

Arizona Department of Administration - Automation Projects Fund

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
GENERAL FUND TRANSFERS ^{1/}			
AFIS Replacement	18,400,000	2,383,000	0
General Fund Transfer (ADE)	10,400,000	5,400,000	0
General Fund Transfer (DOR)	1,700,000	0	0
General Fund Transfer (DCS)	5,000,000	0	5,000,000
TOTAL - ALL PROJECTS	35,500,000	7,783,000	5,000,000
FUND SOURCES			
General Fund	35,500,000	7,783,000	5,000,000
SUBTOTAL - Appropriated Funds	35,500,000	7,783,000	5,000,000
TOTAL - ALL SOURCES	35,500,000	7,783,000	5,000,000
INDIVIDUAL PROJECTS - Automation Projects Fund ^{2/}			
Department of Administration			
<i>Full Time Equivalent Positions</i>	75.0	75.0	15.0
AFIS Replacement	16,783,600	2,383,000	0
ASET Initiatives			
State Data Center	3,108,600	2,625,000	0
Security, Privacy, and Risk	2,849,000	3,125,000	0
Enterprise Architecture	230,000	500,000	0
Project Management	1,570,900	2,150,000	1,500,000
E-Government	325,000	1,075,000	0
Web-Portal Transition Costs	171,300	0	0
ASET Initiatives Subtotal	8,254,800	9,475,000	1,500,000
Department of Administration Subtotal	25,038,400	11,858,000	1,500,000
Department of Corrections			
AIMS Replacement	8,000,000	0	8,000,000
Department of Economic Security			
Information Technology Security	0	936,400	0
Department of Environmental Quality			
E-Licensing	5,446,600	5,000,000	0
Department of Education			
Education Learning and Accountability System	11,661,900	7,000,000	1,600,000
Department of Child Safety			
CHILDS Replacement	0	0	5,000,000
Department of Revenue			
Data Security and Encryption	5,024,300		
Tax Analysis Improvements	566,700	0	0
Tobacco Tax System	1,000,000	0	0
Department of Revenue Subtotal	6,591,000	0	0
TOTAL - ALL PROJECTS	56,737,900	24,794,400	16,100,000

^{1/} General Fund monies are transferred into the Automation Projects Fund (APF) to finance certain projects. See Table 2 for Non-General Fund transfers into the APF. These individual transfers are discussed in the narrative as part of the individual projects listed in the APF section.

^{2/} Represents expenditures from the APF. The FY 2015 column includes expenditures from FY 2014 appropriations in FY 2015.

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Automation Projects Fund	56,737,900	24,794,400	16,100,000
SUBTOTAL - Other Appropriated Funds	56,737,900	24,794,400	16,100,000
SUBTOTAL - Appropriated Funds	56,737,900	24,794,400	16,100,000
Other Non-Appropriated Funds	0	0	0
TOTAL - ALL SOURCES	56,737,900	24,794,400	16,100,000

AGENCY DESCRIPTION — Laws 2012, Chapter 298 established the Automation Projects Fund (APF), administered by the Arizona Department of Administration (ADOA). Monies in this appropriated fund are designated to implement, upgrade, or maintain automation and information technology projects for any state agency. Pursuant to A.R.S. § 41-714, before monies are expended from the fund, ADOA must submit an expenditure plan to JLBC for review.

Background

The FY 2013 Government Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 298) established the APF, administered by ADOA and consisting of monies appropriated by the Legislature. The FY 2014 Budget Procedures BRB (Laws 2013, 1st Special Session, Chapter 6) subjected the APF to legislative appropriation. The fund is exempt from lapsing. Monies in the fund are to be used to implement, upgrade or maintain automation and information technology projects for any state agency.

Pursuant to A.R.S. § 41-714, before monies are expended from the fund, ADOA must submit an expenditure plan to the Joint Legislative Budget Committee (JLBC) for review.

A FY 2016 General Appropriation Act (Laws 2015, Chapter 8) footnote requires ADOA to submit quarterly reports, within 30 days of the end of the calendar quarter, to the JLBC on the progress of all automation projects funded through the APF, including the projects' expenditures to date, deliverables, timeline for completion, and current status. A separate General Appropriation Act footnote specifies that funds for agency projects financed through the APF may not be used for any other agency without prior review by the JLBC.

Pursuant to A.R.S. § 41-3504, any large-scale information technology (IT) projects in the APF with a total cost greater than \$5,000,000 must receive relevant third-party analysis from an independent contracted vendor before receiving approval from the Information Technology Authorization Committee (ITAC). The third-party consultant is required to review and provide guidance on the technology approach, scope, estimated cost, timeline for completion and overall feasibility of the project.

Department of Administration

AFIS Replacement

The Baseline includes no funding and from the APF in FY 2017 for the replacement of the state's financial and accounting system, the Arizona Financial Information System (AFIS). FY 2016 was the final year of the 4-year project named the Business Re-Engineering Arizona (BREAZ). FY 2017 adjustments would be as follows:

		<u>FY 2017</u>
Expenditure Alignment	GF	\$(2,383,000)
	OF	(2,383,000)

The Baseline includes a decrease of \$(2,383,000) and (60) FTE Positions in the General Fund and a corresponding decrease of \$(2,383,000) from the APF in FY 2017 to align expenditures with the completion of the project to replace AFIS. The new AFIS system went "live" on July 1, 2015.

The 4-year project was estimated to cost \$73,000,000. (Please see the FY 2015 Appropriations Report for history of BREAZ funding.) The main project components are:

Vendor Contract	\$47,700,000
ADOA and Other Staffing	16,000,000
Third Party Oversight	5,200,000
Contingency Costs	<u>4,100,000</u>
Total	\$73,000,000

ADOA awarded a \$47,700,000 contract to Consulting for Government and Industry (CGI) to construct the new AFIS system over 4 years. This amount included \$32,700,000 for the vendor, \$12,600,000 for software licensing and maintenance, \$1,300,000 for hardware, and \$1,100,000

for other costs, including disaster recovery hosting. The vendor devoted as many as 81 FTE Positions to this project, with some located on-site.

ADOA staff costs for the project were estimated to total \$16,000,000 through FY 2016. The most significant portion of state staffing costs was \$11,700,000 allocated to hiring 40-43 FTE Positions during the design, build, and test phases of the project. FTE Positions include staff devoted to developing financial reports for the various AFIS functions and business modules, in addition to technical developers and analysts who will focus on programming and data security. Of the state’s project costs, \$6,002,000 of the budget was shifted to the ADOA’s AFIS line item for annual operating costs. This total includes 28 FTE Positions for ongoing technical support and development. *(Please see the General Accounting Office discussion in the Other Issues section of the regular ADOA budget for more information.)*

Given the complexity of large-scale IT projects, ADOA contracted with a third-party consultant to assist in the oversight of the replacement of AFIS, including providing estimates for remaining expenditures, and guidance on the scope of the new system. Initially \$3,000,000 was allocated to the consultant for the planning stages of the project. An additional \$2,200,000 was allocated to fund the consultant through FY 2016, for a total cost of \$5,200,000 for project oversight.

Due to possible unforeseen costs, the expenditure plan sets aside \$4,100,000 for contingency purposes. ADOA has not yet anticipated a need for the contingency. In addition, actual project expenditures have been less than expected, and ADOA will transfer approximately \$4,197,800 of the unspent FY 2014 appropriation to the General Fund in FY 2016.

ASET Initiatives

The Baseline includes \$1,500,000 and 15 FTE Positions from the APF in FY 2017 for ongoing IT projects by the Arizona Strategic Enterprise Technology (ASET) Office in ADOA. The 15 FTE Positions will assist in managing all projects funded from the APF. FY 2017 adjustments would be as follows:

ASET Alignment OF (7,975,000)

The Baseline includes a decrease of \$(7,975,000) from the APF in FY 2017 to align expenditures with ongoing IT projects by the ASET Office in ADOA.

The FY 2017 \$1,500,000 appropriation will be financed by a transfer from the ADOA Automation Operations Fund to the APF.

The \$1,500,000 APF appropriation will fund project management in the ASET Office in ADOA. This includes Personal Services and Employee Related Expenditures to manage all projects funded through the APF, and to provide assistance to other state agencies for their IT projects. This amount would fund the Oversight team that manages APF projects.

Department of Corrections

AIMS Replacement

The Baseline includes \$8,000,000 from the APF in FY 2017 for the third year of a \$24.0 million project to replace the Adult Inmate Management System (AIMS) at the Department of Corrections (ADC). FY 2017 adjustments would be as follows:

Expenditure Alignment OF 8,000,000

The Baseline includes an increase of \$8,000,000 from the APF in FY 2017 for the third year of a \$24,000,000 project to replace AIMS. The FY 2017 appropriation would be funded from the following ADC funds:

- \$1,000,000 from the Penitentiary Land Fund
- \$1,000,000 from the State Charitable Land Fund
- \$1,000,000 from the Inmate Store Proceeds Fund
- \$4,000,000 from the Special Services Fund
- \$1,000,000 from the ARCOR Enterprise Revolving Fund

The AIMS system will assist in the tracking, identification, population management, sentencing calculations, and the appeals and grievances processes for inmates in the correctional system. A total of \$16,000,000 (\$8,000,000 in FY 2014 and \$8,000,000 in FY 2015) has already been appropriated for replacement of the AIMS system. As of June 30, 2015, the department has expended \$8.0 million of the FY 2014 appropriation. In FY 2016, the department plans to spend \$8.0 million using the monies appropriated in FY 2015. Their plans propose spending \$8.0 million in FY 2017. These monies would come from an appropriation in FY 2017 and the remainder of the already appropriated funds.

A contract has been awarded to a vendor to oversee the modification of a commercial “off the shelf” system to fit the needs of ADC. Of the total project cost of \$24,000,000, \$16,349,800 is allotted to pay the vendor. The remainder of the project costs include:

- \$3,200,000 for training costs (overtime that will be needed) as staff learn how to use the program and for dedicated staff for the implementation phase.
- \$2,802,300 for cost contingencies.
- \$700,000 for equipment.
- \$450,000 for the costs associated with the system interfacing with other state agencies, law enforcement entities, and the courts.
- \$497,900 for the cost of third-party consultant review for the AIMS project.

The department estimates an ongoing maintenance cost of \$1,600,000 annually. With the projected schedule, the department anticipates the transition stage of setting up the new system occurring in March 2017.

The FY 2016 General Appropriation Act (Laws 2015, Chapter 8) continues to appropriate any remaining FY 2015 AIMS project balances for use in FY 2016 and provides the authority for the monies appropriated in FY 2014 to be used in FY 2016. ADOA shall report any fiscal year FY 2016 expenditure of remaining balances from FY 2014 from the Automation Projects Fund in the department's quarterly report to the JLBC.

A FY 2015 General Appropriation Act footnote stipulates that AIMS funding is contingent upon the department contracting with a third-party consultant to evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope throughout the life of the project. ADOA and ADC shall provide ITAC and JLBC with a recent report from this contracted third party when seeking review of AIMS funding, as required by A.R.S. § 41-3504. ADC retains an outside consultant to provide ongoing analysis of the project; current reports by ADOA indicate the project is on schedule.

Department of Economic Security

IT Security

The Baseline includes no funding from the APF in FY 2017 for IT Security at the Department of Economic Security (DES). FY 2017 adjustments would be as follows:

Expenditure Alignment OF (936,400)

The Baseline includes a decrease of \$(936,400) from the APF in FY 2017 for IT security projects at DES. In FY 2016, \$936,400 was appropriated for this project to bring DES into compliance with state and federal security information technology standards.

The \$936,400 APF appropriation was financed by a transfer from the DES Special Administration Fund. The department has not yet requested JLBC review for the FY 2016 appropriation.

Department of Environmental Quality

E-Licensing

The Baseline includes no funding from the APF in FY 2017 for E-Licensing. FY 2017 adjustments would be as follows:

Expenditure Alignment OF (5,000,000)

The Baseline includes a decrease of \$(5,000,000) from the APF in FY 2017 for the Department of Environmental Quality (DEQ) E-Licensing project. In FY 2016, \$5,000,000 was appropriated for this project to automate business processes within DEQ. This appropriation was financed by a transfer from the Vehicle Emissions Inspection (VEI) Fund to the APF.

Between FY 2014 and FY 2016, a total of \$16,800,000 has been appropriated to automate 50 business processes (12 processes in FY 2014, 22 processes in FY 2015, and 16 processes in FY 2016) within DEQ. The 50 automated processes will allow customers to conduct permitting, billing, payment, and data submissions online.

In addition, the Baseline would continue to appropriate any remaining FY 2016 DEQ project balances for use in FY 2017 (see the FY 2016 Appropriations Report for history of this funding).

A FY 2015 General Appropriation Act footnote stipulates that DEQ funding is contingent upon the department contracting with a third-party consultant to evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope throughout the life of the project. ADOA and DEQ are required to provide ITAC and JLBC with a recent report from this contracted third-party when seeking review of DEQ funding, as required by A.R.S. § 41-714.

DEQ contracted with a third-party vendor. ADOA and DEQ provided ITAC and JLBC with a recent report from this contracted third-party when it sought review of its FY 2015 funding, as required by A.R.S. § 41-714.

In the initial report, the vendor concurred with DEQ's approach and "can certainly see a credible path to success." At the same time as the third-party review, DEQ adjusted the scope of the project to address external feedback for more functionality. Instead of developing

fillable forms, the portal is providing deeper functionality and assistance to users for fewer business processes.

The vendor provided recommendations for process improvements and suggestions for increasing user engagement with the new software. The vendor has been retained for continued oversight.

In the April 2015 report, the vendor reiterated its prior positive evaluation of DEQ’s approach and software development methodology. The vendor noted that Phase 1 and Phase 2 deliverables were behind schedule due to unforeseen circumstances and changes to the scope of the project.

In the November 2015 report, the vendor provided a quarterly update. The report stated that “the view of the credible path to [project] success is much clearer.” The vendor gave an overall favorable evaluation of DEQ’s progress in incorporating recommendations from the previous third-party report.

DEQ has not requested JLBC review of its FY 2016 funding. As a result, DEQ has not yet begun Phase 3 of the project.

Department of Education

Education Learning and Accountability System

The Baseline includes \$1,600,000 from the APF in FY 2017 for further development of the Education Learning and Accountability System (ELAS) at the Department of Education (ADE). ELAS will allow ADE to collect, compile, maintain, and report student level data for students enrolled in public schools. *(See the Department of Education, Education Learning and Accountability System section for more information.)*

FY 2017 adjustments would be as follows:

Expenditure Alignment	GF	(5,400,000)
	OF	(5,400,000)

The Baseline includes a decrease of \$(5,400,000) from the General Fund and a corresponding decrease of \$(5,400,000) from the APF in FY 2017 as specified in the Legislature’s 3-year spending plan that is associated with the enacted FY 2016 budget. The remaining appropriation is intended to continue replacement of the Student Accountability Information System (SAIS) component of ELAS.

The FY 2017 \$1,600,000 appropriation will be financed from the following fund source:

- \$1,600,000 transfer from the ELAS Fund.
- In addition, the Baseline would continue to appropriate any remaining FY 2016 ELAS Fund balances for use in FY 2017.

Prior to FY 2014, ADE used its own funds to administer the project, which included a combination of state General Fund monies (\$5 million per year in FY 2012 and FY 2013), mandatory fees of \$6 per Full-Time Student Equivalent (FTSE) from Arizona universities and community colleges (approximately \$1.5 million per year in FY 2012 and FY 2013), and federal monies (approximately \$10 million in FY 2012 and FY 2013 combined).

In FY 2014, \$7,000,000 was appropriated to implement a portion of the total project. This amount funded development and expansion of a longitudinal data system, implementation of data visualization dashboards that display student achievement data, reduced redundancies for districts’ reporting requirements, and implemented various security and technical measures.

In FY 2015, \$12,000,000 was appropriated to primarily to replace most of SAIS, further develop more streamlined data reporting, storage, and transfer systems, and roll out data dashboards to additional public schools.

In FY 2016, ADE plans to use the \$7,000,000 ELAS appropriation to continue work on SAIS replacement, add more schools to the state’s student information system (SIS) to leverage bulk purchasing power, and fund other project management functions.

Section 126 of the FY 2016 General Appropriation Act specifies that it is the Legislature’s intent that FY 2016 funding be used first and foremost to complete a significant portion of the SAIS replacement. The section further required ADE to provide quantifiable deliverables of the Legislature’s intent to ITAC and the JLBC when seeking review of their FY 2016 expenditures, as required by A.R.S. § 41-714, which occurred in June 2015.

Section 126 also makes FY 2016 funding contingent upon the department contracting with a third-party consultant to evaluate and assess the project’s feasibility, estimated expenditures, technology approach and scope throughout the life of the project. ADOA and ADE are to provide ITAC and JLBC with a recent report from this contracted third-party when seeking review of FY 2016 funding, as required by A.R.S. § 41-714. ADE is required to provide further ongoing reports to JLBC, at a time frame determined by the JLBC.

Since FY 2014, ADE has contracted with a third-party vendor to provide additional oversight for the project, in

accordance with an ongoing General Appropriation Act footnote. In its December 2014 performance review, the vendor noted that ADE’s information technology team has “matured” into a group that is nationally recognized as a leader in student data systems. While acknowledging that progress continues on several components of ELAS, the vendor concludes that given the overall magnitude of this project, there is still much to be completed in the technical, instructional, and administrative areas.

Delays in vendor certification and the development process have led ADE to pursue a “dual system,” in which the new school payment system runs parallel to the existing SAIS platform, which will continue to make school payments in FY 2016.

The October 2015 ELAS third-party quarterly performance review notes that “ADE has made significant progress on the dual option approach despite resource constraints” and “appears to be close to proving the viability of the AzEDS data collection approach.” The report states that “the work so far has laid an excellent foundation upon which to construct additional functions and services.”

The June 2015 third-party review noted that “the return on investment in the original business case for AELAS is now questionable because the opt-in systems are being delayed or cancelled for other systems beyond the SIS, such as the Learning Managements System (LMS).” The October 2015 review states that “AELAS funding for FY 16 has been reduced to include only 4 major efforts: Program Support and Production Services, School Finance (SAIS), AzEDS, and Opt-in SSIS. This is a scaled-back scope from the original business case.”

Department of Child Safety

CHILDS Replacement

The Baseline includes \$5,000,000 from the APF in FY 2017 to replace the Children’s Information Library and Data Source (CHILDS) system operated by the Department of Child Safety (DCS). The name of the new replacement system is Guardian. FY 2017 adjustments would be as follows:

Phase 2 Funding	GF	5,000,000
	OF	5,000,000

The Baseline includes an increase of \$5,000,000 from the General Fund and a corresponding increase of \$5,000,000 in the APF in FY 2017 to fund Phase 2 of the project.

The Baseline would appropriate any remaining FY 2015 DCS project balances for use in FY 2017.

In addition to the \$5,000,000 of FY 2017 funding, DCS also has \$4,687,000 remaining from FY 2015 for total General Fund Phase 2 resources of \$9,687,000.

CHILDS is the management information system used to document the status, demographics, location and outcomes for every child in the care of DCS. The system assists with various business processes including hotline intake, initial assessments and investigations, case management, adoptions, eligibility determinations, staff management, provider management and payment processing.

The total cost for the project was originally estimated to be between \$40,000,000 and \$80,000,000, depending on the technology approach used during replacement. DCS now believes the cost to replace the system will be \$89,000,000, which includes the cost of state staff. DCS believes that the project will qualify for a 50% federal match rate.

DCS plans to implement the project in 2 Phases. In March 2015, DCS received ASET approval and a favorable JLBC review of its plan to spend \$313,000 of the \$5,000,000 appropriation for the Phase 1 Planning Project. The \$313,000 will draw down an equal amount of Federal Funds.

During the Phase 1 Planning Project, DCS contracted with a consultant to prepare the project’s request for proposal (RFP). The consulting firm produced (1) a definition of user requirements (functional and non-functional) to a level of detail sufficient to complete all competitive bidding for Phase 2 of the project; (2) an alternative analysis, cost benefit analysis, feasibility study, and a final report; and (3) an implementation budget and cost allocation formula. The Phase 1 consultant was scheduled to issue its report in October 2015, but that report has not been shared with JLBC.

During Phase 2, DCS will publish the RFP and select a vendor to implement the chosen solution in accordance with certain standards. DCS plans to have the Phase 2 RFP ready for release in early 2016 with Phase 2 implementation actually beginning in FY 2017. It is anticipated that after the RFP is awarded, Phase 2 of the project will last through FY 2021.

A FY 2015 General Appropriation Act footnote stipulates that CHILDS replacement funding is contingent upon DCS contracting with a third-party consultant to evaluate and assess the project’s feasibility, estimated expenditures, technology approach and scope throughout the life of the project. ADOA and DCS are to provide ITAC and JLBC with a list of performance measures to be tracked by the new

CHILDS system and a recent report from the third-party consultant when seeking review of the CHILDS replacement funding.

Although DCS has hired the third-party consultant using monies from non-APF sources, the third-party consultant has yet to report to JLBC.

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FORMAT — Lump Sum by Project

FOOTNOTES

Standard Footnotes

ADE-ELAS Project

In addition to the \$1,600,000, any remaining balances on June 30, 2016 from fees collected from universities and community college districts in the Education Learning and Accountability Fund established by A.R.S. § 15-249.02, are appropriated for implementing, upgrading and maintaining the Student Longitudinal Data System and the Education Learning and Accountability System established pursuant A.R.S. § 15-249.

It is the intent of the Legislature that the appropriations made by this subsection be used first and foremost to complete a significant portion of the replacement of the Student Accountability Information System established by A.R.S. § 15-1041. The Department of Education shall provide quantifiable deliverables of the Legislature's intended progress to the Information Technology Authorization Committee established by A.R.S. § 41-3521, and to the Joint Legislative Budget Committee before seeking review of the \$1,600,000 FY 2017 expenditure from the Automation Projects Fund, as required by A.R.S. § 41-714.

The funding for the Department of Education's automation project is contingent on the use of a contracted independent third-party consultant to evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope throughout the life of the project. The Department of Administration and the Department of Education shall provide a recent report by the third-party consultant to the Information Technology Authorization Committee and Joint Legislative Budget Committee before seeking review of the \$1,600,000 FY 2017 expenditure from the Automation Projects Fund, as required by A.R.S. § 41-714. Following the initial review of FY 2017 expenditures, the Department of Education shall provide ongoing reports from the third-party consultant to the Joint Legislative Budget Committee on the progress of the project, as determined by the Joint Legislative Budget Committee.

Other

In addition to the initial review of expenditures from the Automation Projects Fund by the Joint Legislative Budget Committee, pursuant to A.R.S. § 41-714, monies appropriated for projects at each state agency from the Automation Projects Fund established by A.R.S. § 41-714, may not be used for projects at any other state agency without prior review by the Joint Legislative Budget Committee.

The Department of Administration shall submit to the Joint Legislative Budget Committee, within 30 days after the last day of each calendar quarter, a quarterly report on the implementation of projects described in this section, including the projects' expenditures to date, deliverables, timeline for completion and current status.

Any remaining balances on June 30, 2016 in the Automation Projects Fund established by A.R.S. § 41-714, from monies appropriated in FY 2016 are appropriated to the Department of Administration in FY 2017 for the same purposes specified in FY 2016. The Department of Administration shall report any FY 2017 expenditure of remaining balances from FY 2016 in the Automation Projects Fund in the department's quarterly report to the Joint Legislative Budget Committee.

New Footnotes

DCS-CHILDS Project

For the funding for the Department of Child Safety's replacement of the Children's Information Library and Data Source system project, any remaining balances on June 30, 2016 in the Automation Projects Fund established by A.R.S. § 41-714, from monies appropriated in FY 2015 for the replacement of the Children's Information Library and Data Source system at the Department of Child Safety are appropriated to the Department of Administration in FY 2017 for the same purposes specified in FY 2015. The Department of Administration shall report any FY 2017 expenditure of remaining balances from FY 2015 from the Automation Projects Fund in the department's quarterly report to the Joint Legislative Budget Committee.

Deletion of Prior Year Footnotes

The Baseline would delete a footnote concerning State Department of Corrections replacement of the Adult Inmate Management System project which allowed the department to use monies appropriated from the APF in FY 2014 to be used through the end of FY 2016.

Other Issues

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the General Fund deposits into the APF costs are projected to decrease by \$(2,783,000) in FY 2017 below FY 2016 and remain unchanged in FY 2018. These estimates are based on:

AFIS Replacement

The long-term estimates assume funding for AFIS replacement will decrease by \$(2,383,000) in FY 2017 to zero funding, as the project is completed. There would be no funding in FY 2018.

Educational Learning and Accountability System

The long-term estimates assume the General Fund deposit for ELAS will decrease by \$(5,400,000) in FY 2017 to zero. The estimates assume there would be no General Fund funding for the project in FY 2018.

CHILDS Replacement

The long-term estimates assume funding for CHILDS Replacement will increase by \$5,000,000 in FY 2017, as DCS begins Phase 2 of the project. The estimates assume funding would remain at the \$5,000,000 level in FY 2018 and FY 2019.

APF Revenues and Transfers

Since the APF's inception in FY 2013, state agencies have transferred monies into the APF to finance specific IT projects. *Table 2* summarizes APF revenues from FY 2015 through FY 2017.

Because large IT projects often take multiple years to develop and implement, APF appropriations made in one fiscal year lapse at the end the next fiscal year. *Table 3* delineates APF appropriations and expenditures by fiscal year.

Table 2			
Automation Projects Fund			
(\$ in thousands)			
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Beginning Balance	40,843.4	46,062.8	6,549.1
Revenues			
General Fund Appropriation	18,400.0	2,383.0	
General Fund Transfer (ADE)	10,400.0	5,400.0	
General Fund Transfer (DOR)	1,700.0		
General Fund Transfer (DCS)	5,000.0		5,000.0
Automation Charges			
ADE Education Learning and Accountability Fund	1,600.0	1,600.0	1,600.0
ADOA Automation Operations Fund	9,057.3	5,700.0	1,500.0
ADOA State Web Portal Fund		3,775.0	
ADOA Information Technology Fund			
ADC Inmate Store Proceeds Fund			1,000.0
ADC Special Services Fund			4,000.0
ADC Prison Construction and Operation Fund	5,500.0		1,000.0
ADC State Charitable Land Fund			1,000.0
ADC Penitentiary Land Fund			1,000.0
ADC Corrections Fund	2,500.0		
AHCCCS Traditional Medicaid Services	1,000.0		
DES Special Administration Fund		936.4	
DEQ Emissions Inspection Fund	6,800.0	5,000.0	
Total Funds Available	102,800.7	70,857.2	22,649.1
Total Expenditure (Current FY Appropriation)	30,521.0	24,794.4	16,100.0
Total Expenditure (Previous FY Appropriation)	26,216.9	39,513.7	0
Total Expenditures	56,737.9	64,308.1	16,100.0
Ending Balance	46,062.8	6,549.1 ^{1/}	6,549.1

^{1/} The FY 2016 ending balance includes \$4,197,800 of unspent AFIS replacement project funds.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Automation Projects Fund (ADA2566/A.R.S. § 41-714)		Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: To implement, upgrade, or maintain automation and information technology projects for any state agency.		
Appropriated Funds Expended	30,521,000	24,794,400
Prior Year Appropriation Expended	26,216,900	39,513,700
Year-End Fund Balance	46,062,800	6,549,100

	Automation Project Fund Expenditure by Appropriation Year and Expenditure Year										
	FY 2014 Appropriation			FY 2015 Appropriation			FY 2016 Appropriation			Total Expenditures	
	Appropriation	FY 2014 Expenditures	FY 15 Expenditures	Balance Lapsed	Appropriation	FY 15 Expenditures	FY 2016 Expenditures Estimate	Appropriation	FY 2016 Expenditures Estimate	FY 15 Total Expenditures	FY 16 Total Expenditures
AFIS Replacement (BREAZ)	28,638,000	15,999,200	8,441,000	4,197,800	26,533,000	8,342,600	18,190,400	2,383,000	2,383,000	16,783,600	20,573,400
ADOA-ASET											
State Data Center Security, Privacy, and Risk	2,675,000	1,167,100	647,700	860,200	2,900,000	2,460,900	439,100	2,625,000	2,625,000	3,108,600	3,064,100
Enterprise Architecture	3,075,000	1,140,200	1,911,900	22,900	3,125,000	937,100	2,187,900	3,125,000	3,125,000	2,849,000	5,312,900
Project Management	1,000,000	677,800	160,800	161,400	500,000	69,200	430,800	500,000	500,000	230,000	930,800
E-Government	2,450,000	1,174,000	1,027,600	248,400	2,151,700	543,300	1,608,400	2,150,000	2,150,000	1,570,900	3,758,400
Web-Portal Transition	325,000	-	325,000	-	325,000	5,900	319,100	1,075,000	1,075,000	330,900	1,394,100
ASET Total	1,975,000	1,364,600	165,400	445,000	-	-	-	-	-	165,400	-
	11,500,000	5,523,700	4,238,400	1,737,900	9,001,700	4,016,400	4,985,300	9,475,000	9,475,000	8,254,800	14,460,300
DCS CHILDS Replacement											
DOC AIMS	8,000,000	-	-	-	5,000,000	-	5,000,000	-	-	-	5,000,000
DEQ E-licensing	5,000,000	4,466,400	513,200	20,400	6,800,000	4,933,400	1,866,600	5,000,000	5,000,000	8,000,000	8,000,000
DES IT Security	-	-	-	-	-	-	-	936,400	936,400	5,446,600	6,866,600
ADE ELAS											
DOR	7,000,000	7,000,000	-	-	12,000,000	11,661,900	338,100	7,000,000	7,000,000	11,661,900	7,338,100
Data Security and Encryption	6,600,000	1,556,200	5,024,300	19,500	-	-	-	-	-	5,024,300	-
Tax Analysis Improvements	-	-	-	-	1,700,000	566,700	1,133,300	-	-	566,700	1,133,300
Tobacco Tax System	-	-	-	-	1,000,000	1,000,000	-	-	-	1,000,000	-
DOR Total	6,600,000	1,556,200	5,024,300	19,500	2,700,000	1,566,700	1,133,300	-	-	6,591,000	1,133,300
Total	66,738,000	34,545,500	26,216,900	5,975,600	70,034,700	30,521,000	39,513,700	24,794,400	24,794,400	56,737,900	64,308,100

Table 3