



## Legislative Fiscal Bureau

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May 1, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Budget Issue Papers

Attached are 2001-03 budget issue papers, prepared by this office, on the following agencies:

- Electronic Government
- Administration -- Information Technology
- Employee Trust Funds
- Board of Commissioner of Public Lands
- Adolescent Pregnancy Prevention and Pregnancy Services Board
- Child Abuse and Neglect Prevention Board
- Revenue -- Lottery Administration
- Secretary of State
- Commerce -- Departmentwide and Economic Development
- Environmental Improvement Fund

These agencies have been scheduled for executive action by the Joint Committee on Finance. The meeting will be held at 10:00 a.m. on Friday, May 4, in Room 411 South, State Capitol.

BL/sas  
Attachments

# 2001-03 BUDGET PAPERS

May 4, 2001

Paper #

## **Electronic Government**

400 Creation of the Department of Electronic Government

## **Administration -- Information Technology**

### **Employee Trust Funds**

410 Benefits Payment System Redesign

411 Participant Services Staffing Increases

412 Customer Call Center Enhancements

413 Technical Change -- Retired Employees Benefit Supplement Reestimate

414 Group Insurance Board Authority to Modify or Expand State Employee Group Health Insurance Coverage

415 Additional Resources for Act 11 Implementation Costs

416 Group Health Insurance Ombudsperson Position

417 Funding for Accumulated Sick Leave Conversion Credits for Certain Retired State Employees

### **Board of Commissioner of Public Lands**

230 Reimbursements for Certain Administrative Expenses

### **Adolescent Pregnancy Prevention and Pregnancy Services Board**

### **Child Abuse and Neglect Prevention Board**

270 Primary Prevention Staff

271 "Celebrate Children" License Plate Revenue and Segregated Revenue Reestimate

272 Miscellaneous Budget Adjustments

### **Revenue -- Lottery Administration**

810 Lottery Sales, Retailer Compensation, Vendor Fees Reestimates and Lottery and Gaming Tax Credit Reestimate

811 Repeal GPR Appropriations for Lottery Operations

Paper #

**Secretary of State**  
820 GPR-Earned Reestimate

**Commerce -- Departmentwide and Economic Development**

- 280 Forest Product Marketing
- 281 International Liaison Funding
- 282 Administrative Position Reallocation
- 283 Economic Development Administration Consolidation
- 284 Community-Based Economic Development Program Conversion to New Economy for Wisconsin Program
- 285 Rural and Minority Business Economic Development Programs -- Repayments Appropriations

**Environmental Improvement Fund**

- 430 Clean Water Fund General Obligation and Revenue Bonding Authority, Present Value Subsidy Limit and Priority List Allocation
- 431 Environmental Improvement Fund Debt Service
- 432 Wisconsin Fund Residual Bonding Authority
- 433 Clean Water Fund - Unsewered Communities

# 2001-03 BUDGET PAPERS

## Cumulative List Thru May 4, 2001

Paper #

### Administration -- Information Technology

### Adolescent Pregnancy Prevention and Pregnancy Services Board

### Board of Commissioner of Public Lands

230 Reimbursements for Certain Administrative Expenses

### Child Abuse and Neglect Prevention Board

270 Primary Prevention Staff

271 "Celebrate Children" License Plate Revenue and Segregated Revenue Reestimate

272 Miscellaneous Budget Adjustments

### Commerce -- Departmentwide and Economic Development

280 Forest Product Marketing

281 International Liaison Funding

282 Administrative Position Reallocation

283 Economic Development Administration Consolidation

284 Community-Based Economic Development Program Conversion to New Economy for Wisconsin Program

285 Rural and Minority Business Economic Development Programs -- Repayments Appropriations

Paper #

**Commerce -- Building and Environmental Regulation**

- 300 Transfer Mobile Home Park Water and Sewer Service Regulation from the Public Service Commission to Commerce
- 301 Aviation Fuel Petroleum Inspection Fee Allowance
- 302 PECFA -- Revenue Obligation Authority
- 303 PECFA Staff
- 304 PECFA -- High-Cost Sites
- 305 PECFA -- Interest Cost Reimbursement
- 306 PECFA -- Farm Tank Eligibility
- 307 Groundwater Monitoring Near Onsite Wastewater Treatment Systems
- 308 Transfer Code Consultant Section to Administrative Services Division
- 309 Fire Dues Distribution

**Electronic Government**

- 400 Creation of the Department of Electronic Government

**Employee Trust Funds**

- 410 Benefits Payment System Redesign
- 411 Participant Services Staffing Increases
- 412 Customer Call Center Enhancements
- 413 Technical Change -- Retired Employees Benefit Supplement Reestimate
- 414 Group Insurance Board Authority to Modify or Expand State Employee Group Health Insurance Coverage
- 415 Additional Resources for Act 11 Implementation Costs
- 416 Group Health Insurance Ombudsperson Position
- 417 Funding for Accumulated Sick Leave Conversion Credits for Certain Retired State Employees

**Employment Relations**

- 420 Advance Labor Management Training Costs
- 421 Funding of Shared Human Resources System

**Employment Relations Commission**

- 425 Arbitration Award Affecting City of Milwaukee Police Officers
- 426 Staff Support for Collective Bargaining Training Activities

Paper #

**Environmental Improvement Fund**

- 430 Clean Water Fund General Obligation and Revenue Bonding Authority, Present Value Subsidy Limit and Priority List Allocation
- 431 Environmental Improvement Fund Debt Service
- 432 Wisconsin Fund Residual Bonding Authority
- 433 Clean Water Fund - Unsewered Communities

**Insurance**

- 540 Standard Budget Adjustments
- 541 Information Technology -- Programming Services
- 542 Medigap Helpline
- 543 Treatment of Certain Revenues
- 544 Authority to Set Fees by Rule

**Investment Board**

**Military Affairs -- Emergency Management**

- 610 Reimbursement of Certain County and Municipal Worker's Compensation and Liability Costs Due to Emergency Management Activities
- 611 Emergency Response Equipment Funding

**Personnel Commission**

**Public Service Commission -- Agencywide**

- 780 Electronic Filing of Documents
- 781 Stray Voltage Research Funding

**Regulation and Licensing**

- 790 Information Technology Initiatives
- 791 Examination Fee Vendor Payment Reestimate
- 792 Revised Agency Credential Fees
- 793 GPR-Earned Credited from Criminal Background Check Fees
- 794 Technical Change -- GPR-Earned Reestimate

Paper #

**Revenue -- Lottery Administration**

810 Lottery Sales, Retailer Compensation, Vendor Fees Reestimates and Lottery and Gaming Tax Credit Reestimate

811 Repeal GPR Appropriations for Lottery Operations

**Secretary of State**

820 GPR-Earned Reestimate

**Tourism**

890 Kickapoo Valley Reserve Law Enforcement Funding

891 Expand Heritage Tourism Grant Program

892 DNR Tourism Support

**Wisconsin Housing and Economic Development Authority**

1005 Wisconsin Development Reserve Fund



## Legislative Fiscal Bureau

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

May 4, 2001

Joint Committee on Finance

Paper #400

### Creation of the Department of Electronic Government (Administration and Electronic Government)

[LFB 2001-03 Budget Summary: Page 59, #1 and #2, and Page 258, #1 thru #14]

#### CURRENT LAW

The Department of Administration (DOA) has numerous statutory powers and duties related to the provision of information technology services. These activities are primarily administered by DOA's Divisions of Information Technology Services (DITS) and its Division of Technology Management (DTM).

#### GOVERNOR

Create an independent state agency to be known as the Department of Electronic Government. Specify that the new Department would be under the direction and supervision of the Secretary of Electronic Government, known as the "chief information officer." Authorize the Governor to appointment the chief information officer, with the advice and consent of the Senate, to serve at the Governor's pleasure. Modify the appropriation structure within DOA related to information technology and delete \$4,000 PR annually associated with the modification. Delete expenditure authority of \$119,552,300 PR in 2001-02 and \$119,598,200 PR in 2002-03 and 224.3 PR positions annually in DOA associated with information technology activities. Provide expenditure authority of \$132,443,800 PR in 2001-02 and \$132,489,700 PR in 2002-03 and 227.3 PR positions annually for the new Department of Electronic Government.

#### DISCUSSION POINTS

The Department of Electronic Government would be created through the transfer of current statutory authority related to information technology (IT) from DITS and DTM to the new

Department, including procurement related to IT (but excluding educational technology), and through the creation of new and expanded statutory authorities under the proposed Department.

The creation of the Department of Electronic Government presents four principal issues that the Committee must consider:

- Should the Department be created and, if so, how should it be organized?
- Should new or expanded powers, duties and authorities be given to the new Department and the chief information officer and, if so, what powers, duties and authorities?
- How should the appropriations for the new Department be structured?
- Should the Information Technology Management Board be created, and if so, how should it be structured?

Each of these questions is discussed in separate sections of this paper.

At the end of each of the four sections of the paper, alternatives for that section are presented. At the end of the final section, a summary of all of the alternatives is listed.

The paper concludes with a series of attachments that describe, in more detail, the Governor's proposal related to the powers and duties of the new Department.

#### **A. Creation of the Department**

1. Under the bill, a separate and independent Department of Electronic Government would be created, headed by a state chief information officer (CIO). The CIO and the new Department would utilize existing authority currently housed in DOA and modified existing DOA authority both transferred to the new agency related to statewide IT planning and oversight, the provision of telecommunications and computer services, and telecommunications planning, as well as a variety of new powers and duties created for the Department to direct and coordinate IT activities in executive branch agencies. *[The transferred powers and duties are identified in Attachment 1; the modified authorities are identified in Attachment 2; new powers and duties are identified in Attachment 3; and deleted powers are identified in Attachment 4.]* An Information Technology Management Board would also be created to advise the state CIO on certain issues.

2. Under the bill, expenditure authority of \$132,443,800 PR in 2001-02 and \$132,489,700 PR in 2002-03 and 227.3 PR positions annually are provided for the new agency under a series of PR continuing and annual appropriations. Generally, funding and positions for the new Department's appropriations are transferred from existing appropriations under DOA. Funding and positions for each of the appropriations created under the bill are identified in Table 1.

**TABLE 1**

**Department of Electronic Government  
Summary of Funding and Position Transfers, and Total Funding**

Electronic Government Appropriation	2001-02		2002-03		Source of Funding
	Amount	Positions	Amount	Positions	
<b>General Program Operations, Services to State Agencies (s. 20.530(1)(ke))</b>					
	\$50,335,100	124.30	\$50,311,400	124.30	DOA info. technology processing
	37,102,300	29.00	37,102,300	29.00	DOA telecommunications
	21,990,000	44.00	22,059,600	44.00	DOA printing and mail services
	258,200	4.00	258,200	4.00	DOA support positions
	<u>409,800</u>	<u>3.00</u>	<u>409,800</u>	<u>3.00</u>	Create unclassified positions (new)*
Appropriation Total	\$110,095,400	204.30	\$110,141,300	204.30	
<b>General Program Operations, Services to Nonstate Entities (s. 20.530(1)(is))</b>					
	\$12,666,600	0.00	\$12,666,600	0.00	Estimated expenditures (new)*
<b>Relay Services (s. 20.530(1)(ir))</b>					
	\$5,013,500	1.00	\$5,013,500	1.00	DOA relay services
<b>Justice Information Systems (s. 20.530(1)(kp))</b>					
	\$1,602,400	19.00	\$1,602,400	19.00	DOA justice information system fee
	2,024,100	0.00	2,024,100	0.00	DOA Byrne grant
	<u>133,300</u>	<u>0.00</u>	<u>133,300</u>	<u>0.00</u>	Appropriation reestimate*
Appropriation Total	\$3,759,800	19.00	\$3,759,800	19.00	
<b>Justice Information Systems Development, Operation and Maintenance (s. 20.530(1)(kq))</b>					
	\$1,226,700	3.00	\$1,226,700	3.00	DOA penalty assessment surcharge
	<u>-318,200</u>	<u>0.00</u>	<u>-318,200</u>	<u>0.00</u>	Appropriation reestimate*
Appropriation Total	\$908,500	3.00	\$908,500	3.00	
<b>Gifts, Grants and Bequests (s. 20.530(1)(g))</b>					
	\$0	0.00	\$0	0.00	New appropriation
<b>Electronic Communications Services, Nonstate Entities (s. 20.530(1)(it))</b>					
	\$0	0.00	\$0	0.00	New appropriation
<b>Electronic Communications Services, State Agencies (s. 20.530(1)(kf))</b>					
	\$0	0.00	\$0	0.00	New appropriation
<b>Federal Aid (s. 20.530(1)(m))</b>					
	\$0	0.00	\$0	0.00	New appropriation
<b>Department Total</b>	<b>\$132,443,800</b>	<b>227.30</b>	<b>\$132,489,700</b>	<b>227.30</b>	
		221.30		221.30	Classified positions
		6.00		6.00	Unclassified positions**

\* These appropriations adjustments are in addition to the amounts identified for transfer from DOA.

\*\* Under the bill, 3.0 PR unclassified positions are created, 1.0 PR position is converted from classified to unclassified and 2.0 PR unclassified positions are transferred from DOA.

3. Table 2 identifies the budgetary actions taken to create the new Department of Electronic Government, including base funding under DOA, adjustments made to DOA appropriations prior to transfer to the new Department and adjustments made to the appropriations after the transfer.

**TABLE 2**  
**Funding Transactions Associated with Creation of the**  
**Department of Electronic Government**

<u>New Appropriation</u>	<u>Action</u>	<u>DOA Appropriations</u>		<u>New Appropriations</u>	
		<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
General Program Operations	• Base Funding, Information				
Services to State Agencies	Technology Processing	\$49,859,000	\$49,859,000		
	• Standard Budget Adjustments,				
	Information Technology				
	Processing	500,900	477,200		
	• Budget Reductions, Information				
	Technology Processing	-24,800	-24,800		
	• Transfer Printing and Mail				
	Services to Information				
	Technology Processing	21,990,000	22,059,600		
	• Base Funding,				
	Telecommunications	37,359,600	37,359,600		
	• Standard Budget Adjustments,				
	Telecommunications	117,300	117,300		
	• Budget Reductions,				
	Telecommunications	-238,100	-238,100		
	• Transfer of Land Program Positions	-136,500	-136,500		
	• Transfer of Support Positions,				
	Agency Overhead to				
	Information Technology	<u>258,200</u>	<u>258,200</u>		
	• Transferred From DOA	\$109,685,600	\$109,731,500		
	• Transfer to Department of			\$109,685,600	\$109,731,500
	Electronic Government			<u>409,800</u>	<u>409,800</u>
	• Create Unclassified Positions				
Appropriation Total				\$110,095,400	\$110,141,300
General Program Operations,					
Services to NonState Entities	• Base Funding	\$0	\$0		
	• Funding Reestimate			\$12,666,600	\$12,666,600
Transferred From DOA		\$0	\$0		
Appropriation Total				\$12,666,600	\$12,666,600
Relay Service	• Base Funding	\$5,011,400	\$5,011,400		
	• Standard Budget Adjustment	<u>2,100</u>	<u>2,100</u>		
	• Transfer From DOA	\$5,013,500	\$5,013,500		
	• Transfer to Department of			\$5,013,500	\$5,013,500
	Electronic Government				
Appropriation Total				\$5,013,500	\$5,013,500

<u>New Appropriation</u>	<u>Action</u>	<u>DOA Appropriations</u>		<u>New Appropriations</u>	
		<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Justice Information Systems	<ul style="list-style-type: none"> <li>• Base Funding, Justice Information System Fee</li> <li>• Standard Budget Adjustments, Justice Information System Fee</li> <li>• Eliminate to Combine Justice Information System Fee With Byrne Grant Funding</li> <li>• Base Funding, Byrne Grant Funding</li> <li>• Combine Justice Information System Fee With Byrne Grant Funding</li> <li>• Transfer From DOA</li> <li>• Transfer BJIS to Electronic-Government</li> <li>• Byrne Grant Reestimate</li> </ul>	\$1,355,100	\$1,355,100		
		247,300	247,300		
		-1,602,400	-1,602,400		
		2,024,100	2,024,100		
		<u>1,602,400</u>	<u>1,602,400</u>		
		\$3,626,500	\$3,626,500	\$3,626,500	\$3,626,500
				<u>133,300</u>	<u>133,300</u>
Appropriation Total				\$3,759,800	\$3,759,800
Justice Information Systems Development, Operation and Maintenance	<ul style="list-style-type: none"> <li>• Base Funding, Penalty Assessment</li> <li>• Standard Budget Adjustments, Penalty Assessment</li> <li>• Transferred From DOA</li> <li>• Transfer BJIS to Electronic Government</li> <li>• Penalty Assessment Reestimate</li> </ul>	\$1,208,700	\$1,208,700		
		<u>18,000</u>	<u>18,000</u>		
		\$1,226,700	\$1,226,700		
				1,226,700	1,226,700
				<u>-318,200</u>	<u>-318,200</u>
Appropriation Total				\$908,500	\$908,500
Total Transferred From DOA		\$119,552,300	\$119,598,200		
Total Appropriations				\$132,443,800	\$132,489,700

4. As identified above, the bill provides \$409,800 PR and 3.0 PR new unclassified positions annually and converts 1.0 PR classified position to unclassified status in the Department's general program operations services for state agencies appropriation to establish: 1.0 chief information officer position, 1.0 deputy secretary position, 1.0 executive assistant position and 1.0 additional division administrator position. Under the bill, an unspecified 1.0 PR classified position that is transferred from DOA would be eliminated to create the additional unclassified division administrator position. In total, the Department of Electronic Government would have 6.0 PR unclassified positions, including 3.0 PR division administrators. The bill decreases the statutory number of unclassified division administrator positions in DOA to 10 from 12, and specifies that the new Department would be authorized three unclassified division administrators.

#### *DOA Studies of IT Organization*

5. In July, 2000, an IT consulting organization (the Gartner Group), reported to DOA regarding Wisconsin state government's readiness to initiate electronic government (e-government)

activities. These activities include not only having a presence on the world wide web (web sites providing information) and providing for web site interaction (linked web sites and basic search capabilities), but also allowing governmental transactions to be conducted electronically (web sites providing a single point of contact for state government, self-service applications such as licensing and registration using various electronic methods and electronic procurement).

6. The report identified agency and state government-wide strengths and weaknesses related to e-government and the state's legal, leadership, governance, skills competence and technical readiness for e-government. Concerning governance of an electronic government function, Gartner indicated:

- The goals for the state should be to: (a) provide a point of centralized planning, guidance, communications, tracking and standards management for e-government; (b) reduce and avoid agencies implementing similar IT projects and applications on an individual basis; (c) establish and monitor an e-government priority setting process; and (d) establish and monitor priority state government-wide e-government criteria.

- Issues that needed to be addresses were: (a) sponsorship and funding associated with e-government initiatives should be provided by the state; (b) an organizational structure should be established that would control agencies implementing similar IT projects and applications on an individual basis; and (c) DOA's Division of Technology Management (DTM) is not in a position to serve as a central, e-government organization and lacks the organization status to do so.

- In order to implement e-government in Wisconsin: (a) an organization needs to be created or granted authority to provide governance over e-government related issues; (b) leadership needs to be educated on e-government and the need for higher level agency support; (c) agencies must be involved in the planning and implementation of e-government; and (d) existing agency IT experiences need to be utilized.

7. In response to the Gartner study, the Secretary of DOA convened a study group on IT governance in October, 2000, composed of public and private sector members. The group examined three alternative structures, all of which involved the creation of a state CIO position and the creation of a CIO Board to work with the state CIO. Under the study group's proposals, the CIO Board would be composed of the CIOs from 10 to 15 of the largest state agencies and two or three other individuals from agencies without CIOs. The CIO Board would be responsible for: (a) an analysis of all agency and state government IT activities and resources; (b) state government decision making related to IT based on state agency and state government resources; (c) the establishment of state government standards; and (d) the creation of shared data, software and applications resources agreements.

8. The DOA study committee considered the following options:

- Create a state CIO in the Office of the Governor. The CIO's primary responsibility would be developing policy and planning in conjunction with the CIO Board, and would not have the responsibility for technology operations. The committee questioned how staffing would be

provided in the Governor's Office. It further noted that there was "no precedent for or interest in having a lot of staff attached to the Governor's Office."

- Create a new state agency headed by a state CIO responsible for state government-wide IT policy and planning, support of small agencies without CIOs, working with the CIO Board and state government wide technology operations (mainframe computing, centralized computer server support and network operations). The committee raised a number of questions about the creation of a new agency including: (a) should a chief technology officer position be created to be responsible for the operational areas of the new department?; (b) should the agency be attached to DOA for administrative purposes?; (c) what is the best way to allocate resources from agency to agency or IT project to IT project as needed?; (d) "would this agency end up being just another DOA?"; and (e) should legislators be placed on an agency oversight board? The committee noted that the new state agency alternative would be the most difficult to implement successfully as a result of the statutory and administrative issues that would need to be addressed.

- Create a second deputy secretary in DOA for the state CIO position, with duties similar to the state CIO described earlier that would have been placed in the Governor's Office. Under this alternative, the committee indicated that current IT operations would remain in DOA. The committee noted the following regarding this alternative: (a) the CIO could rely on the Secretary of DOA for assistance; (b) agencies would see the alternative as "more DOA status quo;" (c) the alternative with the oversight group would lend weight to the CIO's decisions and recommendations; (d) the position would be subject to the opinions and philosophies for the Secretary of DOA; and (e) the administrator for DITS should become the chief technology officer and the administrator for DTM should become the deputy state CIO.

9. The DOA study committee recommended that initially a deputy Secretary of DOA for IT be created, with the ultimate goal of creating a new department. The study committee also recommended that, while phasing in the separate agency, IT functions could be centralized across state agencies. The committee further recommended that newly-created positions be filled not just by DOA staff but staff from other agencies.

#### *U.S. General Accounting Office Study*

10. A recent U.S. General Accounting Office report reviewed the IT operations in selected private and public sector organizations considered to be industry leaders. The study identified six principles that these successful organizations follow in regard to CIOs and CIO organizations.

a. The organizations recognize the role of information management in creating value for the organization ("CEOs [chief executive officers] and governors ensure that the CIO organization is a key player; CIO is a full participant in the executive decision making process.")

b. The organizations position the CIO for success ("Defines clear CIO role and authorities; matches CIO type and skill set with business needs; forges CIO partnership with CEO and other senior executives.")

c. The organizations ensure the credibility of the CIO organization ("CIO builds credibility through effective leadership, good working relationships, track records, and partnering with customers and peers.")

d. The organizations measure success and demonstrate results ("Strong links exist between business objectives and performance measures; performance management structure still evolving.")

e. The organizations organize information resources to meet business needs ("Reassigns staff as needed to best serve interests of customers; structures the organization along business lines as well as information management functional areas.")

f. The organizations develop information management human capital ("Maintains up-to-date professional skills in technology management; outsources entry-level positions but largely hires at all levels of experience.")

#### *Establishing a Separate New Department*

11. Section 15.001(3) of the statutes states: "Structural reorganization should be a continuing process through careful executive and legislative appraisal of the placement of proposed new programs and the coordination of existing programs in response to changing emphasis or public needs, and should be consistent with the following goals:

a. The organization of state government should assure its responsiveness to popular control. It is the goal of reorganization to improve legislative policy-making capability and to improve the administrative capability of the executive to carry out these policies.

b. The organization of state government should facilitate communication between citizens and government. It is the goal of reorganization through coordination of related programs in function-oriented departments to improve public understanding of government programs and policies and to improve the relationships between citizens and administrative agencies.

c. The organization of state government shall assure efficient and effective administration of the policies established by the legislature. It is the goal of reorganization to promote efficiency by improving the management and coordination of state services and by eliminating overlapping activities."

12. The Department of Administration argues that creation of a CIO position is necessary to coordinate the development, implementation and operation of a uniform, state government-wide e-government system, and to provide state government-wide direction with regard to IT policy. In the February, 2001, issue of Governing magazine a review of all 50 states indicated that Wisconsin "would really benefit from a high-level CIO position."

13. Under the bill, a separate Department, headed by the CIO is created. It is argued that a separate Department increases the stature and importance of the information technology in state

government by establishing a cabinet-level agency to oversee this function, provides a central point of contact regarding state government-wide IT issues, can help ensure that state resources for IT are used as efficiently as possible and can direct e-government activities. The recommendation in the bill appears to be consistent with the Gartner Group findings and the ultimate goal of the DOA study committee.

14. On the other hand, questions can be raised regarding the necessity for creating a separate Department of Electronic Government. While there are a number of new and modified powers and duties granted to the new Department, all the staff and most of the statutory powers and duties are transferred from DOA. The Committee could expand any of the new powers and duties established under the bill and vest them in DOA without creating a new Department. It could, therefore, be argued that the new Department is no different from the current structure in DOA, except for the CIO and the other unclassified positions. Further, DOA is administratively already well-suited to address IT issues because of its two current IT divisions and associated statutory authority. If the Secretary of DOA wants to create a CIO position, one of the existing division administrator positions could be designated as such and modifications to the position's current duties made by DOA.

#### *Modifications to the Proposed Departmental Structure*

15. Even if a state CIO position and a separate Department are created, it could be argued that additional positions are not necessary. Currently, there are 4.5 PR positions in DOA's telecommunications and information technology processing appropriations which have been vacant for at least 14 months. In creating the administrative positions in the new Department, one unspecified classified position is being converted to an unclassified position. If the Committee wishes, a similar method could be utilized to create the remaining three unclassified positions. Under this alternative, a total of 4.0 unclassified positions could be created and a total of 4.0 unspecified classified positions could be deleted. Any increase in costs which could not be addressed within the new Department's existing budgetary resources could be addressed using the authority of the new continuing appropriation or through a 14-day passive review process under s. 16.515, depending on the appropriation structure created for the Department of Electronic Government.

16. While it is not specified in the bill, DOA has indicated that it is the Governor's intent that the new Department contract with DOA for administrative services (budgeting, financial management, procurement and personnel services, for example). None of the positions transferred from DOA are associated with these functions. If the Committee wishes, this contracting requirement could be created.

17. As an alternative to requiring the new Department to contract with DOA, increased expenditure and position authority could be provided in the new Department associated with budgeting, financial management, procurement and personnel services. Under this alternative, increased funding and position authority of \$161,900 PR in 2001-02 and \$155,900 PR in 2002-03 and 4.0 PR positions annually could be provided in the new Department with a corresponding PR reduction made in DOA's supervision and management appropriations.

18. The Committee could consider not creating a new Department, but rather creating a second Deputy Secretary of the Department of Administration for information technology. Under this alternative, the new deputy would serve as the CIO and the two current DOA divisions related to IT would report directly to that position. While this alternative would not create a new secretary-level CIO position, the Governor could involve the deputy DOA secretary for information technology in all IT-related issues and issue an executive order specifying his or her duties and authorities. [Under this alternative, the bill's additional costs associated with creating the new Department, such as the creation of the four new unclassified administrative positions, would not be required. However, an additional unclassified Deputy Secretary in DOA would still need to be created. The estimated cost of the additional Deputy Secretary would be \$84,700 PR in 2001-02 and \$106,300 PR in 2002-03.]

19. Further, the Department of Administration could reallocate positions from within its current resources given the current number of long-term vacancies under the IT function. Therefore, 1.0 PR classified position annually could be deleted and 1.0 PR unclassified Deputy Secretary position could be created. DOA would be required to fund the position from existing resources. In addition, the appropriations reestimates identified in Table 3, which are made under the bill either before appropriations are transferred from DOA or subsequent to creation of the new Department, would still be required but would continue to be budgeted under DOA. Since the support positions currently funded from DOA overhead costs (1.0 PR financial specialist and 3.0 PR IT positions) would remain in the agency, funding and positions (\$258,200 PR and 4.0 PR positions annually) could remain in that appropriation and no change would be necessary. In total, costs to the bill would decrease by \$409,800 PR and 3.0 PR positions annually.

**TABLE 3**

**IT-Related Appropriations  
Reestimates (Change to Base)**

<u>Appropriation</u>	<u>2001-02</u>		<u>2002-03</u>	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Information Technology Processing	\$476,100	-1.70	\$452,400	-1.70
Printing and Mail Services	21,990,000	44.00	22,059,600	44.00
Telecommunications	-257,300	-6.00	-257,300	-6.00
Services to Non-State Employees	12,666,600	0.00	12,666,600	0.00
Relay Services	2,100	0.00	2,100	0.00
Justice Information System Fee	247,300	0.00	247,300	0.00
Justice Information System, Byrne Grant	133,300	0.00	133,300	0.00
Justice Information System, Penalty Assessment	<u>-300,200</u>	<u>0.00</u>	<u>-300,200</u>	<u>0.00</u>
<b>Total</b>	<b>\$34,957,900</b>	<b>36.30</b>	<b>\$35,003,800</b>	<b>36.30</b>

## ALTERNATIVES

### A. Creation of the Department of Electronic Government

*[Items related to the funding levels for justice information systems may be affected by Committee decisions regarding penalty assessment funding.]*

1. Approve the Governor's recommendation to create the new Department of Electronic Government headed by a Chief Information Officer. Transfer funding and positions from DOA and reestimate funding levels in the new Department to provide \$132,443,800 PR in 2001-02 and \$132,489,700 PR and 227.3 PR positions annually.

2. Create the new Department of Electronic Government headed by a Chief Information Officer, but require that all of the new 4.0 PR unclassified positions associated with the Department (1.0 Chief Information Officer, 1.0 Deputy Secretary, 1.0 Executive Assistant and 1.0 additional division administrator) be reallocated from those resources transferred from DOA. Create 4.0 PR unclassified positions and delete 4.0 PR classified positions. Delete the increased funding and position authority associated with the new unclassified positions.

<b>Alternative A2</b>	<b>PR</b>
2001-03 FUNDING (Change to Bill)	- \$819,600
2002-03 POSITIONS (Change to Bill)	- 3.00

3. *In addition to either alternatives A1 or A2*, require the new Department to contract with the Department of Administration for administrative services.

4. *In addition to either alternatives A1 or A2*, provide \$161,900 PR in 2001-02 and \$155,900 PR in 2002-03 and 4.0 PR positions annually in the new Department associated with budgeting, financial management, procurement and personnel services. Reduce PR funding and position authorizations in the Department of Administration's supervision and management appropriations by a corresponding amount. *[This alternative may not be chosen with alternative A3.]*

5. Do not create the new Department of Electronic Government. Instead, create a second Deputy Secretary of the Department of Administration for information technology and name that Deputy Secretary the state Chief Information Officer. Create 1.0 PR unclassified position and delete 1.0 PR classified position annually in DOA associated with the new Deputy Secretary position. Require DOA to fund the position from existing resources. Approve the funding reestimates included under the bill associated with DOA's IT appropriations.

<b>Alternative A5</b>	<b>PR</b>
2001-03 FUNDING (Change to Bill)	- \$819,600
2002-03 POSITIONS (Change to Bill)	- 3.00

6. Do not create the new Department of Electronic Government. Approve the funding reestimates included under the bill associated with DOA's IT appropriations.

Alternative A6	PR
2001-03 FUNDING (Change to Bill)	- \$819,600
2002-03 POSITIONS (Change to Bill)	- 3.00

### B. Powers, Duties and Authority of the New Department

1. Currently, DOA has numerous powers and duties related to IT planning and policy, strategic planning, IT equipment maintenance, operation and acquisition, procurement and other IT-related powers and duties. *[Attachments 1 and 2 identify the powers and duties transferred from DOA to the new Department of Electronic Government.]*

2. Under the bill, DOA's current IT powers and duties are expanded to allow the Department of Electronic Government to manage, coordinate, direct and plan IT activities of state government. *[These new powers and duties are identified in Attachment 3.]* The Committee should also note that the bill deletes some IT provisions including a requirement that DOA report to the Joint Committee on Finance on any proposed acquisition of any IT resource that DOA considers major or that is likely to result in a substantive change of service, and that was not considered in the regular budgeting process. *[These deleted items are identified in Attachment 4].*

3. Independent of the Committee's decision on the structure of the new Department, a decision can be made regarding the extent of the new, modified and deleted powers and duties given either to a new Department or to DOA.

4. DOA argues that the powers and duties granted to the Department of Electronic Government and the CIO, when taken as a whole, will allow one state agency to coordinate the development, implementation and operation of a uniform, state government-wide e-government system, provide state government-wide direction with regard to IT policy and provide state government-wide management of IT resources.

5. The new Department would have authority to: (a) independently modify state agency IT budgets and positions; (b) direct the procurement process for state agencies related to IT; (c) manage the state's IT resources across all state agencies; (d) review and approve agency strategic plans; (e) assume direct responsibility for planning and development of any IT system; (f) acquire, operate and maintain any IT equipment or system; (g) provide IT development and management services; (h) direct state government-wide IT policy and planning; (i) operate and maintain the state's data and communications systems; (j) operate and maintain the state's computer utility; and (k) charge agencies, and in some cases, other entities, for IT services. DOA indicates that some of

these authorities could, and probably would, be delegated back to agencies after review by the new Department.

6. The Department of Administration currently has extensive current law authority with regard to statewide IT issues (see Attachment 1). Given these current authorizations, it could be argued that all of the new, expanded and deleted powers could be removed from the bill. If the Committee decides to create a separate Department with a CIO, the new Department would be able to exercise all of DOA's current powers and duties.

7. If, after some experience as a separate agency, it is determined that the new Department needs expanded authority to carry out its mission, legislation could then be introduced to expand the IT powers and duties. Under this alternative, the new agency's appropriations structure, number of positions and initial statutory duties could still be established in the biennial budget.

8. However, if the Committee decides not to remove the new, modified and deleted IT powers and duties, questions can be raised regarding a number of the specific grants of authority. In addition to the powers and duties discussed below, the bill creates, modifies or deletes other provisions related to strategic planning, procurement, IT project management, IT equipment maintenance, operation and acquisition, and other IT related issues. These items are summarized in Attachments 2, 3 and 4.

#### *University of Wisconsin System Exclusion*

9. Under current law, every agency, other than the Board of Regents of the University of Wisconsin System and the legislative and judicial branches, is required to purchase all computer services from DOA's Division of Information Technology Services, unless the Division of Information Technology Services grants written authority to the agency to procure the services, purchase the services from another agency or provide the service itself. Under current law, the UW System is allowed to purchase computer services from DOA.

10. The bill would require every executive branch agency, including the University of Wisconsin System, to make all purchases of materials, supplies, equipment and contractual services related to information technology and telecommunications from the Department of Electronic Government, unless the Department requires the agency to make the purchases under a master contract or the Department grants written authorization to the agency: (a) delegating it authority to make the purchase; (b) allowing it to procure the materials, supplies, equipment and contractual services from another agency; or (c) allowing it to provide the materials, supplies, equipment and contractual services itself. Under the bill, the procurement statutes do not apply to purchases of information technology and telecommunications materials, supplies, equipment or contractual services purchased by any agency from the new Department.

11. In addition to procurement authority, the bill would provide the new Department with oversight authority of all executive branch agencies IT activities, as identified previously, including the IT activities of the UW System.

12. It can be argued that requiring all executive branch agencies to make IT purchases through the new Department will allow the CIO and the Department to closely examine and monitor all IT related purchases from a state government-wide perspective. Similarly, coordination of all executive branch IT policy, planning and activities will allow for a more coordinated approach to IT.

13. On April 2, 2001, the Department of Administration forwarded a letter to the Co-Chairs of the Committee indicating that "the Governor is requesting that the UW System be excluded from the group of executive agencies over which the Department of Electronic Government has oversight authority." In support of the proposed exclusion, the UW System states: "The University of Wisconsin mission focuses on teaching, research and public services in an environment that is highly competitive for faculty, students and resources. In contrast, the various agencies of state government focus on administering a range of programs such as health services, disability services, prisons and outdoor activities within a largely non-market environment."

14. Given that DOA has indicated that the UW System should be excluded from the oversight of the new Department, the provision could be removed. Conversely, it could be argued that while the UW System is a research and educational institution, it is a branch of state government with significant IT resources and applications. Therefore, including the UW-System would allow for more comprehensive management and coordination of IT resources and policies in state government.

#### *IT Position and Funding Transfer Authority*

15. Under the bill, the CIO would be allowed to transfer monies from the unencumbered balance in the account of any appropriation made to any executive branch agency, other than a sum sufficient appropriation, to the new Department's general program operations or electronic communications services appropriations or to any other appropriation made to an executive branch agency, without the consent of any affected executive branch agency, for the purpose of facilitating more efficient or effective funding of information technology or electronic communications services within the executive branch, if the transfer is consistent with state or federal law and with any requirement imposed by the federal government as a condition of receipt of aid.

16. The bill allows the CIO to transfer any whole or fractional number of authorized full-time equivalent positions having responsibilities related to information technology or telecommunications functions from any executive branch (including the UW System) agency to the Department of Electronic Government or another executive branch agency, or transfer the funding source for any positions within the appropriations made to an executive branch agency, for the purpose of carrying out the authorized functions of the new Department.

17. The CIO may also change the funding source, in whole or in part, for any position transferred to the new Department or another executive branch agency.

18. DOA argues that the CIO's ability to transfer positions and funding will allow the new Department to respond quickly and efficiently to IT needs of all state agencies. If the skills of a

particular individual in one agency are needed in another agency, the CIO would be able to transfer that individual. DOA indicates that individuals would not be transferred to another agency against their will. Further, it is argued that the ability to make funding and position transfers will allow for the expeditious development of state government-wide e-government applications.

19. While DOA indicates that no one would be transferred against their will, the bill does not preclude this possibility.

20. Under the state Constitution, the power to appropriate funds is vested in the Legislature. State statutes specify that, with limited exceptions, it is the exclusive authority of the Legislature to create or abolish positions. These powers allow the Legislature to establish the parameters within which agencies operate, and provide oversight and review of executive branch activities.

21. Under current law, an agency or groups of agencies may request that the Joint Committee on Finance transfer GPR or SEG funding and positions under s. 13.10 procedures, and PR funding and positions under s. 16.505/515 procedure. These procedures require agencies to submit requests to the Committee (s. 13.10) or to DOA and then, if approved by DOA, to the Committee (s. 16.505/515). Neither type of request can become effective until the Committee has given its approval. While DOA indicates that these procedures do not allow the executive branch to react as quickly as may be desired in response to a changing IT environment, the procedures do allow the Legislature to determine if a proposed executive branch action is consistent with legislative intent and policy direction, and provide oversight of state expenditures. Since funding for DOA's IT function is currently PR funded, as is the funding for the new Department, the timely submission of a 14-day passive review under s. 16.505/515 would allow DOA or the new Department to respond appropriately. The Committee should also note that current law allows agencies to enter into temporary employee interchange agreements under which employees from a sending agency work in a receiving agency to "resolve problems affecting this state."

22. It could be argued that the funding and position transfer authority given to the CIO under the bill would circumvent and diminish legislative authority. While positions could not be created or abolished, and total state government-wide funding appropriated by the Legislature could not be changed by the CIO, the funding and positions for particular agencies as determined by the Legislature could be adjusted without legislative approval. Further, funding and positions specified by the Legislature for programs could be modified without approval of the Legislature.

23. If the CIO wanted to transfer positions and funding from one agency to another and a specific state or federal law did not preclude it, the funding and positions could be transferred. In addition, the CIO would have the ability to change the funding source associated with positions, thereby changing the total amount of funding by fund source. For example, the CIO could transfer a SEG-funded position and change the funding source to GPR. As a result, SEG appropriations would decrease and GPR appropriations increase. Given possible concerns regarding a diminution of legislative authority, the Committee could delete the CIO's authority related to funding adjustments and position transfers.

### *Charges to State Agencies and Other Entities*

24. Under current law, DOA charges state agencies for telecommunications and data processing services and for use of the state's computer utility. The amount of the charges and the methodology for determining the charges are not reviewed or approved by the Legislature.

25. Under the bill, the Department of Electronic Government could charge for the following: (a) the Department's reasonable costs for assuming direct responsibility for the planning and development of any IT system in the executive branch that the chief information officer determines to be necessary to effectively develop or manage the system; (b) costs of equipment or systems acquired, operated, maintained, or provided or services provided to agencies in accordance with a methodology determined by the chief information officer; (c) costs of equipment or systems acquired, operated, maintained, or provided or services provided as a component of any of the services provided by the Department to an agency; (d) development or operation and maintenance of any system or device facilitating internet or telephone access to information in accordance with a methodology determined by the officer; (e) costs of systems or devices that are developed, operated or maintained as a component of any services provided by the Department to that agency, authority, local governmental unit or entity; and (f) all authorized services provided by the Department under an agreement at a cost specified in the agreement.

26. Given the broad powers assigned to the new Department and the increased number of items for which charges or assessments may be made, legislative review of the methodology to be used to determine the fee may be appropriate. If the Committee wishes, the new Department or DOA, if a new Department is not created, could be directed to submit its methodologies for determining fees and assessments to the Legislature for approval as an administrative rule. Under this alternative, while the actual fee would not be established and approved, the methodology for establishing the fee would be subject to approval by the Legislature.

### *Joint Committee on Finance IT Project Notification*

27. Under current law, DOA is required to notify the Joint Committee on Finance, in writing, of any proposed acquisition of any IT resource that DOA considers major or that is likely to result in a substantive change in service, if the acquisition was not considered in the budget process and is GPR or SEG funded. These notices are then considered under a 14-day passive review process. If DOA is not notified that a meeting of the Joint Committee on Finance has been scheduled to review the proposed purchase, the acquisition may proceed. If DOA is notified, the acquisition may not proceed unless approved by the Committee. Current law also contains a similar provision regarding acquisition using PR funds, but without the passive review process. This provision was initially created in 1971 Chapter 261.

28. The bill deletes the Joint Committee on Finance notification process. As a result, no review and approval of major IT acquisitions outside the regular budget process would be required. Agencies making major IT acquisitions using GPR or SEG funding within their base budget authority would not need the Committee's approval. Initial expenses for large IT systems could, therefore, be made without review. Further, if the new Department or DOA is granted some of the

proposed powers and duties specified under the bill, funding could be transferred between appropriations to authorize new IT projects.

29. If the Committee wishes, Joint Committee on Finance notification and review of major IT acquisitions could be maintained.

## ALTERNATIVES

### B. Powers, Duties and Authority of the New Department

1. Approve the Governor's recommendation to expand the powers, duties and authorities of the Department of Electronic Government as identified in Attachments 2, 3 and 4. *[This alternative cannot be selected in combination with Alternative B2.]*

2. Expand the powers, duties and authorities of the Department of Administration rather than the Department of Electronic Government as identified in Attachments 2, 3 and 4. *[This alternative cannot be selected in combination with Alternative B1].*

3. Adopt either alternative B1 or B2, but modify one or more of the following expanded powers, duties and authorities of the Department of Electronic Government or the Department of Administration as identified in Attachments 2, 3 and 4 to this paper by:

a. Excluding the University of Wisconsin System from the group of executive branch agencies over which the new Department would have oversight authority.

b. Deleting the funding and position transfer authority granted to the Chief Information Officer.

c. Requiring that the methodologies used by the new Department for establishing fees be promulgated as administrative rules.

d. Maintaining the current requirements related to Joint Committee on Finance review and approval of major IT acquisitions.

4. Transfer only the current powers, duties and authorities of DOA related to information technology as identified in Attachment 1.

5. Delete the Governor's recommendation to expand the powers, duties and authorities of the Department of Electronic Government as identified in Attachments 2, 3 and 4 to this paper.

### C. Appropriations Structure

1. Under the bill, the following nine new appropriations are created under the Department of Electronic Government:

<u>Appropriation</u>	<u>Fund Source</u>	<u>Appropriation Type</u>
a. General Program Operations, Services to State Agencies	PR	Continuing
b. General Program Operations, Services to Nonstate Entities	PR	Continuing
c. Relay services	PR	Annual
d. Justice Information Systems	PR	Annual
e. Justice Information Systems Development, Operations and Maintenance	PR	Annual
f. Gifts, Grants and Bequests	PR	Continuing
g. Electronic Communications Services, Nonstate Entities	PR	Continuing
h. Electronic Communication Services, State Agencies	PR	Continuing
i. Federal Aid	FED	Continuing

#### *Appropriation Consolidation*

2. In creating the appropriations for the new Department, the bill combines DOA's information technology processing appropriation, the telecommunications appropriation and the printing and mail services portion of the printing, document sales, mail distribution and records services appropriation into a single appropriation in the Department for general program operations for state agencies appropriation with expenditure authority of \$110.1 million PR annually. The bill also consolidates two appropriations for the Bureau of Justice Information Systems (BJIS) associated with the \$2 justice information system fee and federal Byrne grant funding received from the Office of Justice Assistance (OJA) into a single appropriation with expenditure authority of \$3.8 million PR annually.

3. In order to accomplish the consolidation of the BJIS appropriation, the statutory definition of program revenues-service (PR-S) is modified to exempt the justice information system appropriation in the Department of Electronic Government, from the definition of this revenue source. Under current law, PR-S appropriations consist of appropriated monies in the general fund derived from any revenue source that are transferred between or within state agencies or miscellaneous appropriations. These monies are shown as expenditures in the appropriation of the state agency or program from which the monies are transferred and are also shown as program revenue in the appropriation of the agency or program to which the monies are transferred. Under

the bill, the justice information system appropriation would consist of revenues transferred from OJA (PR-S) and from the justice information systems fee deposited directly to the justice information system appropriation (PR).

4. Prior to the consolidation of the appropriations in the new Department and the transfer of the appropriations from DOA, the bill modifies DOA's appropriation structure by: (a) eliminating the printing, document sales, mail distribution and records services appropriation (-\$24,821,700 in 2001-02 and -\$24,591,300 in 2002-03 and -70.5 positions annually); (b) increasing the information technology processing services to state agencies appropriation by \$21,964,700 in 2001-02 and \$22,034,300 in 2002-03 and 43.0 positions annually to reflect a departmental reorganization under which publishing service and mail service operations are transferred to the Division of Information Technology Services; and (c) increasing the transportation services appropriation by \$2,853,000 in 2001-02 and \$2,553,000 in 2002-03 and 27.5 positions annually to reflect the consolidation of the records center, document sales, mail transportation and documents imaging functions from the eliminated printing, document sales, mail distribution and records services appropriation to the transportation services appropriation. This change results in a net decrease in DOA of \$4,000 PR annually.

5. Consolidation of appropriations allows agencies more administrative flexibility with regard to expenditure and position control by providing a larger and less restricted base level from which to operate. However, by consolidating appropriations, the Legislature's ability to provide expenditure oversight is greatly diminished. Regardless of the Committee's decision on whether to create a separate Department, a determination can be made whether or not to consolidate the appropriations.

6. If the Committee wishes, separate appropriations could be maintained for information technology processing, telecommunications, BJIS justice information system fees and BJIS Byrne grant funding. A separate appropriation could be created for printing and mail services (these services are currently provided through DITS). Under this alternative, the bill's modification to the definition of PR-S could be deleted. Any expenditures and positions associated with support positions and unclassified administrative positions could be proportionally divided between the information technology processing appropriation, the telecommunications appropriation and the printing and mail services appropriation. This alternative would enhance legislative oversight and provide better monitoring of costs and expenditures.

7. As an alternative to creating separate appropriations or consolidated appropriations, as recommended in the bill, the Committee could direct that expenditures and revenues within the consolidated appropriations be separately identified within the state budget system. Under this alternative, consolidated appropriations would be created and allow the agency administrative flexibility, but specific revenues and expenditures could be detailed by subunit in an appropriation allowing for some legislative review.

8. If the Committee decides not to create a new separate Department, it may still be appropriate to modify DOA's existing appropriations structure given that printing and mail distribution functions are currently being performed by DITS. Alternatively, a separate

appropriation for printing and mail services could be created in DOA, thus allowing enhanced legislative oversight.

### *Continuing Versus Annual Appropriations*

9. Continuing appropriations are appropriations which are expendable until fully depleted or repealed by subsequent action of the Legislature. The amount of a continuing appropriation from program revenues consists of the balance in the appropriation account at the end of the previous fiscal year, if any, together with any revenues received during the fiscal year that are directed by law to be credited to the appropriation account. The dollar amounts shown in the appropriation schedule represent the most reliable estimates of the amounts which will be expended during any fiscal year. Generally, expenditures made from a continuing program revenue appropriation are limited only by the available revenues from which the appropriation is made.

10. By contrast, annual appropriations are expendable only up to the amount shown in the appropriation schedule and only for the fiscal year for which made. At the end of the fiscal year the unencumbered balances in a program revenue or program revenue-service appropriation, remains in that appropriation if the statutes indicate the moneys are to be credited to the account for that appropriation.

11. Under a continuing appropriation, legislative oversight of expenditures is lessened because the dollar amounts in the appropriations schedule are merely estimates of the amount of funds that the agency expects to spend for these purposes. By having a continuing appropriation for these purposes, expenditures that agencies wish to make are not limited by any legislatively-established appropriation level. Rather, an agency may expend as much as the accumulated revenue in the appropriation level will allow. Further, depending on the purpose of the appropriation, an agency may collect the full cost of its operation through chargebacks to users of its services at whatever level of expenditures are actually made. Consequently, the dollar amounts which the Legislature includes in the appropriations schedule do not serve as any limit on the amount that an agency can actually expend for the purposes of the appropriation.

12. Under the bill, six continuing appropriations are created under the new Department of Electronic Government: (a) general program operations, services to state agencies (\$110,095,400 PR in 2001-02 and \$110,414,300 PR in 2002-03); (b) general program operations, services to non-state agencies (\$12,666,600 PR annually); (c) gifts, grants and bequests (\$0 annually); (d) electronic communications services, non-state agencies (\$0 annually); (e) electronic communications services, state agencies (\$0 annually); and (f) federal aid (\$0 annually). Generally, gifts, grants and bequests appropriations and federal aid appropriations are created as continuing appropriations in state agencies.

13. Currently, the information technology processing appropriation and the information technology processing services for non-state entities and state schools appropriation in DOA are continuing appropriations.

14. The telecommunications appropriation and the printing, document sales, mail

distribution and records services appropriation are currently annual appropriations.

15. DOA argues that continuing appropriations allow the agency to respond quickly to the information technology needs of state agencies, local governments and other customers. This is particularly the case when the agency is developing larger computer systems or operating newer systems and costs cannot be fully determined in advance. A continuing appropriation, DOA argues, allows the agency to make unplanned purchases to take advantage of changing information technology markets. Since no legislative approval is necessary for increased expenditures above budgeted levels, an agency may make any expenditure from the appropriation that it considers necessary to carry out its responsibilities.

16. It could be argued that creation of continuing appropriations would greatly lessen the Legislature's ability to review, monitor and evaluate the financial status of the appropriations. Further, the 14-day review process under s. 16.515 is available for increased expenditure authority for annual appropriations. Given that any large IT purchase should be planned in advance, the timely submission of a s. 16.515 request would allow the Department to respond to IT needs appropriately. Therefore, the Committee could modify the bill to change the continuing appropriations (other than gifts, grants and bequests appropriation and the federal aid appropriation) to annual appropriations.

#### *Incurring of Financial Liability*

17. The bill modifies current law to specify that the Department of Electronic Government may create liabilities and expend monies from four of its appropriations (the general program operations appropriations for state agencies and for nonstate entities and the electronic communications services appropriations for state agencies and for nonstate entities) in an additional amount not exceeding the depreciated value of the equipment for operations financed under these appropriations. As under current law, the Secretary of the DOA may require such statements of assets and liabilities as he or she deems necessary before approving expenditure estimates in excess of the unexpended monies in the appropriation.

18. The following appropriations are currently allowed to incur increased costs and liabilities under the current provision: (a) equipment pool operations in the Department of Natural Resources; (b) data processing services in the Department of Transportation; (c) fleet operations in DOT; (d) other department services in DOT; (e) services to nonstate units of governments in DOA; (f) materials and services to state agencies and certain districts in DOA; (g) transportation services in DOA; (h) capital planning and building construction services in DOA; and (i) printing, document sales, mail distribution and records services in DOA.

19. The ability to expend more than the balance in an appropriation provides an agency with increased expenditure flexibility. Generally, the appropriations granted this authority are those that have a significant amount of equipment value associated with the appropriation and those which may need to make significant equipment purchases.

20. Of the appropriations being transferred from DOA to the new Department, only the

records services appropriation is currently allowed to utilize the depreciated value of equipment.

21. To the extent that an agency utilizes its ability to expend additional monies equivalent to a portion of its depreciated assets, these costs are supported as a loan from the general fund.

22. At the end of 1999-00, the accumulated depreciated value of the equipment in DOA's information technology processing and telecommunications appropriations was \$10.5 million. Assuming this same value, under provisions of the bill the new Department could exceed the amount of revenue in its general program operations, services to state agencies by this amount. While a portion of the new appropriation associated with printing and mail services is included in the current exemption, the majority of the transferred appropriations have not been allowed to utilize the exemption.

23. Given that the bill creates a new Department and that most of the transferred appropriations have not previously been included in the exemption, it can be argued that allowing the Department to expend additional amounts equal to the value of depreciated assets is not necessary at this time.

## ALTERNATIVES

### C. Appropriations Structure

1. Approve the Governor's recommendation to create the following appropriations in the new Department: (a) general program operations, services to state agencies, a PR continuing appropriation; (b) general program operations, services to nonstate entities, a PR continuing appropriation; (c) relay services, a PR annual appropriation; (d) justice information systems, a PR annual appropriation; (e) justice information systems development, operation and maintenance, a PR annual appropriation; (f) gifts, grants and bequests, a PR continuing appropriation; (g) electronic communications services, nonstate entities, a PR continuing appropriation; (h) electronic communications services, state agencies, a PR continuing appropriation; and (i) federal aid, a FED continuing appropriation. Modify the appropriations structure in DOA prior to the transfer of appropriations to the new Department to reflect the shift of the printing and mail distribution function to DITS.

2. Approve the Governor's recommendation related to appropriations structure, except:

a. Maintain separate appropriations for information technology processing, telecommunications, BJIS justice information system fee and BJIS Byrne grant funding. Delete the modification to the definition of program revenue-service. Proportionally divide the expenditures and positions associated with support positions and unclassified positions between the information technology processing appropriation, the telecommunications appropriation and, if created, the printing and mail services appropriation.

b. Create a separate appropriation under the new Department for printing and mail services.

c. Direct that separately identifiable appropriation subunits for the IT appropriations created or modified in the bill be created. *[This alternative may not be chosen in combination with Alternatives C2a or C2b.]*

d. Change the continuing appropriations created in the bill (other than the gifts, grants and bequests appropriation and the federal aid appropriation) to annual appropriations.

e. Delete the provision allowing the new Department to expend additional amounts equal to the value of depreciated assets.

3. *If the Committee decides not to create a new separate Department, modify DOA's existing appropriations structure to consolidate the printing and mail distribution functions into the information technology processing appropriation. [This alternative may be chosen in combination with Alternative C5 but not with Alternative C4.]*

4. *If the Committee decides not to create a new separate Department, create a separate annual PR appropriation for printing and mail services in DOA. [This alternative may be chosen in combination with Alternative C5 but not with Alternative C3.]*

5. Delete the Governor's recommendation to create appropriations for the Department of Electronic Government and to modify the appropriation structure in DOA prior to the transfer of appropriations to the new Department to reflect the shift of the printing and mail distribution function to DITS.

<b>Alternative C5</b>	<b>PR</b>
<b>2001-03 FUNDING (Change to Bill)</b>	<b>\$8,000</b>

#### **D. Information Technology Management Board**

1. Under the bill, a seven-member Information Technology Management Board would be created, attached to the Department of Electronic Government. The Board would consist of the Governor, the CIO, the Secretary of DOA, two heads of departments or independent agencies appointed to serve at the pleasure of the Governor, and two public members appointed to serve four-year terms. The public members would not be subject to confirmation by the Senate. The bill specifies that the Governor would serve as chair of the Board and the CIO would serve as vice-chair. The Board would be required to meet at least four times per year and at other times on the call of the Governor.

2. The bill requires the Board to: (a) provide the CIO with its recommendations concerning any element of a strategic plan that the CIO refers to it; and (b) advise the CIO with respect to management of the information technology portfolio of state government. The Board may also monitor the progress in attaining goals for information technology and telecommunications development set by the CIO or executive branch agencies, and may make recommendations to the CIO or agencies concerning appropriate means of attaining those goals. In addition the bill specifies that the Board may, upon petition of an executive branch agency, review any decision of the CIO related to the transfer of positions or other IT issues affecting that agency. Upon review, the Board would be able to affirm, modify or set aside the decision. If the Board modifies or sets aside the decision of the CIO, the decision of the Board stands as the decision of the CIO and the decision is not subject to further review or appeal.

3. In a recently published study of state and local government IT operations (Powering Up: How Public Managers Can Take Control of Information Technology), the authors state that "one of the major tasks that the central IT office must perform well is to ensure that the agencies and other stakeholders feel involved in the process. The power of the bureaucracy to stand in the way of even the most sensible initiative can't be overstated. But if you've got agencies and departments in synch, all kinds of land mines can be avoided. This has often been successfully accomplished through some kind of advisory council, as is found in the states of Maryland and North Carolina, the cities of Kansas City, Long Beach, and Washington, D.C., and a growing number of other localities. The composition of these boards varies, but they often include representatives from agencies and the legislature."

4. The study further notes that: "some places maintain a board that goes beyond simple consultative authority; it's actually the final arbiter of IT decisions, with the CIO reporting to it. In Indianapolis, for example, the CIO reports to a city/county information technology board. This board is made up of mayoral appointees, county elected officials, county officials, and a judicial representative." "This board actually approves all contracts of more than \$25,000 (a crucial piece of power in a city that has outsourced many of its IT services). It approves the city's wide area network strategies as well. Boards such as the one in Indianapolis may not add value to the technical decisions. But they ensure the decisions appear fair and equitable."

5. As noted earlier, one of the six principles that the GAO identified in its review of public and private sector IT organizations was that in "successful" IT organizations the value of IT to the organization is recognized by the organizations leaders. This recognition is characterized by including the CIO in high level organization-wide decisions.

6. To the extent that the Governor as chair of the Information Technology Management Board involves the CIO and the CIO organization in decisions, and to the extent that the CIO as a Board member participates in high level decisions regarding state government-wide IT policy, the Information Technology Management Board created under the bill is consistent with this GAO identified principle.

7. Under the bill, the Information Technology Management Board has no legislative representatives. Given the Board's duties to review strategic plans, advise the CIO regarding the

management of the state government-wide information technology portfolio, monitor and recommend means to achieve state IT goals, review some decisions made by the CIO and influence the utilization all state IT resources (both financial and personnel), it could be argued that the Board should also have legislative representation.

8. Since one of the Board's duties is to review decisions and recommendation of the CIO, it can be argued that the CIO should not serve as a voting member of the Board.

9. Under the bill, the Secretary of DOA is a member of the Information Technology Management Board. Given DOA's statutory directive to coordinate and administer certain state government-wide activities and its role as the state's general administrative agency having the Secretary of DOA on the Board may be appropriate. However, in order to provide the Governor additional latitude in appointing members of the Board, the bill could be modified to delete the designation of the Secretary of DOA and instead allow the Governor to appoint three unspecified agency heads, rather than two.

10. If the Committee wishes, the membership of the Board could be modified to: (a) place four legislators (the Co-chairs of the Joint Committee on Information Policy and Technology and one minority party member from each house) on the Board; (b) make the CIO a nonvoting member of the Board, who would then serve as the Board Secretary; (c) remove the CIO as vice-chair of the Board; and (d) delete the Secretary of DOA as a designated member of the Board, and instead allow the Governor to appoint three rather than two agency heads to the Board. Under this alternative, the Board would consist of ten voting members (the Governor, four legislators, three heads of executive branch agencies and two public members) and one nonvoting member (the CIO).

11. If the University of Wisconsin System is to be included under the purview of the new Department (or DOA, if the new Department is not created), it could be argued that the UW System should have a representative of the Information Technology Management Board. Under this alternative, the President of the University of Wisconsin System, or his or her designee, could be added to the Board.

12. Another issue the Committee may wish to consider is whether the appointment of the public members should be subject to Senate confirmation. Under current law, board members are generally appointed without Senate confirmation, except that members of certain specifically enumerated boards (such as the Banking Review Board, the Board on Aging and Long-Term Care, the Waste Facility Siting Board and the Prison Industries Board) must be confirmed. It could be argued that confirmation by the Senate would allow for additional legislative oversight of the Information Technology Management Board.

13. Creation of the Information Technology Management Board is not dependent on whether a separate Department of Electronic Government or CIO position is created. The Board could always serve as a high level review board for issues related to information technology. If the new Department and CIO are not created, the Board could serve to review activities of DOA relating to IT.

14. Under current law, the Governor or an agency head may create an advisory board. Therefore, the Governor or the Secretary of DOA could create an information technology advisory board. While such a board would not be specifically vested with statutory powers and duties, it could serve to advise the Governor or Secretary of DOA on issues related to information technology. It could, therefore, be argued that creation of the Information Technology Management Board is not necessary.

## ALTERNATIVES

### D. Information Technology Management Board

1. Approve the Governor's recommendation to create a seven-member Information Technology Management Board, consisting of the Governor, the CIO, the Secretary of DOA, two heads of departments or independent agencies appointed to serve at the pleasure of the Governor, and two other members appointed to serve four-year terms.

2. Modify the Governor's recommendation related to the Information Technology Management Board by:

a. Placing four legislators (the Co-chairs of the Joint Committee on Information Policy and Technology and one minority party member from each house) on the Board.

b. Making the chief information officer a nonvoting member of the Board, who serves as the Board Secretary and removing the CIO as vice-chair of the Board.

c. Removing the Secretary of DOA as a designated Board member and authorizing the Governor to appoint three executive branch agency heads to the Board.

d. Requiring Senate confirmation of the public members of the Board.

e. *If the Committee includes the University of Wisconsin System as an executive branch agencies over which the new Department has oversight authority, include the President of the University of Wisconsin System or his or her designee as a member of the Board.*

3. Deny the Governor's recommendation.

Prepared by: Jere Bauer

## ATTACHMENT 1

### Powers and Duties Transferred from DOA to the Department of Electronic Government

#### IT Planning and Policy

1. Ensuring that an adequate level of IT services is made available to all agencies by providing systems analysis and application programming services to augment agency resources, as requested.
2. Ensuring that executive branch agencies make effective and efficient use of the IT resources of the state.
3. In cooperation with agencies, establishing policies, procedures and planning processes for the administration of IT services, which executive branch agencies must follow.
4. Monitoring adherence to policies, procedures and processes.
5. Developing and maintaining IT resource planning and budgeting techniques at all levels of state government.
6. Developing and maintaining procedures to ensure IT resource planning and sharing between executive branch agencies.
7. Collecting, analyzing and interpreting, in cooperation with agencies, data necessary to assist the IT resource planning needs of the Governor and Legislature.
8. Providing advice and assistance during budget preparation concerning IT resource plans and capabilities.
9. Ensuring that management reviews of IT organizations are conducted.
10. Gathering, interpreting and disseminating information on new technological developments, management techniques and IT resource capabilities and their possible effect on current and future management plans to all interested parties.
11. Ensuring that a level of IT services are provided to all agencies that are equitable in regard to resource availability, cost and performance.
12. Ensuring that all executive branch agencies develop and operate with clear guidelines and standards in the areas of IT systems development and that they employ good management practices and cost-benefit justifications.

13. Ensuring that all state data processing facilities develop proper privacy and security procedures and safeguards

14. Maintaining an IT resource center to provide appropriate technical assistance and training to small agencies

15. Undertaking such studies, contract for the performance of such studies, and appoint such councils and committees for advisory purposes as the Department considers appropriate to ensure that plans, capital investments and operating priorities meet the needs of state government and of agencies and of local governmental units and entities in the private sector served by the Department

16. Developing and maintaining a statewide long-range telecommunications plan, which serves as a major element for budget preparation, as guidance for technical implementation and as a means of ensuring the maximum use of shared systems by agencies when this would result in operational or economic improvements or both.

17. Developing policy, standards and technical and procedural guidelines to ensure a coordinated and cost-effective approach to telecommunications system acquisition and utilization.

18. Maintaining a comprehensive inventory of all state-owned or leased telecommunications equipment and services.

19. Monitoring overall state expenditures for telecommunications systems and preparing an annual financial report on such expenditures.

20. Reviewing the operation of all telecommunications systems in Wisconsin to ensure technical sufficiency, adequacy and consistency with goals and objectives.

21. Performing the functions of agency telecommunications officer for those agencies with no designated focal point for telecommunications planning, coordination, technical review and procurement.

### **Strategic Planning**

22. Requiring each executive branch agency to adopt and submit for approval, a strategic plan for the utilization of IT to carry out the functions of the agency.

23. Requiring each executive branch agency that receives funding under a biennial budget for an IT development project to file an amendment to its strategic plan for the utilization of information technology, no later than 60 days after enactment of each biennial budget act.

24. Assisting in coordination and integration of plans of executive branch agencies relating to IT and, using these plans and the statewide long-range telecommunications plan to formulate and revise biennially a consistent statewide strategic plan for the use and application of information technology.

### **IT Equipment Maintenance, Operation and Acquisition**

25. Developing review and approval procedures which encourage timely and cost-effective hardware, software and professional services acquisitions, and reviewing and approving the acquisition of such items and services under those procedures.

26. Licensing computers.

27. Maintaining, promoting and coordinating integrated justice information systems in conjunction with the Public Defender Board, the Director of State Courts, the Departments of Corrections and Justice and district attorneys.

28. Providing telecommunications services to state agencies.

29. Providing such computer services and telecommunications services to local governmental units and telecommunications services to qualified private schools, postsecondary institutions, museums and zoos as the Department of Electronic Government considers to be appropriate and can be efficiently and economically provided.

30. Providing such supercomputer services to agencies, local governmental units and entities in the private sector as the Department considers to be appropriate and can be efficiently and economically provided.

31. Providing technical services to agencies in making hardware acquisitions to be used for computer services.

32. Providing or contracting with a public or private entity to provide computer services to agencies.

33. Facilitating the implementation of statewide initiatives, including development and maintenance of policies and programs to protect the privacy of individuals who are the subjects of information contained in the databases of agencies, and of technical standards and sharing of applications among agencies and any participating local governmental units or entities in the private sector.

34. Ensuring responsiveness to the needs of agencies for delivery of high-quality IT processing services on an efficient and economical basis, while not unduly affecting the privacy of individuals who are the subjects of the information being processed by the Department.

35. Utilizing all feasible technical means to ensure the security of all information submitted for processing by agencies, local governmental units and entities in the private sector.

36. With the advice of the Ethics Board, adopting and enforcing standards of ethical conduct applicable to its paid consultants which are similar to the standards prescribed for public officials.

37. Allowing regionally accredited four-year nonprofit colleges and universities that are incorporated in Wisconsin or that have their regional headquarters and principal place of business in Wisconsin to participate in any telecommunications network administered by the Department.

38. Requiring the Department to negotiate with private vendors to facilitate the purchase of computers and other educational technology by public and private elementary and secondary school teachers for their private use.

39. Attempting to make available types of computers and other educational technology that will encourage and assist teachers in becoming knowledgeable about the technology and its uses and potential uses in education.

**Other IT Related Powers and Duties**

40. Reviewing and approving, modifying or rejecting most forms approved by a records and forms officer for jurisdiction, authority, standardization of design and nonduplication of existing forms.

41. Prescribing a forms management program for agencies.

42. Requiring that the Revisor of Statutes approve the specifications for preparation and schedule for delivery of computer databases containing the Wisconsin Statutes.

## ATTACHMENT 2

### Modified Powers and Duties Transferred from DOA to the Department of Electronic Government

#### Strategic Planning

1. Require executive branch agency strategic plans to be adopted and submitted annually by March 1, rather than biennially as under current law. Additional strategic planning requirements are identified in Attachment 3 related to new powers and duties of the Department of Electronic Government.

#### Procurement

2. Transfer procurement responsibilities related to IT from DOA to the new Department. DOA would not be allowed to delegate to any executive branch agency the authority to enter into any contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications prior to review and approval of the contract by the chief information officer (CIO). Additional procurement requirements are identified in Attachment 3 related to new powers and duties of the Department of Electronic Government.

3. Require every executive branch agency, including the University of Wisconsin System, to make all purchases of materials, supplies, equipment and contractual services related to information technology and telecommunications from the new Department, unless the new Department requires the agency to make the purchases under a master contract or the Department grants written authorization to the agency: (a) delegating it authority to make the purchase; (b) allowing it to procure the materials, supplies, equipment and contractual services from another agency; or (c) allowing it to provide the materials, supplies, equipment and contractual services itself. The procurement statutes would not apply to purchases of information technology and telecommunications materials, supplies, equipment or contractual services purchased by any agency from the new Department.

Currently, every agency, other than the Board of Regents of the University of Wisconsin System and the legislative and judicial branches, is required to purchase all computer services from DOA's Division of Information Technology Services, unless the Division grants written authority to the agency to procure the services, purchase the services from another agency or provide the service itself. Under current law, the UW System is allowed to purchase computer services from DOA. Further, current law exempts any agency making a purchase of computer services from DOA's Division of Information Technology Services from the procurement statutes.

**Other IT Related Powers and Duties**

all information submitted to the new Department by authorities and units of the federal government, under a provision that bars open records access for all information submitted to Department by agencies, local governmental units or entities in the private sector for the purpose of processing.

4. Include information submitted to the new Department by authorities and units of the federal government, under a provision that bars open records access for all information submitted to Department by agencies, local governmental units or entities in the private sector for the purpose of processing.

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## ATTACHMENT 3

### New Powers and Duties of the Department of Electronic Government and Chief Information Officer

#### IT Position and Funding Authority

1. Authorize the transfer of monies from the unencumbered balance in the account of any appropriation made to any executive branch agency, other than a sum sufficient appropriation, to the new Department's general program operations or electronic communications services appropriations or to any other appropriation made to an executive branch agency, without the consent of any affected executive branch agency, for the purpose of facilitating more efficient or effective funding of information technology or electronic communications services within the executive branch.

2. Authorize the transfer of any whole or fractional number of authorized full-time equivalent positions having responsibilities related to information technology or telecommunications functions from any executive branch (including the UW System) agency to the new Department or another executive branch agency, and authorize transfer between the funding sources of any positions within the appropriations made to an executive branch agency, for the purpose of carrying out the authorized functions of the Department of Electronic Government. The CIO may also change the funding source, in whole or in part, for any position transferred to the new Department or another executive branch agency.

3. Authorize the CIO to rescind any previous position transfer action. If the funding source for any position is changed and the transfer or change in funding sources is rescinded, the funding source for that position would revert to the original funding source.

4. Following the completion of each calendar quarter, report the following information to the Secretary of DOA: (a) the number of position changes made by the CIO during the preceding calendar quarter, itemized by each executive branch agency and funding source; and (b) if applicable, the specific appropriations from which funding for any position was provided or from which funding for any position was deleted.

#### IT Project Management

5. Charge any executive branch agency for the new Department's reasonable costs incurred in carrying out IT project management functions on behalf of the executive branch agency.

6. Assume direct responsibility for the planning and development of any IT system in the executive branch that the CIO determines to be necessary to effectively develop or manage the system, with or without the consent of any affected executive branch agency.

## Strategic Planning

7. Annually, as a part of each proposed strategic plan, require each executive branch agency to address the business needs of the agency and identify all proposed IT development projects that serve those business needs, the priority for undertaking such projects, and the justification for each project, including the anticipated benefits of the project.

8. Identify in each proposed strategic plan any changes in the functioning of the agency under the plan. In each even-numbered year, the plan must include an identification of any IT development project that the agency plans to include in its biennial budget request.

9. Identify in each proposed strategic plan the initiatives that the executive branch agency plans to undertake from resources available to the agency at the time that the plan is submitted and initiatives that the agency proposes to undertake that would require additional resources.

10. Prohibit the Secretary of DOA from including in the statutorily required budget compilation any provision for the development or implementation of an IT development project for an executive branch agency that is not consistent with the approved strategic plan of the agency.

11. Following receipt of an executive branch agency's proposed strategic plan, require the CIO to notify the agency, before June 1, of any concerns that the CIO may have regarding the plan and provide the agency with his or her recommendations regarding the proposed plan. Authorize the CIO to submit any concerns or recommendations regarding any proposed plan to the newly created Information Technology Management Board for its consideration.

12. Require annually before June 15, the CIO, after consideration of any recommendations provided by the Board, must approve or disapprove an agency's proposed strategic plan in whole or in part.

13. Prohibit executive branch agencies from implementing a new or revised information technology development project authorized under a strategic plan until the implementation is approved by the CIO in accordance with procedures prescribed by the CIO.

14. Require the Department to consult with the Joint Committee on Information Policy and Technology in providing guidance for planning by executive branch agencies.

## IT Equipment Maintenance, Operation and Acquisition

15. Authorize the new Department to acquire, operate, and maintain any IT equipment or systems required by the Department to carry out its functions, and provide IT development and management services related to those systems.

16. Authorize the new Department to assess executive branch agencies for the costs of equipment or systems acquired, operated, maintained, or provided or services provided in accordance with a methodology determined by the CIO.

17. Authorize the new Department to charge any agency for the costs of equipment or systems acquired, operated, maintained, or provided or services provided as a component of any of the services provided by the Department to the agency.

18. Authorize the CIO to develop or operate and maintain any system or device facilitating internet or telephone access to information about programs of agencies, authorities, local governmental units, or entities in the private sector, or otherwise permitting the transaction of business by agencies, authorities, local governmental units, or entities in the private sector by means of electronic communication.

19. Authorize the CIO to assess executive branch agencies for development or operation and maintenance of any system or device facilitating internet or telephone access to information in accordance with a methodology determined by the officer.

20. Authorize the CIO to charge any agency, authority, local governmental unit, or entity in the private sector for the costs of systems or devices that are developed, operated or maintained as a component of any services provided by the Department to that agency, authority, local governmental unit or entity.

### **Procurement**

21. Require DOA to delegate authority to make all purchases for the new Department to the Department. The delegation could not be withdrawn, but the Department of Electronic Government could elect to make any purchase through DOA.

22. Prohibit any executive branch agency from entering into a contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications without review and approval of the contract by the CIO.

23. Authorize the new Department to establish master contracts for the purchase of materials, supplies, equipment, or contractual services relating to information technology or telecommunications for use by agencies, authorities, local governmental units, or entities in the private sector and require any executive branch agency to make any purchases of materials, supplies, equipment, or contractual services included under the contract pursuant to the terms of the contract.

24. Authorize the CIO to review and approve, approve with modifications, or disapprove any proposed contract for the purchase of materials, supplies, equipment, or contractual services relating to information technology or telecommunications by an executive branch agency.

25. Require that procurement specifications for the purchase of materials, supplies, equipment or contractual services for information technology or telecommunications are subject to the approval of the CIO.

26. Exempt the new Department from the following requirements:

- All supplies, materials, equipment and contractual services be purchased for and furnished to any agency only upon requisition to DOA.

- DOA prescribe the form, contents, number and disposition of requisitions and promulgate rules as to time and manner of submitting such requisitions for processing.

- No agency or officer may engage any person to perform contractual services without the specific prior approval of DOA for each such engagement.

- Procurement statutes related to low bid, general bid procedures and procurement from prison industries.

- Obtaining materials, supplies, equipment and services from a list maintained by the State Use Board for procurements from work centers for the severely disabled.

27. Annually, not later than October 1, require the new Department to report to DOA, concerning all procurements by the Department during the preceding fiscal year that were not made in accordance with low bid, general bid procedures and procurement from prison industries statutes.

28. Prohibit DOA from delegating procurement authority to the Technology for Educational Achievement in Wisconsin (TEACH) Board to make purchases of educational technology equipment for use by school districts, cooperative educational service agencies and public educational institutions unless approval is received from the Department of Electronic Government.

29. Require that procurement standards and specifications, established by the TEACH Board in cooperation with DOA, related to the purchase of educational technology hardware and software by educational agencies are subject to the approval of the new Department.

30. Require approval of the new Department for the TEACH Board to purchase or permit educational agencies to purchase or lease educational technology equipment.

#### **Other IT Related Powers and Duties**

31. Authorize the new Department to accept gifts, grants, and bequests, to be used for the purposes for which made, consistent with applicable laws.

32. Authorize the CIO to enter into and enforce an agreement with any agency, any authority, any unit of the federal government, any local governmental unit, or any entity in the private sector to provide services authorized to be provided by the Department to that agency, authority, unit, or entity at a cost specified in the agreement.

33. Authorize the CIO to establish and collect assessments and charges for all authorized services provided by the Department under an agreement.

34. Require the new Department to manage the information technology portfolio (IT systems, applications, infrastructure, and information resources and human resources devoted to developing and maintaining IT systems) of state government, with the assistance of executive branch agencies and the advice of the Information Technology Management Board, in accordance with a management structure that includes all of the following: (a) criteria for selection of information technology assets to be managed; (b) methods for monitoring and controlling information technology development projects and assets; and (c) methods to evaluate the progress of information technology development projects and the effectiveness of information technology systems, including performance measurements for the information technology portfolio.

35. Specify that rules promulgated by the TEACH Board, in consultation with DOA, establishing an educational telecommunications access program to provide educational agencies with access to data lines and video links, are subject to approval by the Department of Electronic Government.

**ATTACHMENT 4**

**Powers and Duties Deleted in Creation of the  
Department of Electronic Government**

**Procurement**

1. Repeal the definition of "major procurement" (a procurement by DOA for the use of the Division of Information Technology Services that is related to the functions of the division).

**Other IT Related Powers and Duties**

2. Repeal the requirement that the Joint Committee on Finance be notified in writing of the proposed acquisition of any IT resource that DOA considers major or that is likely to result in a substantive change of service, and that was not considered in the regular budgeting process and is to be financed from general purpose revenues or corresponding revenues in a segregated fund.

3. Repeal the requirement that the Secretary of DOA to promptly notify the Joint Committee on Finance in writing of the proposed acquisition of any IT resource that DOA considers major or that is likely to result in a substantive change in service, and that was not considered in the regular budgeting process and is to be financed from program revenues or corresponding revenues from program receipts in a segregated fund.

*Staff thinks:*  
A - 2 + 3 or 4  
B - 4  
C - 2 a d e  
D - 2 a b c d

## Summary of Alternatives Related to the Creation of the Department of Electronic Government

### ALTERNATIVES

#### A. Creation of the Department of Electronic Government

*[Items related to the funding levels for justice information systems may be affected by Committee decisions regarding penalty assessment funding.]*

1. Approve the Governor's recommendation to create the new Department of Electronic Government headed by a Chief Information Officer. Transfer funding and positions from DOA and reestimate funding levels in the new Department to provide \$132,443,800 PR in 2001-02 and \$132,489,700 PR and 227.3 PR positions annually.

2. Create the new Department of Electronic Government headed by a Chief Information Officer, but require that all of the new 4.0 PR unclassified positions associated with the Department (1.0 Chief Information Officer, 1.0 Deputy Secretary, 1.0 Executive Assistant and 1.0 additional division administrator) be reallocated from those resources transferred from DOA. Create 4.0 PR unclassified positions and delete 4.0 PR classified positions. Delete the increased funding and position authority associated with the new unclassified positions.

Alternative A2	PR
2001-03 FUNDING (Change to Bill)	- \$819,600
2002-03 POSITIONS (Change to Bill)	- 3.00

3. *In addition to either alternatives A1 or A2*, require the new Department to contract with the Department of Administration for administrative services.

4. *In addition to either alternatives A1 or A2*, provide \$161,900 PR in 2001-02 and \$155,900 PR in 2002-03 and 4.0 PR positions annually in the new Department associated with budgeting, financial management, procurement and personnel services. Reduce PR funding and position authorizations in the Department of Administration's supervision and management appropriations by a corresponding amount. *[This alternative may not be chosen with alternative A3.]*

5. Do not create the new Department of Electronic Government. Instead, create a second Deputy Secretary of the Department of Administration for information technology and name that Deputy Secretary the state Chief Information Officer. Create 1.0 PR unclassified position and delete 1.0 PR classified position annually in DOA associated with the new Deputy Secretary position. Require DOA to fund the position from existing resources. Approve the funding reestimates included under the bill associated with DOA's IT appropriations.

<b>Alternative A5</b>	<b>PR</b>
2001-03 FUNDING (Change to Bill)	- \$819,600
2002-03 POSITIONS (Change to Bill)	- 3.00

6. Do not create the new Department of Electronic Government. Approve the funding reestimates included under the bill associated with DOA's IT appropriations.

<b>Alternative A6</b>	<b>PR</b>
2001-03 FUNDING (Change to Bill)	- \$819,600
2002-03 POSITIONS (Change to Bill)	- 3.00

**B. Powers, Duties and Authority of the New Department**

1. Approve the Governor's recommendation to expand the powers, duties and authorities of the Department of Electronic Government as identified in Attachments 2, 3 and 4. *[This alternative cannot be selected in combination with Alternative B2.]*

2. Expand the powers, duties and authorities of the Department of Administration rather than the Department of Electronic Government as identified in Attachments 2, 3 and 4. *[This alternative cannot be selected in combination with Alternative B1].*

3. *Adopt either alternative B1 or B2, but modify one or more of the following expanded powers, duties and authorities of the Department of Electronic Government or the Department of Administration as identified in Attachments 2, 3 and 4 to this paper by:*

a. Excluding the University of Wisconsin System from the group of executive branch agencies over which the new Department would have oversight authority.

b. Deleting the funding and position transfer authority granted to the Chief Information Officer.

c. Requiring that the methodologies used by the new Department for establishing fees be promulgated as administrative rules.

d. Maintain the current requirements related to Joint Committee on Finance review and approval of major IT acquisitions.

4. Transfer only the current powers, duties and authorities of DOA related to information technology as identified in Attachment 1.

5. Delete the Governor's recommendation to expand the powers, duties and authorities

of the Department of Electronic Government as identified in Attachments 2, 3 and 4 to this paper.

### C. Appropriations Structure

1. Approve the Governor's recommendation to create the following appropriations in the new Department: (a) general program operations, services to state agencies, a PR continuing appropriation; (b) general program operations, services to nonstate entities, a PR continuing appropriation; (c) relay services, a PR annual appropriation; (d) justice information systems, a PR annual appropriation; (e) justice information systems development, operation and maintenance, a PR annual appropriation; (f) gifts, grants and bequests, a PR continuing appropriation; (g) electronic communications services, nonstate entities, a PR continuing appropriation; (h) electronic communications services, state agencies, a PR continuing appropriation; and (i) federal aid, a FED continuing appropriation. Modify the appropriations structure in DOA prior to the transfer of appropriations to the new Department to reflect the shift of the printing and mail distribution function to DITS.

2. Approve the Governor's recommendation related to appropriations structure, except:

a. Maintain separate appropriations for information technology processing, telecommunications, BJIS justice information system fee and BJIS Byrne grant funding. Delete the modification to the definition of program revenue-service. Proportionally divide the expenditures and positions associated with support positions and unclassified positions between the information technology processing appropriation, the telecommunications appropriation and, if created, the printing and mail services appropriation.

b. Create a separate appropriation under the new Department for printing and mail services.

c. Direct that separately identifiable appropriation subunits for the IT appropriations created or modified in the bill be created. *[This alternative may not be chosen in combination with Alternatives C2a or C2b.]*

d. Change the continuing appropriations created in the bill (other than the gifts, grants and bequests appropriation and the federal aid appropriation) to annual appropriations.

e. Delete the provision allowing the new Department to expend additional amounts equal to the value of depreciated assets.

3. *If the Committee decides not to create a new separate Department, modify DOA's existing appropriations structure to consolidate the printing and mail distribution functions into the information technology processing appropriation. [This alternative may be chosen in combination with Alternative C5 but not with Alternative C4.]*

4. *If the Committee decides not to create a new separate Department, create a separate annual PR appropriation for printing and mail services in DOA. [This alternative may be chosen in combination with Alternative C5 but not with Alternative C3.]*

5. Delete the Governor's recommendation to create appropriations for the Department of Electronic Government and to modify the appropriation structure in DOA prior to the transfer of appropriations to the new Department to reflect the shift of the printing and mail distribution function to DITS.

<b>Alternative C5</b>	<b>PR</b>
2001-03 FUNDING (Change to Bill)	\$8,000

**D. Information Technology Management Board**

1. Approve the Governor's recommendation to create a seven-member Information Technology Management Board, consisting of the Governor, the CIO, the Secretary of DOA, two heads of departments or independent agencies appointed to serve at the pleasure of the Governor, and two other members appointed to serve four-year terms.

2. Modify the Governor's recommendation related to the Information Technology Management Board by:

a. Placing four legislators (the Co-chairs of the Joint Committee on Information Policy and Technology and one minority party member from each house) on the Board.

b. Making the chief information officer a nonvoting member of the Board, who serves as the Board Secretary and removing the CIO as vice-chair of the Board.

c. Removing the Secretary of DOA as a designated Board member and authorizing the Governor to appoint three executive branch agency heads to the Board.

d. Requiring Senate confirmation of the public members of the Board.

e. *If the Committee includes the University of Wisconsin System as an executive branch agencies over which the new Department has oversight authority, include the President of the University of Wisconsin System or his or her designee as a member of the Board.*

3. Deny the Governor's recommendation.

MO# A-6

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_