

State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: March 11, 2016

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received March 11, 2016, pursuant to s. 16.515/16.505(2), Stats.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Wednesday, March 30, 2016**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

SCOTT A. NEITZEL
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

Date: March 11, 2016

To: The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance

The Honorable John Nygren, Co-Chair
Joint Committee on Finance

From: Scott A. Neitzel, Secretary
Department of Administration *SN*

Subject: s. 16.515/16.505(2) Request(s)

RECEIVED
MAR 11 2016

BY: *St. Finance*

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DOA 20.505(1)(ip)	Information technology and communication services; self-funded portal	\$1,152,300		\$1,346,300	

As provided in s. 16.515, the request(s) will be approved on April 1, 2016, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

Date: March 10, 2016
To: Michael Heifetz
From: Sasha Bong, Executive Policy and Budget Analyst
Subject: Section 16.515 Request

Attached is a s. 16.515 request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DOA 20.505(1)(ip)	Information technology and communication services; self-funded portal	\$1,152,300		\$1,346,300	

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DOA 20.505(1)(ip)	Information technology and communication services; self-funded portal	\$1,152,300		\$1,346,300	

MGH APPROVAL 03-10-16 *MbH* (FORWARD TO KIRSTEN GRINDE)



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

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Date: March 10, 2016

To: Scott A. Neitzel, Secretary
Department of Administration

From: Sasha Bong, Executive Policy and Budget Analyst

Subject: Request under s. 16.515 from the Department of Administration for
Additional Expenditure Authority Relating to the Self-Funded Portal.

Request:

The Department of Administration (DOA) requests additional expenditure authority of \$1,152,300 in fiscal year 2015-16 and \$1,346,300 in fiscal year 2016-17 for its information technology and communication services; self-funded portal appropriation under s. 20.505(1)(ip).

Revenue Sources for Appropriation(s):

The annual program revenue appropriation for the self-funded portal under s. 20.505(1)(ip) is funded by charges to state agencies, state authorities, local governmental units, entities in the private sector, individuals or any tribal schools for services provided by the department through the self-funded portal.

Background:

The 2013-15 biennial budget created a new annual appropriation for the self-funded portal initiative, under which a modest portal fee would be assessed on certain government to business transactions and the resulting revenue would be used to fund other e-government initiatives.

Since the 2013-15 biennial budget, the department has requested two expenditure authority increases, in October 2013 and the 2015-17 biennial budget, which brought the appropriation to its current Chapter 20 authority of \$5,624,000 in fiscal year 2015-16 and \$5,671,500 in fiscal year 2016-17. Frequent expenditure authority increases are necessary because under the self-funded portal model, the vendor is paid based on revenue generated from portal services. Therefore, as additional revenue-generating projects are added or portal services are used more extensively, increases to the annual appropriation's expenditure authority are needed to continue to pay the vendor under the terms of the contract. By design, the vendor uses this revenue to work on new e-government projects.

Analysis:

The department finalized a five-year contract with Wisconsin Interactive Network (WIN) on May 13, 2013. Similar to arrangements that this vendor has with many other states and units of government, the vendor works with the department to identify functions that can be enhanced and for which a modest additional portal fee can be assessed. Each month the vendor invoices the department for the amount of revenue that is collected from the portal fee and this in turn is used to finance other e-government projects.

Governance for these projects is provided by the Information Technology Executive Steering Committee (ITESC) and the e-government Business Management Team, which are comprised of top management from the largest agencies in the executive branch. The governance decisions of these groups determine the projects to be undertaken each year of the portal contract, which are outlined annually by WIN in the Wisconsin Portal Business Plan.

The primary activity in the self-funded portal appropriation has been related to driver history record and crash reports and monitoring services to the Department of Transportation (DOT); one-stop business services to the Department of Financial Institutions (DFI); and content management services received from WIN for agency Web site redesigns. A project for the Department of Safety and Professional Services (DPS) to offer a license monitoring service through the portal is currently in development and anticipated to go live in September 2016. For DOT and DFI services, a portal convenience fee is charged to customers at the time of a transaction and deposited to DOA's self-funded portal appropriation, which is then used to pay WIN. Agencies may also opt to not charge portal users a convenience fee in addition to any other credit card processing fee and statutorily authorized fee, but each agency is then responsible for paying a transaction cost to WIN for portal services from existing resources and under existing statutory fee authority. Agencies can also opt to pay a fee to WIN for expedited development of a service, as the Department of Justice (DOJ) has done for its record check system project. Regardless of the funding model chosen in a project's statement of work, agencies are responsible for paying WIN for portal services received. Failure to do so can result in termination of any working agreement between the agency and WIN.

Upcoming services that have been approved by ITESC include:

- Private seller notification for DOT to implement a recent legislative requirement;
- A my511 application for DOT to provide motorists mobile access to road condition, traffic and construction information;
- Transitioning and revitalizing additional agency Web sites onto the Wisconsin e-government content management platform;

- Building and deploying the DOJ on-line record check system; and
- Launching the Department of Natural Resources' Go Wild hunt and fish licensing system and recreational vehicle registration solution.

The Department of Administration requests an expenditure authority increase for the portal appropriation due to continued growth in portal activities and services that exceeded expenditure authority estimates approved under 2015 Wisconsin Act 55. This growth has resulted not only from the addition of new portal services, but also increased utilization of existing services. Table 1 shows the original projections by revenue and expenditure category that were originally included in the 2015-17 biennial budget, as well as updated revenue and expenditure projections for this request.

Table 1: Updated 2015-17 Portal Projections

Service Category	FY16 Budget	Updated FY16 Projections		FY17 Budget	Updated FY17 Projections	
	Revenue	Revenue	Exp.	Revenue	Revenue	Exp.
DOT Portal Services	\$5,246,098	\$5,786,892	\$5,786,892	\$5,246,100	\$6,087,007	\$6,087,007
DFI Portal Services	\$11,667	\$1,793	\$1,793	\$148,333	\$232,000	\$232,000
DSPS Portal Services	\$49,167	\$0	\$0	\$50,000	\$285,018	\$285,018
Content Management Systems	\$0	\$0	\$123,101	\$0	\$0	\$0
Statements of Work, Other Milestones	\$0	\$0	\$135,000	\$0	\$0	\$83,840
DET Infrastructure & Mainframe Services	\$317,088	\$359,904	\$359,904	\$317,088	\$420,000	\$420,000
DOA-Retained Convenience Fee	\$0	\$243,798	\$0	\$0	\$254,969	\$0
FY15 Exp. paid in FY16	\$0	\$369,625	\$369,625	\$0	\$0	\$0
Subtotal	\$5,624,020	\$6,762,012	\$6,776,315	\$5,761,521	\$7,278,994	\$7,107,865
Rounded	\$5,624,000	\$6,762,000	\$6,776,300	\$5,761,500	\$7,279,000	\$7,107,900
Less Current Authority	-	-	\$5,624,000	-	-	\$5,761,500
Requested Increase	-	-	\$1,152,300	-	-	\$1,346,400

A large factor driving DOA's request is higher than anticipated revenues based on strong demand for DOT portal services, which is expected to continue growing. In addition, the department is anticipating additional expenditures relating to content management systems and other project statements of work that will be funded using accumulated revenues from the state revenue share retained by DOA ("DOA-Retained Convenience Fee"), which had a fiscal year 2015-16 beginning balance of \$307,309. Updated amounts in this request for DSPS portal services reflect that license monitoring revenues and expenses will be incurred in the self-funded portal appropriation once the service goes live in fiscal year 2016-17, while bulk license sales and license verification services costs will be paid directly to WIN by DSPS using

Scott A. Neitzel, Secretary

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existing resources and statutory fee authority. Part of the requested authority for the self-funded portal appropriation would also cover payments to WIN for costs incurred in fiscal year 2014-15 that were actually paid in fiscal year 2015-16 and therefore used fiscal year 2015-16 expenditure authority in the self-funded portal appropriation. This one-time delay resulted from a timing mismatch in the receipt and processing of the related revenue.

The department indicates that the requested expenditure authority increases for fiscal years 2015-16 and 2016-17 are necessary to remain in compliance with WIN for portal services paid through DOA's self-funded portal appropriation. According to current projections, if expenditure authority is not increased, DOA will not have sufficient authority to pay for portal costs through the current fiscal year.

The contract with WIN is expressly contingent upon the appropriation, allocation and availability of funds generated from revenues produced from the portal and received by the state. If the expenditure authority of DOA's self-funded portal appropriation is not increased to a level commensurate with the level of revenues now projected, DOA may have to terminate the contract with WIN. Responsibility for maintenance and support of DOT and DFI portal services would have to be done by state staff. It is unlikely that DOA would have sufficient existing resources and staffing (in number and with the necessary skillset) to continue portal maintenance and support in WIN's absence.

Recommendation:

Approve the request.

Date: March 7, 2016

To: Michael Heifetz
Division of Executive Budget and Finance

From: Scott Neitzel, Secretary
Department of Administration 

Subject: Request for Expenditure Authority Increase Under s. 16.515

REQUEST

The Department of Administration (DOA) requests an increase of \$1,152,300 PR expenditure authority in the Department's information technology and communication services; self-funded portal appropriation under s. 20.505(1)(ip) in fiscal year 2015-16 and \$1,346,400 in fiscal year 2016-17. The request is necessary for the continued management, operations and implementation of statewide eGovernment services under State Contract #40-91551-301.

BACKGROUND

The Department administers the state's self-funded portal, which provides information about the state to users accessing the site. Modest portal transactions fees (primarily for streamlined business-to-government transactions) are applied to a number of state-approved eGovernment services, providing a sustainable funding stream to support long-term eGovernment development at no cost to state agencies.

The services offered thru the portal and the funding of the services are established according to the Portal's governance model. The Information Technology Executive Steering Committee (ITESC) – created by EO #99 – provides final approval of all portal services, fees, and policy decisions. The eGovernment Business Management Team (eGovBMT) - including members from ten state agencies – provides day-to-day oversight of portal activities; manages the portal project portfolio; sets portal strategies and standards; recommends enterprise services and solutions; reviews and approves contractually required monthly, quarterly and annual reports; escalates policy and fee decisions to the ITESC; and encourages agency participation in the portal.

Current portal services include:

- Continued online servicing of authorized wholesale customers through Department of Transportation's (DOT) Driver History Record (DHR) service. Approximately 2 million records are purchased annually for insurance and employment purposes.
- DOT Crash Reports and Monitoring.
- Agency and state governmental board websites utilizing the WIN-provided enterprise content management system.

- DFI One-Stop Business, providing for business registration and fee payment.
- DSPS License-related services (bulk license sales and license verification).

Upcoming services, approved by ITESC, include:

- DOT's Private Seller Notification service, which implements a recent legislative requirement that a person who sells a motor vehicle to another person must notify DOT that a sale has occurred.
- DOT's my511 application, a mobile app that extends the functionality of the state's current 511 site, allowing users to access road conditions, construction information, and traffic cameras on their mobile devices.
- Agency Revitalization projects will transition additional agency websites onto the Wisconsin eGovernment content management platform and provide a cohesive look to the site, and allowing agency subject matter experts direct access to the management of online Web content. The revitalization projects use responsive, mobile-friendly templates, and emphasize easy access to agency online services. 4 agencies, 2 boards and 2 offices are migrating to the system in FY16 and FY17, including DET.
- Build and deployment of the Department of Justice's (DOJ) Wisconsin Online Record Check system. This system replaces an antiquated record check system and replaces it with a system that meets current state and federal security requirements and can handle the load necessary to meet the demands of users. The new system allows DOJ staff, for-profit and non-profit business entities, government agencies, and the general public to obtain necessary criminal history records and fingerprinting for the purpose of general employment, professional licensing qualifications, as well as specialized government employment such as law enforcement. The Record Check system will launch in May of 2016, serving almost 1 million users a year.
- Launch of Department of Natural Resource's (DNR) Go Wild hunt and fish licensing system and recreational vehicle registration solution in March 2016. The Go Wild licensing system will completely replace the current solution provided by DNR. The new system has enhanced features for DNR, agents across the state, and citizen users. An estimated 2 million transactions will occur annually.
- DSPS License Monitoring service, allowing entities to monitor the license status of selected license types (e.g., health care facilities may sign up to monitor the status of registered nurse licensees).

The Department operates the portal thru a contract with the Wisconsin Interactive Network, LLC (WIN). The five-year contract has optional one-year renewals, and the 4th year will begin in May 2016. The contract provides for the services and deliverables necessary for the State's self-funded portal. The scope of services under this contract includes: design, creation, and management of a single entry point for state government at wisconsin.gov; development and implementation of eGovernment services for businesses and constituents; enterprise content management system and web design services for state agencies; mobile device application development; project management; marketing and public relations; social media services; business analysis and project management; and 24/7/365 customer support for agencies and portal users.

More than 2 million customers visit Wisconsin.Gov annually, searching for information and selecting online services. Almost 200,000 support calls and emails are handled by WIN each year, and development and resource costs that otherwise would have been paid by state agencies were paid by s. 20.505 (1) (ip), Stats., utilizing the revenue generated from portal transactions fees.

REVENUES AND EXPENDITURES

2013 Act 20 established specific authority for the provision of self-funded portal services to state agencies, allowed the Department to assess fees to individuals and private entities for portal services and created appropriation s. 20.505 (1) (ip), Stats., Information technology and communication services; self-funded portal. During FY14, the Department received approval of a request under s. 16.515, Stats., to increase authority in the portal appropriation, and 2015 Act 55 provided another increase to the appropriation. These increases reflected increased utilization of the portal.

FY	Expenditure Authority	Note
FY14	\$2,000,000	Original expenditure authority provided by 2013 Act 20
FY14	\$3,900,200	Increase of \$1,900,200 provided by 16.515 request
FY15	\$4,680,200	Increase of \$2,680,200 provided by 16.515 request
FY16	\$5,624,000	Increase of \$943,800 provided by 2015 Act 55
FY17	\$5,761,500	Increase of \$1,081,300 provided by 2015 Act 55

The revenue provided to and expenditures made from s. 20.505 (1) (ip), Stats., are determined by a service's funding model. The funding model of a Portal service is determined under the Portal's governance model. The models consist of the following:

1. A portal convenience fee is assessed to the customers, deposited to s. 20.505 (1) (ip), and utilized to pay WIN. This model is utilized for the DFI and DOT services.
2. No portal convenience fee is assessed to the customers by the agency offering the service. Rather, the agency is utilizing its existing resources, including existing statutory fee authority, to directly pay WIN. This model will be utilized for DNR's GoWild service. This model is also utilized for expedited services, where a fee is paid by the agency for expedited development of a service (e.g., DOJ Background Check service).
3. For some services offered under (1), a portion – the revenue share - is retained by DOA. This revenue is utilized to pay for portal services as determined under the governance model, and is currently being utilized to pay for DFI Statements of Work (i.e., the development of DFI portal services) and the transition of agencies to the portal's content management system.

DET services necessary for the support of services utilizing the Portal (infrastructure and mainframe services) are paid to the Department by WIN from revenue WIN receives from state agencies.

Payments by the Department to WIN are made after receipt of the portal convenience fees. Due to the timing of the receipt and processing of this revenue, there was a delay in payment of some FY15 costs such that these payments were made utilizing FY16 expenditure authority. The amount of these costs was \$369,625.

JUSTIFICATION

2015 WI Act 55 provided \$5,624,000 and \$5,761,500 in expenditure authority to appropriation s. 20.505 (1) (ip), Stats., in FY16 and FY17, respectively.

The activities and services available thru the portal continue to grow; new services are being added and there is increased utilization of existing services. This growth has exceeded the estimates that established the expenditure authority provided by Act 55, and additional authority is needed.

The following summarizes the projections utilized to establish the current authority for s. 20.505 (1) (ip), Stats., and projected FY16 and FY17 revenue and expenditures that are the basis for the authority increases now requested:

Service Category	FY16 BB Projection	Updated FY16 Projections		FY17 BB Projection	Updated FY17 Projections	
	Rev	Rev	Exp	Rev	Rev	Exp
FY15 Exp Paid in FY16 *	\$0	\$369,625	\$369,625	\$0	\$0	\$0
DOT Portal Services	\$5,246,100	\$5,786,892	\$5,786,892	\$5,246,100	\$6,087,007	\$6,087,007
DFI Portal Services	\$11,667	\$1,793	\$1,793	\$148,333	\$232,000	\$232,000
DSPS Portal Services	\$49,167	\$0	\$0	\$50,000	\$285,018	\$285,018
Content Management Systems**	\$0	\$0	\$123,101	\$0	\$0	\$0
Statements of Work, Other Milestones **	\$0	\$0	\$135,000	\$0	\$0	\$83,840
DET Infrastructure & Mainframe Services	\$317,088	\$359,904	\$359,904	\$317,088	\$420,000	\$420,000
DOA-Retained Convenience Fee	\$0	\$243,798	\$0	\$0	\$254,969	\$0
	\$5,624,000	\$6,762,012	\$6,776,315	\$5,761,500	\$7,278,994	\$7,107,865
Current Exp Authority			\$5,624,000			\$5,761,500
Line 4 increase needed			\$1,152,300			\$1,346,400

* Revenue associated with these costs, convenience fees collected for portal services, was also deposited into appropriation s. 20.505 (1) (ip), Stats., in FY16.

** The FY16 beginning revenue balance and revenue collected during FY16 for the DOA-retained convenience fees is being utilized for payment of these expenditures. The FY16 beginning revenue balance of this revenue source is \$307,309.

The amounts projected reflect increases based on recent experience and the number of service days in the period (e.g., DOT Portal services), planned expenditures of Portal resources (e.g., Content Management Systems), and estimates for new services (e.g., DSPS Monitoring). As indicated, increased activity will result in the full utilization of FY16 and FY17 expenditure authority, necessitating an increase in current FY16 and FY17 authority.

RAMIFICATIONS OF NOT APPROVING THIS REQUEST

The contract with WIN is expressly contingent upon the appropriation, allocation, and availability of funds generated from revenues produced from the portal and received by the state.

The state receives an invoice from WIN each month for the previous month's portal transaction fees. If the state fails to pay this properly submitted invoice within thirty (30) days of receipt, it shall pay a late payment penalty as provided in s. 16.528, Wis. Stats. In addition, the state could be in breach of contract and the contract terminated by Contractor for cause. Also, agencies that are directly paying WIN for portal services are doing so under the state contract, and the inability to pay WIN from s. 20.505 (1) (ip), Stats., may impact the provision of Portal services provided to these agencies.

If the state fails to appropriate funds for the portal, the state may terminate the contract and provide written notice to the Contractor. The state would remit payment for portal deliverables and services delivered prior to the notification date. The Contractor would retain any deliverables and software not

yet delivered and terminate any services provided to state agencies. Since the state is not paying the Contractor for deliverables and services under the self-funded model, this cost is not budgeted in DOA or any other state agency. The state would also need to recruit and hire staff with the requisite skills to maintain and support the portal software purchased.

SUMMARY

The Department of Administration requests an increase of \$1,152,300 PR in fiscal year 2015-16 and \$1,346,400 PR in fiscal year 2016-17 in the Department's portal appropriation under s. 20.505(1)(ip) for portal management, operations, and implementation of statewide eGovernment services.

Increased appropriation authority is critical for the continuation of current portal services and the expansion of portal services.

Thank you for your consideration of the Department's request. Should you have any questions or require additional information, please contact Colleen Holtan at 266-1359.

cc: John Hogan, DOA Deputy Secretary
David Cagigal, DET Division Administrator
Dana Burmaster, State Contract Administrator

Attachments:

Wisconsin Portal Business Plan

Wisconsin eGovernment Business Management Team Monthly Report, January 2016