



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #116

### **Self-Funded Portal (DOA -- Information Technology)**

[LFB 2013-15 Budget Summary: Page 35, #2 and #3; and Page 36, #4]

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#### **CURRENT LAW**

The state operates a website (or "portal") which primarily provides general information about Wisconsin state government as well as tourist information for visitors to the state. Users of the website are not charged a fee for accessing the information provided. Current law authorizes the Department of Administration (DOA) to assess executive branch agencies, other than the University of Wisconsin System, for the costs of systems or devices relating to information technology or telecommunications that are developed, operated, or maintained and also charge any agency, authority, local governmental unit, entity in the private sector, or tribal school for such costs as a component of any services provided.

#### **GOVERNOR**

Provide \$5,500,000 PR annually to the Department's information technology and communications services to non-state entities appropriation to develop a web-based self-funded portal, which would provide services and information to state and non-state entities, including individuals.

Allow the Department to enter into agreements with individuals to provide those individuals with information technology services. In addition, authorize the Department to assess fees to the individuals for the cost of providing the services.

The bill would include "individuals" in the list of entities to whom DOA could provide information technology services and charge a fee.

Modify the Department's information technology and communications services to non-state entities PR appropriation from an annual to a continuing appropriation.

## DISCUSSION POINTS

1. As initially submitted, the Governor's recommendation was for an increase of \$5.5 million in annual expenditure authority for the Department's information technology and communications services to non-state entities appropriation. The administration has subsequently indicated that the requested expenditure authority should instead be provided as: (a) \$4.0 million annually to the Department's information technology and communications services to non-state entities appropriation for self-funded portal activities; and (b) \$1.5 million annually to the Department's printing, mail, communication and information technology services to state agencies appropriation for University of Wisconsin-Madison mainframe hosting costs and disaster recovery services.

2. This paper addresses the web-based self-funded portal proposal. A separate LFB issue paper addresses information technology services to the UW-Madison.

3. The state operates a web portal (located at [www.wisconsin.gov](http://www.wisconsin.gov)) developed in the year 2000. The website provides information to the public regarding: (a) state, local, and federal government; (b) State of Wisconsin public services; (c) business climate, regulation, and establishment in Wisconsin; (d) primary, secondary, and postsecondary education, as well as educational resources; (e) health and safety; (f) relocation of individuals and businesses in Wisconsin; and (g) tourism.

4. Under current law, DOA may enter into an agreement with any agency, authority, unit of the federal government, local governmental unit, entity in the private sector, or tribal school to provide authorized information technology services to those organizations at a cost specified in the agreement. Further, the Department is authorized 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, entities in the private sector, or any tribal schools, or otherwise permit the transaction of business by agencies, authorities, local governmental units, entities in the private sector, or tribal schools by means of electronic communication. Under the bill, DOA would also be able to enter into an agreement with and assess fees to individuals for the provision of information technology services.

5. The administration indicates that the portal service will be operated by Wisconsin Interactive Network (WIN, a subsidiary of NIC), a private sector entity that was awarded a contract with the state in 2012 following a competitive procurement process. According to the company, NIC builds official web sites, online services, and secure payment processing solutions for federal, state, and local government agencies. The contract between DOA and WIN allows any Wisconsin state agency, locality, board, or commission to partner with NIC to provide web-based government services to constituents. Certain portal services would charge users (such as agencies, businesses, or individuals) a fee. For example, in addition to the cost of a license or permit, a convenience fee could be charged. This fee could vary, and the amounts and specific circumstances under which a fee would apply have not yet been determined.

6. The executive Budget in Brief specifies that one of the initial services the portal will provide is a "one-stop business registration system that will eliminate thousands of man-hours for

start-up businesses." Other proposed projects over the 2013-15 biennium include: (a) a redesign of [www.wisconsin.gov](http://www.wisconsin.gov), which would provide a "content management system for agencies, constituent personalization, mobile integration, social media integration, mapping, live chat, search functionality, and analytics;" (b) Division of Motor Vehicles redesign, driver records sales enhancements, automated crash reporting, travel information (511) improvements, and an iPad driver test application; (c) Department of Natural Resources licensing, vehicle registration, wildlife management, and mobile device applications; (d) Department of Agriculture, Trade and Consumer Protection customer licensing and no call list features; and (e) Department of Safety and Professional Services professional licensing and iPad application for board meetings. The administration estimates a launch date of September, 2013, for the new Wisconsin.gov website.

7. According to DOA, fees would be determined under the self-funded portal governance model. Fees would be recommended by the Portal Business Management Team, composed of 10 agency representatives, a WIN general manager, and a DOA contract administrator. Recommended fees would be subject to approval by the IT Executive Steering Committee, composed of the Deputy Secretary of Administration, other agency deputy secretaries, and the state's Chief Information Officer. The administration indicates that revenue from these user fees would be the sole source of funding for the portal, and would be paid through the state to the portal contractor. Further, according to DOA "a portion of the money collected by the Portal will be shared between the Contractor and the State." The Division of Enterprise Technology plans to coordinate with the Division of Executive Budget and Finance, Division of Administrative Services, and the State Controller's Office to ensure revenue received through the portal is appropriately tracked and segregated from other revenue streams. The administration was unable to provide an estimate of total revenue that would be received over the 2013-15 biennium if the proposal were approved. However, the funding estimate of \$4,000,000 PR annually was based upon a proposed fee that the Department of Transportation is negotiating with a private sector entity. The fee is not yet final.

8. According to the administration, agency participation in the self-funded portal initiative will be voluntary and in most cases, services will be provided to agencies and non-state entities, including individuals, at no cost. The administration hopes to make use of newly available features through the partnership with WIN, including: web-based applications, mobile applications, and social media management and integration. According to NIC, these features and others have already been developed and implemented in 29 other states and a handful of local governments. Among nearby states and municipalities, Iowa (Official Website of the State of Iowa) and Indianapolis (online government records for the City of Indianapolis and Marion County, Indiana) use the self-funded model through NIC.

9. The administration indicates that the purpose of the statutory modification allowing DOA to enter into an agreement with individuals to provide information technology services is to permit individuals to pay for and receive services through the self-funded web portal.

10. Further, the administration indicates that modifying the appropriation from an annual to a continuing appropriation is intended to allow flexibility in expending revenue received through self-funded portal user fees and in offering services to other states for disaster recovery. Currently, the appropriation is annual. As such, spending in a given year may not exceed the

amounts in the Chapter 20 schedule of appropriations. In the case of a continuing appropriation, the amounts in the schedule represent the best estimate of expenditures. Expenditures are, therefore, permitted to exceed these amounts if the appropriation is continuing.

11. The administration argues that the self-funded portal model is a cost-effective approach to providing improved web services and information to residents and organizations in Wisconsin. Through the changes proposed in statute, the state's website could be updated at no additional cost to the state. The Committee could, therefore, choose to approve the recommendation as modified by the errata submission to provide \$4.0 million PR annually to DOA's information technology and communications services to non-state entities appropriation and modify statutory language to permit DOA to assess individuals for the cost of providing information technology services. [Alternative 1]

12. It could be argued, however, that modifying the appropriation to make it continuing in nature would reduce legislative authority relating to the funding of this and other information technology initiatives, including the methods and amounts assessed to individuals, as well as the amounts expended for information technology services to non-state entities in general. According to DOA, revenues, expenditures, fees, and features will vary based on the demands of agencies under the already executed contract with NIC. The Committee could, therefore, choose to create a new continuing PR appropriation for only the self-funded portal and provide \$4.0 million PR annually to the newly created self-funded portal appropriation instead. Under this alternative, the appropriation would receive and disburse fee money received through the self-funded web portal. [Alternative 2]

13. While the administration has outlined the general parameters of the state's new web portal, few details regarding revenue and expenditure estimates, or fees that would be assessed are currently known. If the Committee wishes to encourage the implementation of such a proposal, but believes that modifications should be made, it could choose to incorporate one or more modifications. These modifications could be selected with either Alternative 1 or Alternative 2, as outlined below.

14. Funding for the portal is estimated at \$4.0 million annually. However, supporting information relating to the estimate indicated that the fee amount upon which the estimate was based is not yet final. The Committee could, therefore, modify the funding provided to any lower amount of funding; for example, \$2,000,000 PR. If revenues exceed \$2.0 million PR annually, DOA could request an increase in expenditure authority sufficient to cover the increase, under a 14-day passive review process. [Alternative 3a].

15. In addition, the Committee could delete language making the appropriation continuing. This would restrict expenditures from the appropriation to the amounts in the appropriations schedule, as noted in discussion point #8. If this alternative is selected with Alternative 2, the newly created appropriation would be annual in nature. [Alternative 3b]

16. Concerns have been raised regarding the type, amount, and method of charging fees to individuals who purchase certain government-provided services using the portal. In addition, although the individual use of the portal to obtain services traditionally provided in person, by mail, or over the telephone could reduce costs for the relevant agency, the individual using the portal

would be charged a fee. As a result, it could be possible that some services would eventually be provided only through the web portal. Further, the provision does not require that an alternative to the portal be provided wherever possible. The Committee could, therefore, delete statutory language allowing DOA to enter into agreements with individuals or assess individuals a fee for the cost of such services. [Alternative 3c] Under this alternative, DOA could only assess portal fees to agencies, authorities, local governmental units, entities in the private sector, or tribal schools.

17. On the other hand, it is possible that some fees to individuals, such as convenience fees, could be considered reasonable. To ensure fees assessed would not be overly burdensome, the Committee could include specific safeguards relating to fees charged to individuals. The Committee could require one or both of the following: (a) require that if a fee is established to provide traditional government services to individuals through the web-based portal for the convenience of the individual and the state, the state must offer and maintain a traditional alternative to the web-based portal [Alternative 3d]; or (b) require that DOA must promulgate fee-setting rules through the Administrative Code for fees assessed to individuals for information technology services [Alternative 3e].

18. Alternatively, the Committee could delete the provision. It could be argued that the information provided by the administration in support of the initiative is insufficient at this time. Further, the changes made to the appropriation would broadly permit DOA to assess fees in any amount or manner, without consulting the Legislature. Further, the provision would remove spending limitations for the appropriation by modifying statutory language to make it continuing. If DOA determined at a later date that an increase in expenditure authority were needed, the agency could request an increase under a 14-day passive review process and provide additional information at that time. However, if the provision is deleted, fees may not be assessed to individuals for the provision of information technology services. [Alternative 4]

## **ALTERNATIVES**

1. Approve the Governor's recommendation, as modified by the errata submission, to provide \$4.0 million PR annually to DOA's information technology and communications services to non-state entities appropriation to develop a web-based self-funded portal. Modify the appropriation to make it continuing. Allow DOA to enter into agreements with individuals to provide those individuals with information technology services. In addition, authorize DOA to assess fees to the individuals for the cost of providing the services.

2. Delete language modifying DOA's information technology and communications services to non-state entities appropriation to make it continuing. Create instead a new PR continuing appropriation for receipt and disbursement of self-funded portal revenue. Specify that the \$4.0 million PR be provided to the new self-funded portal appropriation. Authorize DOA to assess any executive branch agency (other than the University of Wisconsin System), authority, local governmental unit, entity in the private sector, or individual for the costs of services relating to information technology that are provided through the self-funded portal. [If selected with Alternative 3b, DOA would not be permitted to charge a fee for providing such services to individuals.]

3. Modify Alternative 1 or 2 in any of the following ways:

a. Provide \$2,000,000 PR annually to DOA's information technology and communications services to non-state entities appropriation.

<b>ALT 3a</b>	<b>Change to Bill</b>
	Funding
PR	- \$4,000,000

b. Delete language that would make the appropriation continuing.

c. Delete the provision relating to information technology services to individuals. Delete the provision authorizing DOA to charge a fee for providing such services to individuals. [May be selected with Alternative 1, 2, 3a, or 3b. Cannot be selected with Alternative 3d or 3e.]

d. Specify that if a fee is established to provide traditional government services to individuals through the web-based portal for the convenience of the individual and the state, the state must offer and maintain a traditional alternative to the web-based portal. [Cannot be selected with Alternative 3c.]

e. Specify that DOA must promulgate fee-setting rules through the Administrative Code for fees assessed to individuals for information technology services. [Cannot be selected with Alternative 3c.]

4. Delete provision.

<b>ALT 4</b>	<b>Change to Bill</b>
	Funding
PR	- \$8,000,000

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