost of the projects for which three-year master leases would be issued for equipment, software and system development services would be \$527,200 PR. The annual master lease principal and interest payments on these amounts, as

included in the Governor's recommendation, would be \$133,400 PR in 1999-00 and \$178,900 PR in 2000-01. In addition, under the Governor's recommendation, there would be additional future costs of \$178,900 PR in 2001-02 and \$50,800 PR in 2002-03 to complete the master lease payments for this project.

DISCUSSION POINTS

1. The network infrastructure replacement project is requested to convert the Board's existing hardware and operating systems to current state standards. The graphical user interface (GUI) project is requested to provide on-line visual access to the Board's map databases and to replace an outmoded database for which technical support is soon being withdrawn. The imaging enhancement project would make certain Board records such as land patents and original field survey notes easily accessible to the public for the first time.

2. With respect to the projects proposed to be funded, the timing of the projects and costs that are to be funded under the proposal, there are several questions that may be raised.

- Are too many IT projects being proposed to be undertaken at one time?
- Have sufficient funds been provided for the Board's likely master lease costs?
- What level of consultant services should be supported through master leasing?
- Would a permanent IT staff position be more beneficial to the Board than the proposed general consultant funding?

Each of these questions is discussed further in the following sections.

Number of IT Projects

3. The Board's IT projects that would be funded under the Governor's recommendations are generally consistent with the agency's current strategic IT plan, as it was last updated through June 3, 1998. However, it is important for the Committee to note that this update included some significant project timing implementation and cost changes from the Board's earlier plan. In particular, under the 1997-99 biennial budget, the Board has already been already provided with a total of \$215,000 PR in one-time funding to convert the Board's data base management system to the state standard for IT operating standards and \$44,100 PR in one-time funding to convert manually maintained land records and outdated computerized land inventory systems in the Board's district office to a new automated system that meets state standards for geographical information systems.

4. However, a project team using the above funding was not actually put in place until January, 1998, most of the money was provided as one-time funding in fiscal year 1997-98 and once the project was finally commenced it was discovered that the agency's original infrastructure

replacement plan would not work. Therefore, the Board apparently used a substantial portion of the 1997-98 funding originally intended for the infrastructure conversion instead to undertake selected applications design for the infrastructure replacement and to have a project manager develop a detailed updated project plan. The agency's budget request indicates that it then "became evident that implementing the desired technologies and objectives described in the IT plan was much more involved than had been estimated from the architectural descriptions in the original IT Plan." The Board request further indicated that "This under-estimation was due mainly to the lack of high-level IT expertise available to the agency when the original IT Plan was developed".

5. In substantial measure, therefore, the network infrastructure replacement component of this request appears to be the currently expected but previously unanticipated additional costs of that project arising from such delays. At the same time, however, the Board is also requesting to undertake two additional IT projects even though the Board's requests for these items acknowledge that starting either of these latter two projects is first dependent on the Board's network infrastructure being successfully upgraded.

6. An overall question that may be raised, then, is whether it is advisable for the Board to undertake multiple IT projects at the same time. The amended IT plan, based on planning work done by the consultant in 1997-98, indicated that "the deployment of a GUI application over the network is a complex and delicate business." The plan goes on to note that "... the schedule for development of these [GUI] applications is very aggressive." In a somewhat similar vein with regard to the imaging enhancement project, it is stated that "the imaging integration cannot occur until the underlying applications are completed. This would suggest imaging is of lower priority than the construction of the other applications and [the] implementation of an upgraded network infrastructure." While the foregoing does not mean that the three projects absolutely must be phased, it can be argued, especially based on the Board's difficulties with network upgrade in this biennium, that first devoting all of the Board's effort and resources to the network infrastructure upgrade would be prudent. Further, if money for the other projects were placed in reserve, these funds would then be available in the event there were further cost overruns in the network upgrade project.

7. The Committee could choose not to provide any funding at this time for the GUI application development or imaging enhancement projects and instead provide funds only for network infrastructure upgrade to ensure that that project is successfully completed before funding the additional IT projects.

8. Alternatively, the Committee could retain the funding for these projects in the budget but place the monies for these latter projects in the Committee's PR supplemental appropriation for release to the Board once the Board demonstrates that the network infrastructure replacement has been completed and an updated plan for these additional projects has been provided to the Committee. Under this alternative, only funding for the network infrastructure replacement project would be provided at this time in the Board's appropriation. The funding recommended by the Governor for the GUI application development project and the imaging services enhancement project would be deleted from the Board's appropriation and instead would be placed in the

Committee's PR appropriation for possible release to the Board under a 14-day passive review process, upon submittal of the required report from the Board.

Full Funding of Master Lease Costs

9. In reviewing the amounts budgeted under the Governor's recommendation for master lease expenses associated with the Board's IT projects, it appears that insufficient funding to meet the likely total principal and interest costs of the proposed master lease amounts has been included in the budget. Thus, if the Committee acts to adopt the Governor's recommendation, it should provide an additional \$11,700 PR in 1999-00 and \$15,700 PR in 2000-01 in order to fully fund the principal repayment plus interest costs of these proposed master leases.

Consultant Services Funding for Project Development

10. Under the Board's IT proposals, as recommended by the Governor, three-year master leases would be issued in the amounts of \$393,100 in 1999-00 and \$134,100 in 2000-01. Of these amounts, \$344,400 in 1999-00 and \$54,200 in 2000-01 have been identified as supporting the costs of consultant services associated with the initial development of the IT systems. Thus, for the 1999-01 biennium, \$398,600 or 75.6% of the total \$527,200 amount that would be master leased would support consultant services.

11. Master leasing for certain consultant services has been authorized by DOA's Capital Finance Office, but only for IT projects. The rationale for this approach is that the consultant staff are typically engaged in software and systems development or database management that add value to the physical asset (IT hardware and software) that is being developed and/or installed. It is interpreted from an accounting standpoint that the consultants are contributing to the total value of "asset" that is then "capitalized" and that master leasing for the total cost of this physical "asset" is thus appropriate.

12. According to data compiled by the Capital Finance Office, approximately 12.2% of the outstanding balances, as of January 21, 1999, on all master lease schedules were in support of IT-related consultant services. Further, Capital Finance Office staff have indicated that consultant services on individual master-leased IT projects typically do not exceed one-quarter to one-third of the total master lease issue amount.

13. In this view, it could be questioned whether the amount of consultant services that would be master leased under the Board's proposed IT projects is excessive. As an alternative, therefore, the Committee could propose master leasing only for the identified equipment (hardware and software) needs of the projects. The amounts for consultant services costs could then be funded directly as one-time funding in the year needed instead of through the three-year master lease mechanism. The Board would have adequate revenues available to fund either payment approach.

14. Under this alternative, the Committee could increase funding by \$230,200 PR in 1999-00 and decrease funding by \$76,700 PR in 2000-01 (an overall net increase for the biennium of \$153,500 PR). In addition, if the Committee provides direct funding for general consultant

services during the 1999-01 biennium, all of the consultant funding for the project would be one-time costs in 1999-01. Thus, there would be no master lease related costs for such services in the 2001-03 biennium; only the master lease costs for equipment would be incurred during that biennium. The net amount of master lease costs avoided in the 2001-03 biennium would be \$180,900 PR, if direct funding of all project development consultant services were provided during 1999-01.

Information Technology Position

15. As a part of its budget request, the Board asked for a senior information systems (IS) professional to provide in-house IT support and to work on applications development, database and network support in connection with its proposed IT upgrades and enhancements. The Governor denied the position authorization but provided consultant funds of \$47,000 PR in each year of the biennium to provide these types of services to the Board. In a letter to Committee, the three Board members have reiterated their belief that the agency needs a permanent IS position. They note that it is their belief that the proposed IT projects cannot be completed and maintained without an IS professional on staff. It is argued that consulting services are likely to ultimately be more costly and further that the continuity of development effort and system administration cannot be as easily maintained with part-time consultants. The Board does not have any IT staff at the present time.

16. It may also be noted that the Board's total IT request included a total of \$150,400 PR for a variety of IT staff (consultant) costs that the Board indicated could be absorbed by the Board if the Board's associated request for a permanent IS staff position was granted. Under the Governor's recommendation, these savings were taken but no permanent position was authorized.

17. The Board requests that the funding recommended by the Governor for general IT support consultant services (\$47,000 PR annually) be instead used to fund a permanent staff position and that the authorization for 1.0 IS senior professional position be included in the budget. It could be argued that the Board's current, and more importantly its planned IT environment could suggest the need for a permanent IT staff position for the agency. The Committee could switch the \$47,000 PR annually recommended by the Governor for purchase of consultant services to permanent salary and fringe benefits and include authorization for the 1.0 position.

18. Alternatively, the Committee could conclude that the Board may not be able to hire an IT professional on staff that could provide the same range of skills as ad hoc consultants could provide. Under this view, the Committee could retain the \$47,000 PR annually for general consultant services as recommended by the Governor.

ALTERNATIVES

1. Approve the Governor's recommendation to fund IT project master lease and additional consultant services costs for the Board of Commissioners of Public Lands at a corrected level of \$211,200 PR in 1999-00 and \$260,300 PR in 2000-01. *[This alternative is the same as Governor's recommendation except that additional funding of \$11,700 PR in 1999-00 and \$15,700*

PR in 2000-01 is provided to fully fund the projected master lease costs for the project.]

<u>Alternative 1</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	\$27,400

2. Provide the same amount of funding as under Alternative 1, but transfer \$128,200 PR in 1999-00 and \$148,900 PR in 2000-01 of the total amounts made available into the Committee's PR supplemental appropriation to place the funding for the graphical user interface (GUI) project and the imaging systems enhancement project in reserve for release to the Board under a 14-day passive review process once the Board has provided the Committee with documentation that the network replacement is operational and updated plans and costs for the remaining projects have been submitted to the Committee for approval.

<u>Alternative 2</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	\$27,400

3. Modify the Governor's recommendation by deleting \$116,500 PR in 1999-00 and \$133,200 in 2000-01 [to provide total funding of \$83,000 PR in 1999-00 and \$111,400 PR in 2000-01] to fund the master lease costs in the next biennium only for the network replacement plan as proposed by the Governor and to provide general project development consultant services.

<u>Alternative 3</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	- \$249,700

4. *[The Committee may adopt either Alternative 4(a) or 4(b).]* Modify the Governor's recommendation to fund IT project master lease and additional consultant services costs for the Board of Commissioners of Public Lands to:

a. Provide an additional \$230,200 PR in 1999-00 and decrease funding by \$76,700 PR in 2000-01 [to provide total funding of \$429,700 PR in 1999-00 and \$167,900 PR in 2000-01] to fund all the costs of project development consultant services on a cash basis and to master lease only the equipment (hardware and software costs of the project); *or*

b. Provide the same amount of funding for the purposes under Alternative 4(a) but transfer \$317,000 PR in 1999-00 and \$73,800 PR in 2000-01 of the total amounts made available into the Committee's PR supplemental appropriation to place the funding for the graphical user interface (GUI) project and the imaging systems enhancement project in reserve for release to the Board under a 14-day passive review process once the Board has provided the Committee with documentation that the network replacement is operational and updated plans and costs for the remaining projects have been submitted to the Committee for approval.

Alternative 4	PR
1999-01 FUNDING (Change to Bill)	\$153,500

5. [Alternative 5 may be adopted in addition to Alternative 2, 3 and 4.] Modify the Governor's recommendation by deleting \$47,000 PR annually provided for general project development consultant services and instead provide \$43,600 PR in 1999-00 and \$50,400 PR in 2000-01 authorize 1.0 PR position to provide in-house IT support for the agency.

Alternative 5	PR
2000-01 POSITIONS (Change to Bill)	1.00

6. Maintain current law.

Alternative 6	PR
1999-01 FUNDING (Change to Bill)	-\$444,100

Prepared by: Tony Mason

?

MO# Alt. 2

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 15 NO 1 ABS _____

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE _____ NO _____ ABS _____