Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: http://legis.wisconsin.gov/lfb

---

May 23, 2023   Joint Committee on Finance   Paper #481

Information Technology Modernization and Information Technology Personnel (Higher Educational Aids Board)

[LFB 2023-25 Budget Summary: Page 318, #3, and Page 318, #4]

CURRENT LAW

The Higher Educational Aids Board (HEAB) is the primary state agency responsible for the management and oversight of the state's student financial aid system. As such, HEAB administers most state-funded student financial aid programs and the Minnesota-Wisconsin tuition reciprocity program. The Board is an independent policy-making body composed of 11 members: the State Superintendent of Public Instruction; one member from each of the UW Board of Regents, the Wisconsin Technical College System (WTCS) Board, and a Board of Trustees of an independent college or university in this state; three financial aid administrators and three undergraduate students, including one each from an UW institution, Wisconsin technical college, and a private, nonprofit college or university in this state; and one member of the general public. Except for the State Superintendent, all Board members are appointed by the Governor. Student members of HEAB serve two-year terms while nonstudent members serve staggered, three-year terms. HEAB has a staff of 10.0 full-time equivalent employees including an Executive Secretary who is appointed by the Governor.

DISCUSSION POINTS

     A.   **Information Technology Modernization**

1.   HEAB's current mainframe system was built in 1968 and utilizes outdated computer programming and database language. The current system also does not interface well with cloud-based technologies. Assembly Bill 43/Senate Bill 70 would provide $712,900 GPR and 2.00 enterprise business analyst positions in 2023-24 and $752,100 GPR in 2024-25 to support ongoing costs of HEAB's information technology (IT) modernization project. The modernization project

includes implementation of a new system for all of the programs HEAB administers that would use the Microsoft.net platform, an open source developer platform utilized for building many types of applications. According to HEAB, the new system will address changes in the calculation of financial need required under the federal Free Application of Federal Student Aid (FAFSA) Simplification Act of 2019, and improve portal capabilities to increase the Board's ability to interface with the federal government and higher educational institutions. HEAB worked with DOA Department of Enterprise Technology to develop a plan to modernize the system. HEAB staff note that other states are also upgrading their financial aid data systems as a result of the FAFSA Simplification Act, including Minnesota, which is contracting with Nelnet, a student loan servicing company. According to HEAB staff, they considered utilizing Nelnet, but found that Nelnet did not have the programming language necessary to accommodate HEAB's loan programs. After discussions with Iowa's financial aid program administration, who are contracting with Gold Bridge Partners, Inc., HEAB met with Gold Bridge and determined they would be able to fully meet HEAB's programming needs. Gold Bridge Partners, Inc. is a Maine-owned and operated technology company, specializing in custom software, database, and web application development.

2.   According to the statement of work Gold Bridge prepared for HEAB, dated February 23, 2023, hereafter referred to as the contract, the objective of the contract includes creating a "modern, secure, and reliable Student Financial Aid System which enables administration of the following: conversion of historical data (dating back to 1968, most recently converted 2007-2008); student or applicant data (e.g. award history, eligibility, enrollment status; etc.); grant programs; scholarships (and repayment if service requirements are not met); loan programs (disbursement, forgiveness, and repayment); and reciprocity agreements." The contract provides a description of the many deliverables the system will provide. For example, the system must: (a) contain grant and scholarship disbursement reporting, eligibility, auditing, and payment functionality for users in various roles; (b) accommodate twenty or more programs each academic year with different eligibility criteria and administrative processes; and (c) be able to bring many different sources of data together including FAFSA data, Wisconsin Financial Aid application data, historical scholarship, grant, and loan repayment recipient information, and applicant data entered into the system by external authors such as high school counselors, and college financial aid administrators. The contract outlines target dates for system implementation with phase one being implemented by June 30, 2024; phase two by September 30, 2024; and phase three by November 30, 2024. However, prior to the completion of phase one, HEAB and Gold Bridge will be conducting extensive testing of the system while it is in development, referred to as the "production environment".

3.   The following table shows initial development costs and ongoing costs for the modernization project. In 2022-23, HEAB is utilizing approximately $3.2 million in federal American Rescue Plan Act (ARPA) funds (including estimated contingency funds) for the upfront development costs and initial software maintenance and support of the new system.

HEAB Software Modernization Costs

	2022-23*	2023-24	2024-25
Initial Costs			
Software Development & Customization (one-time fee)	$894,600		
Software License Fee (one-time fee)	138,900		
Cloud Hosting Setup (one-time fee)	38,900		
Project Manager (2.0 yrs)	303,700		
IT Data Architect (2.0 FTE) (2 yrs)	786,200		
Financial Specialist (2.0 LTE) (2 yrs)	200,300		
Ongoing Costs			
Software Maintenance & Support (annual fee)	236,800	$248,600	$261,100
Cloud Hosting	180,000	189,000	198,500
IS Enterprise Business Analysts (2.0 FTE)		145,900	194,500
Continency, upgrades, and/or additional enhancements	400,600	129,400	98,000
Total	$3,180,000	$712,900	$752,100

*Through December 31, 2024

4. Assembly Bill 43/Senate Bill 70 would provide funding for the ongoing costs of the new system, as shown in the table. The contract specifies that Gold Bridge provide software maintenance and support services that can be purchased on an annual basis. The software maintenance and support services include services for telephone support, ongoing software support, qualified support personnel, development, and quality assurance, annual updates such as FAFSA data updates, research and correction of errors, and server administration. According to the contract, Gold Bridge uses a central issue tracking system, called Mantis. This issue tracking system will allow HEAB staff to login and view open, resolved, or currently in progress issues. Within the system, HEAB staff may prioritize issues to be resolved by Gold Bridge in the order identified by HEAB. In response, the contract states that Gold Bridge will use reasonable efforts to provide a correction or suitable workaround solution to reported errors. The contract specifies timelines for response to reported errors in order of severity. For example, in the case of a "critical" error, where specified software functions are consistently failing, resulting in critical impact to operations, and there is no known workaround for such errors, Gold Bridge will acknowledge HEAB's request within one hour of notification, respond to the request on the same day, and provide a resolution/workaround/patch, if possible, by the next business day.

5. The proposal also includes $189,000 in 2023-24 and $198,500 in 2024-25 for cloud hosting. According to the Gold Bridge contract, HEAB's student financial aid system will be hosted in Microsoft's cloud hosting environment, Azure. Under the contract, after an initial one-time cloud hosting setup fee of $38,900, HEAB will pay an annual fee for cloud hosting services, billable upon contract start, which will include hosting and usage costs for a 12-month period. The initial fee is $180,000, as shown in the table. The contract specifies that the renewal price may be increased by no more than 3% to 5% annually, unless Microsoft increases their Azure pricing. The amounts included in the bill include a built-in increase of 5% annually.

6.	As noted above, HEAB currently has a staff of 10.0 FTE including 1.0 information technology position, the current mainframe system programmer. DOA provides network services, including email for HEAB. Any additional information technology services, such as programming and database management beyond the current programmer's workload, is currently done through outside contracting through Knowledge Services, vendor management services offered through DOA purchasing. According to HEAB, the new financial aid portal and administration software will result in hundreds of external users interacting with the system. Higher educational institutions will be able to provide data to HEAB electronically under the new system and will receive information from HEAB regarding grant awards more quickly. As shown in the table, funding provided under the bill would support ongoing costs including 2.0 business analysts to support the new system, perform data analysis, manage communications with external parties, and conduct testing. HEAB indicates that one of the proposed analyst positions would primarily focus on the external portal and data integration, testing and support, while the other analyst would be more internally focused on process improvements, program enhancements, data analysis, and reporting. Both positions would understand the full range of activities in order to effectively back each other up. HEAB would aim to have these positions filled by October, 2023, to ensure they are able to participate in development and testing of the new system. The bill would also provide one-time supply funds for computers, laptops, and additional monitors for the business analyst positions as well as 15% contingency funds. These would cover any additional costs not specifically outlined in the contract. For example, the contract specifies that the cost estimate for conversion of HEAB's existing legacy data does not include cleanup for any identified data anomalies.

## B.	Information Technology Personnel

7.	Currently, HEAB's mainframe programmer is configuring the mainframe programs so that the system can run parallel with the new software created under the Gold Bridge contract. The bill would provide 1.0 project position ($45,900 salary and $20,700 fringe in 2023-24 and $61,200 salary and $27,600 fringe in 2024-25) so that the current programmer can train their replacement prior to retirement. HEAB indicates they will be running the current system in parallel with the new system for at least a year to ensure the data is consistent across systems. After that, the programmer would assist with HEAB's plans to archive the historical data, decommission the current legacy mainframe system, develop data integrations, and feed data warehouses. HEAB indicates they would expect to have this programmer for at least two years to accomplish these tasks.

8.	Since 2019, three major new financial aid programs were created which are administered by HEAB: (a) 2019 Act 149 provided $2.5 million GPR annually in a biennial appropriation for private institution grants for veterans and dependents; (b) 2019 Act 9, the 2019-21 biennial budget act, provided $800,000 GPR annually beginning in 2020-21 for scholarships to health services professionals to practice in health shortage areas in Wisconsin; and (c) 2021 Act 58, the 2021-23 biennial budget act, provided $5,000,000 GPR annually, beginning in 2022-23 for the nurse educators program. None of these acts included the provision of additional positions for administration of these grant programs, and HEAB indicates the programs have required increased grant administration and programming workload. For example, under 2019 Act 149, students may participate in either the program created under Act 149 or the veteran's remissions program from the UW-System or the technical colleges or both, but may not receive more than the longer of 128 credits or eight semesters

of tuition assistance in total. This requires HEAB to collect data from UW-System and the technical colleges regarding credits taken by students applying for the private institution grants for veterans and dependents. To perform the additional programming for the veteran's remissions program and the nurse educator program, HEAB utilized two private contractors on an hourly basis through Knowledge Services at an annual cost of $40,800 GPR. HEAB indicates they would not expect to continue to incur contract costs from Knowledge Services after the new system is completed as any additional programming for the system would be completed by Gold Bridge under the contract.

9.   Currently, of their 10.0 authorized positions, a 0.5 informational services systems development position is vacant. According to HEAB, this position was not filled last biennium due to required GPR lapses. The bill would provide an additional 0.5 position ($28,700 salary and $12,900 fringe annually) to bring this position to a full 1.0 position. This would address the increased workload, and hiring a full-time programmer could be easier than hiring a part-time position given tight labor market conditions.

10.   Additionally, funding under the bill would include $69,900 salary and $31,800 fringe in 2023-24 which DOA indicates is intended to cover costs of training personnel related to the modernized portal and database system. However, it could be argued that training personnel could be done using existing salaried positions or that the 15% contingency funds provided under the modernization item could cover these increased costs. [Alternative B2].

ALTERNATIVES

A.   Information Technology Modernization

1.   Provide $712,900 and 2.00 positions in 2023-24 and $752,100 in 2024-25 to support ongoing costs of HEAB's information technology modernization project.

ALT A1	Change to Base	
	Funding	Positions
GPR	$1,465,000	2.00

2.   Take no action.

B.   Information Technology Personnel

1.   Provide $209,900 and 1.50 positions (1.0 project position and 0.5 FTE) in 2023-24 and $130,600 in 2024-25 for information technology (IT) personnel.

ALT B1	Change to Base	
	Funding	Positions
GPR	$340,500	1.50

2.	Provide $108,200 and 1.50 positions and $130,600 in 2024-25 for IT personnel, but do not include additional salary and benefits funding for the costs of training personnel.

ALT B2	Change to Base Funding	Positions
GPR	$238,800	1.50

3.	Take no action.

Prepared by: Erin Probst