

GOVERNMENT INFORMATION TECHNOLOGY AGENCY

A.R.S. § 41-3501

John B. Kelly, Director

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| General Fund and Other Appropriated Funds | FY 1998 Actual | FY 1999 Estimate | FY 2000 Approved | FY 2001 Approved |
|--|-------------------|---------------------|---------------------|---------------------|
|--|-------------------|---------------------|---------------------|---------------------|

| | | | | |
|--|-------------------|----------------------------|-------------------------------|-------------------------------|
| FTE Positions | 17.0 | 17.0 | 20.0 | 20.0 |
| Personal Services | 841,500 | 1,200,500 | 1,342,000 | 1,368,800 |
| Employee Related Expenditures | 150,100 | 203,100 | 233,500 | 243,100 |
| Professional and Outside Services | 171,600 | 450,000 | 160,000 | 160,000 |
| Travel - In State | 400 | 10,000 | 10,000 | 10,000 |
| Travel - Out of State | 12,200 | 15,600 | 15,600 | 15,600 |
| Other Operating Expenditures | 279,900 | 259,800 | 267,600 | 273,400 |
| Equipment | 146,900 | 25,000 | 28,200 | 25,000 |
| Operating Subtotal | 1,602,600 | 2,164,000 | 2,056,900 | 2,095,900 |
| Year 2000 - Agency Projects | 15,254,300 | 18,027,900 ^{1/2/} | 0 | 0 |
| Integrated Judicial Information System | 90,400 | 0 | 0 | 0 |
| Information Technology Innovation | 0 | 0 | 1,000,000 ^{3/} | 1,000,000 ^{3/} |
| Telecommunications Policy Office | 0 | 0 | 70,300 | 71,600 |
| Total Appropriations | 16,947,300 | 20,191,900 | 3,127,200^{4/} | 3,167,500^{4/} |
| Fund Summary | | | | |
| General Fund | 8,162,100 | 11,000,000 | 70,300 | 71,600 |
| Information Technology Fund | 1,602,600 | 2,164,000 | 2,056,900 | 2,095,900 |
| State Highway Fund | 6,278,600 | 6,527,900 | 0 | 0 |
| Personnel Division Fund | 500,000 | 500,000 | 0 | 0 |
| Board of Cosmetology Fund | 190,000 | 0 | 0 | 0 |
| Technical Registration Fund | 85,000 | 0 | 0 | 0 |
| Watercraft Licensing Fund | 75,000 | 0 | 0 | 0 |
| Technology and Telecommunications Fund | 0 | 0 | 1,000,000 | 1,000,000 |
| Board of Accountancy Fund | 54,000 | 0 | 0 | 0 |
| Total Appropriations | 16,947,300 | 20,191,900 | 3,127,200 | 3,167,500 |

Agency Description — *The Government Information Technology Agency (GITA) is responsible for statewide Executive Branch information technology planning, coordinating, and consulting. GITA also provides staff support to the Information Technology Authorization Committee (ITAC), which oversees information technology for all 3 branches of government. The Information Technology Fund is funded by a 0.15% charge on state agency payrolls.*

Year 2000 - Agency Projects — The approved amount eliminates the Year 2000 - Agency Projects Special Line in FY 2000, since most of the state's Year 2000 problems should be addressed by the end of FY 1999. In addition, GITA's General Fund Year 2000 appropriation does not lapse until the end of FY 2000.

The "Year 2000" computer problem refers to a necessity to

evaluate all information technology functions that use a 2-digit code for the year (e.g., "00" for "2000") and make alterations, where required. The Legislature appropriated all Year 2000 funding (beyond that which agencies absorb in their base budgets) to GITA because the Year 2000 needs of most agencies had not yet been determined and GITA is charged with overseeing state agencies' information technology expenditures. GITA allocates

1/ It is the intent of the Legislature that monies appropriated to the Government Information Technology Agency through the Year 2000 - Agency Projects Special Line Item shall be used only for expenditures allowed by the fund from which they were appropriated and any unexpended monies shall revert to the fund of origin at the end of FY 2000. (General Appropriation Act footnote, as amended by Laws 1999, Chapter 6, 1st Special Session.)

2/ The appropriation for Year 2000 - Agency Projects is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, until the end of FY 2000. (General Appropriation Act footnote, as amended by Laws 1999, Chapter 6, 1st Special Session.)

3/ Before the expenditure of the \$1,000,000 appropriation in FY 2001 from the Technology and Telecommunications Fund, the Government Information Technology Agency shall report to the Joint Legislative Budget Committee on the FY 2000 appropriation from this fund. The report shall include a description of the projects funded, FY 2000 expenditures, FY 2000 revenues or savings and projected future revenues or savings generated as a result of the FY 2000 expenditures. (General Appropriation Act footnote)

4/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

GOVERNMENT INFORMATION TECHNOLOGY AGENCY (Cont'd)

funding to various agencies, upon approval of the agency's Year 2000 plan and project justification. Resolution of Year 2000 problems is required to enable the smooth continuation of state government functions and prevent state liability for service failures.

The approved FY 1999 amount includes a supplemental appropriation of \$2,300,000 from the State Highway Fund for the Arizona Department of Transportation. In addition to the amounts appropriated to GITA, a supplemental FY 1999 appropriation of \$5,500,000 from the Risk Management Fund has been appropriated to the Arizona Department of Administration (ADOA) for Year 2000 Loss Control Grants. The ADOA appropriation includes the following General Appropriation Act footnote:

"The \$9,500,000 appropriation for Year 2000 Loss Control Grants shall be used to reduce or eliminate state liability for service failures resulting from Year 2000 information technology problems. The \$9,500,000 shall be allocated by the Department of Administration to the Government Information Technology Agency for distribution to state agencies or departments to pay for Year 2000 information technology projects. Prior to expenditure of the \$9,500,000, the Government Information Technology Agency shall report to the Joint Legislative Budget Committee on its plan for expending the monies, including any expected annualization or continuing costs for FY 2000 and the anticipated reduction in state liability for service failures. Of this amount, \$5,500,000 is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations until the end of FY 2000."

| YEAR 2000 APPROPRIATIONS | | |
|---------------------------------|---------------------|---------------------|
| | General Fund | Other Fund |
| | FY 1998 | |
| GITA | \$10,000,000 | \$ 7,330,000 |
| Department of Revenue | <u>163,000</u> | <u>0</u> |
| FY 1998 Total | \$10,163,000 | \$ 7,330,000 |
| | FY 1999 | |
| GITA | \$11,000,000 | \$ 4,727,900 |
| GITA - Supplemental (ADOT) | 0 | 2,300,000 |
| ADOA - Risk Management (RM) | 0 | 4,000,000 |
| ADOA - RM Supplemental | 0 | 5,500,000 |
| State Retirement - Supplemental | 0 | 1,136,400 |
| Department of Revenue | <u>877,000</u> | <u>0</u> |
| FY 1999 Total | \$11,877,000 | \$17,664,300 |
| Year 2000 Total | \$22,040,000 | \$24,994,300 |

The above table shows all appropriations to state agencies for Year 2000. The amounts shown exclude Year 2000 expenditures absorbed by agencies within their budgets or included as part of an appropriation unrelated to Year 2000 (such as replacement or enhancement of an information technology system which is justified for programmatic reasons).

IT Analyst Positions — In FY 2000, the approved amount includes a decrease of \$(290,000) for consultants and an increase of 2 FTE Positions and \$153,000 for 2 information technology planning/oversight analysts. This change will give the agency the flexibility to hire FTE Positions rather than contracting with consultants at a higher cost. This also is intended to reduce expenditures from the Information Technology Fund so that the appropriated amount stays within available revenues. For FY 2001, the approved amount includes a decrease of \$(3,200) to eliminate one-time equipment.

Integrated Judicial Information System — This Special Line Item appropriation included a one-time total of \$100,000 in FY 1998 for ITAC to oversee IT projects for the Judiciary.

Information Technology Innovation — The appropriation includes a FY 2000 increase of \$1,000,000 from the ADOA Technology and Telecommunications Fund. This amount is continued in FY 2001. The monies, which will be administered by GITA and overseen by ITAC, are for GITA to provide funding for cross-agency and multi-agency projects that deliver a direct, fast return on investment. The agency must report on the FY 2000 grants prior to expending monies in FY 2001. (See footnote number 3.)

Telecommunications Policy Office — The approved amount includes an increase of 1 FTE Position and \$70,300 from the General Fund in FY 2000. The FTE Position and funding are continued in FY 2001. The position is being transferred from the Governor's Office and will coordinate statewide telecommunications policy.

Other Issues: Quality Control — Through the budget process, the Legislature recommended that GITA direct state agencies to include amounts for independent third-party quality control when budgeting for large or complex information technology (IT) projects. This more appropriately places responsibility for quality assurance on the state agency and will allow it to contract out for quality control, with the contractor reporting both to GITA and the agency. Since quality control is an integral part of any IT project, the IT proposal should reflect this cost. When quality control is not built into the agency's budget, this aspect of implementing the IT proposal must be monitored by GITA staff. Inclusion of quality control in the IT project budget will allow the GITA staff time to monitor additional IT projects and to concentrate on statewide coordination and high level oversight.