

Technology

The approved amendments for the Office of Technology for FY 2010 include general fund reductions totaling \$2.3 million and nongeneral fund reductions totaling \$3.7 million. General fund reductions include \$1.0 million from the implementation of the Governor's September 2009 Budget Reduction Plan and \$1.3 million in reduced costs for information technology services and associated overhead. Nongeneral fund reductions include the transfer of an additional \$2.0 million in Wireless E-911 funds to the Compensation Board for support of sheriffs' dispatchers and the elimination of \$1.7 million associated with development and maintenance of the Virginia Election and Registration Information System (VERIS), responsibility for which has been returned to the State Board of Elections. The approved reductions also include \$9.4 million in Central Accounts to support agency IT spending in HB 29.

The approved general fund appropriation for the Office of Technology during the 2010-2012 biennium totals \$10.3 million, representing a reduction of \$6.1 million when compared to the secretariat's current appropriations in Chapter 781 of the 2009 Acts of Assembly. General fund reductions include \$2.3 million from the continuation of the Governor's September 2009 Budget Reduction Plan and \$4.9 million from continuation of reduced costs for information technology services and overhead charges. The proposed nongeneral fund appropriation for the secretariat, totaling \$98.2 million, represents an overall reduction of \$2.2 million over Chapter 781. The approved reductions also include \$9.4 million in Central Accounts to support agency IT spending in HB 29.

The secretariat's nongeneral fund appropriation includes increased spending of \$4.9 million that is offset by reductions totaling \$10.5 million. Additional spending includes the provision of \$1.5 million in FY 2011 and \$1.8 million in FY 2012 to repay the Enterprise Applications Division's working capital advance, which is currently being used to develop enterprise accounting and budgeting systems. The source of these nongeneral fund dollars is derived from reductions in durable medical equipment Medicaid rates. Additional funding is also provided to maintain geographic information services, to support the Special Acquisition Fund, and to support the costs of the Commonwealth's web portal. Nongeneral fund reductions include \$3.5 million from the elimination of the appropriation for VERIS, \$4.0 million in additional transfers from the Wireless E-911 Fund to support the costs of sheriffs' dispatchers, and \$3.0 million in revenue reductions and other transfers from the Wireless E-911 Fund.

The approved amendments also include several language amendments designed to increase the transparency of the current information technology outsourcing agreement and establish a process for implementing management efficiencies within the Virginia Information Technologies Agency. First, the amendments to both HB 29 and HB 30 include language requiring the Chief Information Officer and the Secretary of Technology to report to the Chairmen of the House Appropriations and Senate Finance Committees on any modification to Virginia's comprehensive outsourcing contract within 30-days after executing any modification. The amendments also authorize the Joint Legislative Audit and Review Commission to provide

periodic reports on contract performance. Finally, the amendments require VITA to develop a plan for improving the efficiency and effectiveness of services provided and to evaluate the long-term viability of the Virginia Enterprise Applications Program.

HB 29 (Chapter 872)

- **Innovation and Entrepreneurship Investment Authority**
 - *Governor's September 2009 Budget Reductions.* Includes general fund savings of \$651,250 in FY 2010 from reductions in funding for equity investments in Virginia-based technology and life science companies and funding for technology-based research.
- **Virginia Information Technologies Agency**
 - *Governor's September 2009 Budget Reductions.* Includes general fund savings of \$377,088 in FY 2010 from the elimination of organizational memberships and subscriptions, reduced use of consultants for technology services, reduced transition expenses for the Chief Information Officer, and the elimination of a technology governance position.
 - *Provide Funding to Address IT Charges.* Includes \$9.4 million GF in Central Appropriations to assist state agencies in addressing increases in charges for IT services in FY 2010.
 - *Analysis of Contract Modification Impacts.* Requires the Chief Information Officer and Secretary of Technology to provide a report detailing all amendments to the comprehensive infrastructure agreement, including an analysis of the fiscal impact of these amendments within 30-days of execution. Language is also included requiring the Chief Information Officer to report on VITA's activities and the progress and performance-related improvements made as a result of the operational and contractual changes to the comprehensive infrastructure agreement.

HB 30 (Chapter 874)

- **Secretary of Technology**
 - *Consolidate Support Positions in the Cabinet.* Includes a general fund reduction of \$46,493 in both FY 2011 and FY 2012 from the elimination of a staff position. However, there is no corresponding reduction in the actual employment level authorized.
 - *Eliminate Line of Credit for Productivity Investment Fund Projects.* Eliminates language contained in Part 3 of the budget proposing a line of credit totaling \$10.0 million to support Productivity Investment Fund projects previously supported by the general fund dollars in Central Appropriations

- **Innovation and Entrepreneurship Investment Authority**
 - *Governor's September 2009 Budget Reductions.* Continues the on-going reductions contained in the September 2009 reduction plan for equity investments in Virginia-based technology and life sciences companies and funding for technology-based research activities. Includes general fund savings of \$651,250 in both FY 2011 and FY 2012.
 - *Restore GAP Program Funding.* Includes \$500,000 GF the first year and \$1.0 million GF the second year to offset reductions to the Commonwealth GAP fund, which supports the development of Virginia-based technology and bio-sciences companies.
- **Virginia Information Technologies Agency**
 - *Governor's September 2009 Budget Reductions.* Continues the on-going reductions contained in the September 2009 reduction plan including: elimination of organizational memberships and subscriptions; reducing the Chief Information Officer's transition expenses; relying on existing staff rather than consultants when developing information technology strategic plans, performing agency outreach, and integrating the Commonwealth's IT infrastructure and applications; and reducing technology governance activities. In combination, these strategies generate general fund savings of \$497,510 in FY 2011 and FY 2012.
 - *Reduce Information Technology Expenses.* Includes general fund savings of \$953,565 in FY 2010, and slightly more than \$1.0 million in both FY 2011 and FY 2012 from reducing information technology service rates and surcharges. These savings will be captured from affected general fund agencies through a reversion clearing account. In addition, the strategy includes capturing nongeneral fund savings of \$365,982 in FY 2011 and FY 2012 through a transfer to the general fund.
 - *Reduce Overhead Charges for Information Technology Services.* Produces general fund savings of \$344,909 in FY 2010 and \$1.4 million in FY 2011 and FY 2012 from implementation of administrative efficiencies that will reduce the agency's overhead charges for the services provided to customers. These savings will be captured from affected general fund agencies through a reversion clearing account. In addition, the strategy captures nongeneral fund savings of \$587,441 in FY 2011 and FY 2012 through a Part 3 transfer.
 - *Reduce Nongeneral Fund Appropriation.* Eliminates an appropriation of \$1.8 million NGF in both FY 2011 and FY 2012 provided to the Enterprise Applications Division for the Virginia Election and Registration Information System. Responsibility for this system has been returned to the State Board of Elections.
 - *Transfer Wireless E-911 Funds to Support Sheriff Dispatchers.* Increases by \$2.0 million the transfer from the Wireless E-911 fund to the Compensation Board to

support sheriff's dispatchers in FY 2010, FY 2011, and FY 2012. This brings the total transfer in each year to \$8.0 million.

- ***Reduce Wireless E-911 Program and Geographic Information Services.*** Includes nongeneral fund reductions of \$1.6 million in FY 2011 and FY 2012 reflecting reduced revenues and the planned transfer of \$125,000 each year to the general fund.
- ***Adjust Appropriations for Geographic Information Services.*** Provides \$847,141 NGF in FY 2011 and FY 2012 to provide for the maintenance of the geographic information services. The source of these nongeneral funds is an internal service fund supported by agencies reliant upon geographic information data. This action corrects an error that was included in the introduced budget.
- ***Funding for Repayment of Working Capital Advance.*** Eliminates the proposed transfer of \$1.5 million NGF in FY 2011 and \$1.8 million NGF in FY 2012 toward repayment of the Enterprise Applications Division's working capital advance. This working capital advance is being used for development of new central accounting and budgeting systems. The source of the funding for repayment of the capital advance is savings from the reductions in the reimbursement rates for durable medical equipment purchased by the Departments of Medical Assistance Services and Behavioral Health and Developmental Services. These savings are instead deposited in the general fund. A separate language amendment provides that any additional savings from these rate reductions may be used for the repayment of the working capital advance.
- ***Adjust Appropriations for Special Services Fund.*** Provides an increase of \$459,528 NGF in FY 2011 and 2012 to reflect revenue and expenditure projections for the Acquisition Services Special Fund, which provides procurement, contracting services, and special services for those programs ineligible for federal reimbursement.
- ***Provide Web Administration Costs.*** Provides \$330,000 in nongeneral fund support to re-establish the administrative costs for the vendor supporting the Commonwealth's web portal services.
- ***Increase Line of Credit.*** Authorizes an increase in the agency's available line of credit by \$10.0 million to a total of \$40.0 million. This line of credit allows the agency to cover cash flow needs
- ***Analysis of Contract Modification Impacts.*** Requires the Chief Information Officer and the Secretary of Technology to provide a report detailing all amendments to the comprehensive infrastructure agreement including an analysis of the fiscal impact of these modifications to the Chairmen of the House Appropriations and Senate Finance Committees within 30-days of execution.

- *Identification of Procurement Efficiencies.* Directs VITA to analyze potential efficiencies or improvements to the procurement of IT goods that are not specifically covered under the comprehensive infrastructure agreement.
- *Authorize Ongoing JLARC Oversight.* A separate amendment within the legislative branch permits JLARC to continue to provide ongoing oversight of Virginia's information technology outsourcing arrangement using the model currently utilized for the ongoing review of the Virginia Retirement System.
- *VITA Efficiency Review.* Directs the Chief Information Officer to develop and implement a plan for improving the efficiency and effectiveness of the agency. As part of this review, the long-term viability of the Virginia Enterprise Applications Program will be assessed. This review will be reported to the Chairmen of the House Appropriations and Senate Finance Committees and to the Joint Legislative Audit and Review Commission.