



Legislative Fiscal Bureau

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June 21, 2006

TO: Members
Joint Finance Committee

FROM: Bob Lang, Director

SUBJECT: Elections Board: Section 13.10 Request for the Release of Reserved Funds for a
Computer Database Conversion Study -- Agenda Item V

REQUEST

The Elections Board requests a one-time supplement of \$100,000 GPR in 2005-06 to its general program operations appropriation for the purpose of retaining an information technology (IT) consultant to update the business system and technical requirements for the agency's campaign finance database conversion project and to identify a vendor to complete the conversion. The Board requests that the funding be released from amounts already reserved for this purpose in the Joint Committee on Finance s. 20.865(4)(a) supplemental appropriation.

BACKGROUND

The Elections Board's information system was created in 1987 and is used by the agency to carry out its election administration and campaign finance responsibilities. The Board's supplies and services budget under its GPR-funded general program operations appropriation supports the ongoing operation of the current system.

Since the 1997-99 biennium, the Elections Board has been provided approximately \$520,000 GPR for a database conversion project that consists of two interrelated software development efforts. The first effort involves a conversion of the agency databases used by Board staff to administer election activities and campaign finance reports from an older Ingres database to an updated Oracle database. The second effort is an enhancement that would allow the electronic filing and retrieval of campaign finance report information over the Internet. Despite this previous funding commitment, the database conversion project remains substantially incomplete.

Following delays in the development of the new database, the Joint Committee on Finance approved a one-time supplement in July, 2000, to retain a consultant to develop an IT plan for the completion of this database conversion project. A November 15, 2000, report prepared by the IT consultant Virchow, Krause and Company, LLP, summarized the status of the Board's computer project at that time as follows:

"While the election administration functions are operational and in use, they still require significant programming to become fully functional and they lack appropriate controls and user efficiencies. The campaign finance functions have not yet been developed, forcing the Elections Board to continue using its old and obsolete system. The electronic filing function is not in use, and its current design and development tools are not viable. It needs to be started over."

The report was broadly critical of the status of, and the prospects for, a successful implementation of the IT development project and proposed a three-step plan to move the Board's computer project to completion. The report recommended: (1) external project management; (2) retention of a consultant to analyze and fully evaluate the system options available; and (3) project implementation by a newly-selected vendor.

Of the \$520,000 GPR provided for these software development efforts since the 1997-99 biennium, approximately \$325,000 GPR was provided to convert the existing databases and to develop an electronic filing enhancement for campaign finance reports. The remaining \$195,000 GPR was expended to: (1) determine the status of the project after it went over budget; (2) develop and finalize business system and technical requirements for the project; and (3) repeat the vendor selection process and select a new vendor to move the project forward. This process selected Computer Sciences Corporation to develop the new system in July, 2001, but the Legislature and Governor opted instead to place the project on hold. Since there have been no substantial changes to the state's campaign finance laws in recent years, it is anticipated that the business system and technical requirements that have already been developed can serve as a foundation for moving this computer project forward.

The election administration functions of the Board's current information system are being included in a separate, new statewide voter registration system that is currently under development. Board staff indicates that including these election administration functions as a part of the statewide voter registration system permits the integration of these functions and enables the Board to replace its current elections administration database with available federal Help America Vote Act (HAVA) funding rather than using state GPR dollars.

Federal HAVA funding may not be utilized to convert the state's campaign finance database. Consequently, this aspect of the conversion (along with development of the electronic filing enhancement) must proceed with state funding. Under 2003 Wisconsin Act 33 (the 2003-05 biennial budget act), \$43,400 GPR was provided for the short-term maintenance of the existing campaign finance system, as follows: (1) \$37,000 GPR in 2003-04 to complete the migration of the current campaign finance database to a server supported by DOA's Division of Enterprise

Technology (DET); and (2) DET charges to maintain the new server and to service the campaign finance database software (\$2,200 GPR in 2003-04 and \$4,200 GPR in 2004-05).

Under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act), \$450,000 GPR was reserved under this Committee's GPR supplemental appropriation for possible future release to the Board to: (1) retain an IT consultant to update the business system and technical requirements for the agency's campaign finance database conversion and to repeat the vendor selection process (\$100,000 GPR); and (2) make master lease payments in connection with the deployment of the new system (\$350,000 GPR). With the current request, the Board is seeking the release of \$100,000 GPR to permit the business system and technical requirements to be updated and to repeat the vendor selection process.

Act 25 further directed DOA to: (1) assist the Board in the vendor selection process for the computer database conversion project; and (2) designate a staff person in DET to provide quality assurance of any development work completed on the campaign finance database.

ANALYSIS

Elections Board staff indicates that while the current campaign finance system itself has been stable for a number of years, the underlying Ingres database is no longer supported by the developer. In addition, the age of the system creates risks associated with each subsequent upgrade of the underlying database, operating system, and/or hardware. With any future required upgrade of the current database, operating system, or associated hardware, Board staff has expressed the concern that the existing campaign finance application will simply no longer be able to operate in the new environment. In addition, the server for the campaign finance database is no longer supported by the vendor. The Elections Board indicates that, "If there is a hardware or software failure it is likely to be a very long time before service could be restored, if at all." Further, Board staff advises that any significant changes to existing campaign finance laws that the Legislature might choose to adopt could not be accommodated by the existing system. As a result, the Elections Board feels that it is critical that the new campaign finance database conversion move forward.

DET staff concurs in the overall assessment of the status of the current system operated by the Elections Board. DET staff indicates that the Ingres database is no longer supported, the hardware and operating system for the campaign finance database are aging, and the system, in their opinion, is due for replacement.

Campaign finance staff at the Elections Board has the expertise regarding state campaign finance laws and perspective on how the system should be developed, consistent with the Board's statutory responsibilities. DET staff has expertise regarding IT system development and perspective regarding the performance and maintenance of IT systems at the state data center. Act 25 directs DOA to assist the Board in the vendor selection process for the computer database

conversion project.

The Board anticipates that if this request is approved, it would retain Professor Ken Macur, from Edgewood College as a limited-term employee (LTE) at a rate of \$50 an hour to update the business system and technical requirements for the project and to repeat the vendor selection process. It is further anticipated that Professor Macur would utilize college students (employed as contract LTEs) to assist him. Professor Macur has IT expertise and served as the Virchow Krause project manager in 2001 when that firm developed the business system and technical requirements for the Board's database conversion project and selected a vendor. As a result of the likely contractor's experience and background with the Board's campaign finance system, the Board views him as uniquely qualified to advance this project. The Board anticipates that Professor Macur would coordinate Elections Board and DET staff expertise in overseeing any update of the business system and technical requirements for the project and in selecting a vendor.

Board and DET staffs have both advised that they could not update either the business system and technical requirements for the campaign finance database conversion project or the vendor selection process without contracting for these services. Such activities could not be conducted in-house by either agency without diverting resources from current projects and responsibilities. The Elections Board, for example, indicates that it would have to remove campaign finance auditors from auditing campaign finance reports if it were directed to advance this work without outside contracted assistance.

DET further indicates that it does not have existing state staff that could be directed to convert the campaign finance database without diverting resources from current projects and responsibilities. DET officials also indicate that they are currently staffed to provide and maintain selected IT systems of a statewide nature, but have not been provided the resources to undertake the development of specialized IT systems for individual state agencies.

A draft of proposed project milestones submitted to the Elections Board by the likely contractor has identified the following eight project phases (in addition to overall project management): (1) project planning; (2) review of the business processes for the campaign finance system; (3) definition and revision of system requirements (both technical and business); (4) market/vendor research to develop a list of possible vendors; (5) develop a request for proposals (RFP), review vendor RFP responses, and identify vendor finalists; (6) develop "demonstration scripts" for vendor finalists to test compatibility of vendor products with state requirements; (7) manage the vendor demonstration process; and (8) selection of a final vendor including implementation planning.

The likely contractor has estimated that the project would require 473 hours of his time, and an additional 578 hours of student LTE time. Assuming that the principal contractor would be paid at the rate of \$50 per hour and that the student LTEs would be paid at the rate of \$20 per hour, it is estimated that the Elections Board could incur \$38,000 GPR in contract LTE costs to update the business system and technical requirements for the project and to repeat the vendor selection

process.

If the Committee chooses to approve a release of funding for this conversion study, the Elections Board may be able to achieve economies with this project through the proposed use of contact LTEs. The Elections Board may also be able to achieve economies because there have been no substantial changes to the state's campaign finance laws in recent years. Consequently, much of the business system requirements for the campaign finance database and electronic filing components previously developed in 2001 should continue to serve as a foundation for advancing the current computer project.

However, the Elections Board would caution that there are likely to be miscellaneous costs associated with this project that have not been included in the contracted LTE estimates, such as costs incurred to participate in vendor site visits. In addition, to the extent that more hours than currently estimated are later required to complete the project, projected contractor staffing costs could increase.

The Elections Board has requested that the Committee release the full \$100,000 GPR to the Board in 2005-06 to finance the database conversion study and vendor selection. Elections Board staff indicates that any released funding not expended would be reserved either to: (1) make possible future master lease payments related to the database project; or (2) be lapsed to the general fund. Elections Board staff further indicates that any work funded with moneys released under this s. 13.10 will be monitored to ensure that costs do not exceed \$100,000 GPR.

Based on current projections from the likely contractor relating to anticipated LTE costs, the Committee could consider releasing a lesser amount at this time to cover both anticipated and unanticipated project costs. As an alternative, the Committee could consider releasing \$50,000 GPR in 2005-06 to cover estimated contract LTE costs (\$38,000) and to provide additional funding (\$12,000) to address unanticipated project costs without the need to return to the Committee under s. 13.10. Under this approach, a balance of \$400,000 GPR would still be reserved in the Committee's GPR supplemental appropriation to finance possible future master lease payments for the database project.

The current request anticipates that an outside vendor will ultimately be retained to convert the campaign finance database (including development of the electronic filing component for campaign finance reports). If the Committee believes that an increased level of oversight is desirable relating to the final cost of this study and the vendor selection process, the Committee could consider directing DOA to monitor the expenditure of any funds released in connection with these aspects of the project. The Committee could consider placing any released funds in unallotted reserve under the Board's GPR general program operations appropriation and provide that no funds may be expended for this project without the approval of DOA.

Further, if the Committee believes that additional review is desirable concerning the vendor selected for the actual database conversion, the Committee may wish to stipulate that the Board

may not finalize a contract with the selected vendor for the database conversion until the Board has reported to the Committee under a 14-day passive review process on the proposed vendor and the proposed terms of the contract, including cost estimates for software development and ongoing maintenance.

Any funding supplement approved today by the Committee will likely not be available for release to the Elections Board until early July in the 2006-07 state fiscal year. As a result, if the Committee elects to provide supplemental funding, the funds should be provided in 2006-07 rather than in 2005-06, as originally requested.

ALTERNATIVES

1. Approve the Elections Board's request to provide a one-time supplement of \$100,000 GPR in 2006-07 to the Board's general program operations appropriation from the Committee's s. 20.865(4)(a) appropriation to retain an IT consultant to update the business system and technical requirements for the agency's campaign finance database conversion project and to identify a vendor to complete the conversion. *[Funding would come from amounts specifically reserved under the Committee's supplemental appropriation for this purpose.]*

2. Provide a one-time supplement of \$50,000 GPR in 2006-07 to the Elections Board's general program operations appropriation from the Committee's s. 20.865(4)(a) appropriation, to retain an IT consultant to update the business system and technical requirements for the agency's campaign finance database conversion project and to identify a vendor to complete the conversion. *[Funding would come from amounts specifically reserved under the Committee's supplemental appropriation for this purpose.]*

3. *In addition to Alternatives 1 or 2:* Provide that the supplemental funds be placed in unallotted reserve under the Elections Board's general program operations appropriation to be released for this phase of the database conversion project only upon the approval of DOA.

4. *In addition to Alternatives 1 or 2:* Prior to entering into any contract with a vendor selected through the vendor selection process, require the Elections Board to report to the Committee under a 14-day passive review process the identity of the selected vendor, the proposed terms of the vendor contract, and the related cost estimates for this project, including software development and ongoing maintenance.

5. Deny the request.

Prepared by: Paul Onsager