

SUMMARY OF SELECTED AGENCY IT INFRASTRUCTURE

A Report Prepared for the
Legislative Finance Committee

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2012 INFORMATION TECHNOLOGY PROJECT

PURPOSE

As the expenditures for information technology (IT) development, implementation, and operation continue to increase, the need for the LFD and subsequently the Legislature to understand how agency IT functions operate, how they are funded, and what issues they are facing also increases.

To begin to meet this challenge, the LFD undertook a review of six selected agencies (Department of Administration, Department of Corrections, Department of Environmental Quality, Department of Public Health and Human Services, Department of Revenue and the Montana State Library) to gather information on IT for educational and analytical purposes.

METHODOLOGY

The review included three parts for the analyst to complete. This was done through background research, interviews with agency personnel, and review of the agency's current strategic plan. Each part provided information that would lead to completing a summary report on IT resources, successes and challenges for each agency. The three parts are as follows:

1. Description of the organizational unit, budget and expenditure information.
2. Agency specific priorities for managing IT resources for both the current biennium and the long term. This also included discussions on how the agency may use technology differently in the next biennium.
3. Identification of the scope of the agency's IT work through gathering information on major systems and legacy systems¹. This includes identifying any potential changes that need to be made, or in the case of legacy systems the risk to the state if the system is not replaced.

The reports for the Department of Public Health and Human Services and the Montana State Library are attached to this report as examples of what information was collected and the disparity of needs between a large agency and a small agency.

WHAT WAS LEARNED

Since this project was a limited examination of state agencies, no conclusions were drawn from the information. However, the information gathered provided good insight to the current challenges with IT within the agencies. The following information provides the beginning steps to answer the two questions posed earlier: 1) "what does IT cost?" and 2) "what IT issues are being faced by the agencies that could impact funding needs and/or operations?"

Expenditures

As stated above, the individual IT reports included expenditures for FY 2011, HB 2 and long range IT authority. The table below illustrates the results.

FY 2011 Expenditures IT Expenditures for Selected Agencies (in Millions)						
Agency	FTE	HB 2 Authority			Long Range IT	
		Total Expenditures	Personal Services	% Personal Services	Long Range Expenditures	Total
Department of Administration*	1.00	\$8.25	\$3.77	45.7%	\$0.00	\$8.25
Department of Corrections	23.50	2.20	1.90	86.4%	0.00	2.20
Department of Environmental Quality	23.00	2.00	1.60	80.0%	0.00	2.00
Department of Public Health and Human Services	56.10	26.90	4.00	14.9%	8.60	35.50
Department of Revenue	29.00	8.80	1.80	20.5%	1.90	10.70
Montana State Library	<u>11.13</u>	<u>1.90</u>	<u>0.76</u>	<u>39.9%</u>	<u>0.00</u>	<u>1.90</u>
	<u>143.73</u>	<u>\$50.05</u>	<u>\$13.83</u>	<u>27.6%</u>	<u>\$10.50</u>	<u>\$60.55</u>

* Non - SITSD

There are some aberrations within this data. For example, the Department of Administration (DOA) cited 1.00 FTE tied to overall IT functions, but an additional 23.83 are related through warrant writer and SABHRS unit functions. The reported personal services expenditures include all 24.83 FTE.

The Department of Public Health and Human Services (DPHHS) personal services expenditures are lowest based on percentage calculations. DPHHS does have some contracted personal services for independent verification and valuation, studies or legal consulting. The largest cost for DPHHS is \$7.5 million of charges from the State Information Technology Services Division (SITSD) for items such as application hosting, voice services, and software agreement costs.

The largest cost for the Department of Revenue (DOR) is not personal services; but \$2.6 million for application hosting services paid to SITSD.

Of the six agencies, only two were provided long range IT appropriations. The other agencies utilized base or proprietary authority for all IT related services.

Agency Priorities

Priorities, as reported by the agencies, were similar. The common themes across the agencies and reported examples include:

- Increase the use of project management
 - DOA utilizes contract services for this function and would like to move the expertise in house
- Create an IT risk management program
 - Most participating agencies all report some level of concern with security of IT assets.
- Have stable or sufficient IT staff
 - All participating agencies reported some sort of recruitment and retention concerns, including:
 - Department of Corrections (DOC) reduction in IT staff plus increased requests for support. They are currently operating at a ratio of agency IT staff to agency staff of 1:57
 - DOR is considering implementation of a career ladder to stabilize the work force
 - The Montana State Library reports being understaffed for agency IT services; however, it is not quantified
- Increase attention to service delivery
 - DPHHS, DOC and DOR all recognize the need for increased attention to how IT services are delivered to the end customer, whether that be a state employee or the public
- Efficiency of systems
 - All departments indicated that efficiency of systems is important, but without appropriate resources to replace mission critical systems this may not occur

- The Department of Environmental Quality (DEQ) reports that they have legacy systems, and while they do not find any issues with them at this point in time the report lists numerous efficiency issues.

NEXT STEPS

As stated earlier, the purpose of this project was to increase operational knowledge of information technology funding, operations, and challenges. The review of the selected six agencies has raised questions for further examination. The next step for LFD staff is to determine how to define IT, the cost of IT, and state-wide and agency specific issues for the next legislative session. As work is completed the LFC will be kept current of any emerging issues that may require legislative action or incorporation into the global motions.

ⁱ Legacy information system is a system that runs on an outdated platform, uses an obsolete language or is no longer supported by the system developer. Maintaining such systems can be costly and have high risk to the state.