

Director: Chris Cummiskey

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| | FY 2005 Actual | FY 2006 Estimate | FY 2007 Approved |
|---------------------------------------|-------------------|---------------------|-------------------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 21.0 | 21.0 | 21.0 |
| Personal Services | 1,487,700 | 1,612,100 | 1,663,700 |
| Employee Related Expenditures | 305,400 | 391,800 | 455,400 |
| Professional and Outside Services | 125,000 | 240,000 | 240,000 |
| Travel - In State | 6,900 | 10,100 | 10,100 |
| Travel - Out of State | 5,300 | 15,600 | 15,600 |
| Other Operating Expenditures | 243,100 | 337,200 | 340,100 |
| Equipment | 39,400 | 29,500 | 29,500 |
| OPERATING SUBTOTAL | 2,212,800 | 2,636,300 | 2,754,400^{1/} |
| SPECIAL LINE ITEMS | | | |
| E-Health Initiative | 0 | 0 | 1,500,000 ^{2/} |
| AGENCY TOTAL | 2,212,800 | 2,636,300 | 4,254,400 |

FUND SOURCES

| | | | |
|--------------------------------------|------------------|------------------|------------------|
| General Fund | 0 | 0 | 1,500,000 |
| <u>Other Appropriated Funds</u> | | | |
| Information Technology Fund | 2,212,800 | 2,636,300 | 2,754,400 |
| SUBTOTAL - Other Appropriated Funds | 2,212,800 | 2,636,300 | 2,754,400 |
| SUBTOTAL - Appropriated Funds | 2,212,800 | 2,636,300 | 4,254,400 |
| TOTAL - ALL SOURCES | 2,212,800 | 2,636,300 | 4,254,400 |

AGENCY DESCRIPTION — The Government Information Technology Agency (GITA) is responsible for statewide information technology planning, coordinating, oversight, and consulting. Information technology projects with development costs over \$25,000 cannot proceed without GITA approval. GITA may suspend expenditures on failing projects. GITA also provides staff support to the Information Technology Authorization Committee (ITAC). Information technology projects with development costs over \$1 million cannot proceed without ITAC approval. The GITA Information Technology Fund derives from a 0.15% charge on state agency payrolls.

| | FY 2003 Actual | FY 2004 Actual | FY 2005 Actual | FY 2007 Approved |
|---|-------------------|-------------------|-------------------|---------------------|
| PERFORMANCE MEASURES | | | | |
| • % of information technology (IT) projects completed on schedule and within budget Comments: The agency reports that the declines in this measure largely reflect individual department strategic decisions concerning project implementation. | 94 | 89 | 82 | 92 |
| • % of agency IT managers rating GITA performance as excellent Comments: The FY 2005 result derives from 16 responses, which may not form a representative sample of agency IT managers. The agency is pursuing methods to increase its response rate. | -- | -- | 56 | 60 |

This agency's budget was originally appropriated in Laws 2005, Chapter 286. For details on this agency's original FY 2007 budget, please see the *FY 2006 Appropriations Report*. Laws 2006, Chapter 344 made adjustments to the agency's FY 2007 budget as discussed below.

Operating Budget

The budget provides \$2,754,400 from the Information Technology Fund for the operating budget in FY 2007. The amount includes an increase of \$188,800 from the Information Technology Fund for statewide adjustments.

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

^{2/} Laws 2006, Chapter 350 appropriation of \$1,500,000.

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

Special Line Items

E-Health Initiative

The State Government Budget Reconciliation Bill (Laws 2006, Chapter 350) provides \$1,500,000 from the General Fund for a new line item, E-Health Initiative, in FY 2007 to provide information technology grants for rural health care providers.

Additional Legislation

State Web Portal

The Budget Procedures Budget Reconciliation Bill (Laws 2006, Chapter 346) creates the appropriated State Web Portal Fund under the administration of GITA and appropriates all FY 2007 receipts, subject to JLBC review. Chapter 346 also requires GITA to submit the fiscal provisions of any new web portal contract executed in FY 2007 to the JLBC for review before implementation.

In April 2001, state procurement officials employed a contractor under a 5-year agreement to develop a common web portal for the state. The web portal provides a central location where individuals can seek government services and eliminates duplication for common agency applications, such as payment processing. The contract established a system of revenue sharing, which required no large initial investment from any state agency.

The anchor agency of the web portal is the Department of Transportation. The commercial customers, including credit agencies and insurance companies, of the department's Motor Vehicle Division (MVD) pay an 8-cent convenience fee per bulk record accessed through the portal. Of this amount, the web portal contractor retains 5 cents and remits the remaining 3 cents to the MVD.

GITA has been overseeing the financial arrangements of the contract, even though the agency does not handle transactions. Initially, the contractor provided about \$1 million in hardware to host the state web portal. GITA required individual agencies to pay the contractor for their hosting and application development services.

Over time, the contractor collected sufficient motor vehicle fees to repay not only ongoing management expenses, but also the initial capital outlay. Since then, the contractor credits to the state these motor vehicle fees, less the contractor's price for maintaining and operating the portal. Therefore, GITA was able to waive all hosting and some application development costs to state agencies.

Additionally, the contractor collected a \$3.2 million surplus for the state. In order to utilize this credit, GITA oversaw the signing of a 12- to 16-month transition

contract. Under the transition, the contractor will use the state's credits to develop a common application allowing many state agencies to provide online license renewals.

The contractor will also provide new web portal servers in Arizona and transfer portal operations from the contractor's current out-of-state location. GITA believes these latter steps are necessary both to replace the existing 6-year-old hardware and to ensure fairness to all vendors participating in the upcoming re-bidding of the contract.

Chapter 346 requires the fees and fee-sharing arrangements under the new contract to receive JLBC review prior to implementation. Chapter 346 also stipulates that future contracts deposit surplus fees into the State Web Portal Fund, subject to legislative appropriation.

The State Government Budget Reconciliation Bill (Laws 2006, Chapter 350) specifies that these JLBC reviews related to the state web portal should occur within 45 days of the agency's request.