

Arizona Department of Administration - Automation Projects Fund

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 APPROVED
GENERAL FUND TRANSFERS ^{1/}			
AFIS Replacement	18,400,000	18,400,000	2,383,000
General Fund Transfer (ADE)	5,400,000	10,400,000	5,400,000
General Fund Transfer (DOR)	1,700,000	1,700,000	0
General Fund Transfer (DCS)	0	5,000,000	0
TOTAL - ALL PROJECTS	25,500,000	35,500,000	7,783,000
FUND SOURCES			
General Fund	25,500,000	35,500,000	7,783,000
SUBTOTAL - Appropriated Funds	25,500,000	35,500,000	7,783,000
TOTAL - ALL SOURCES	25,500,000	35,500,000	7,783,000
INDIVIDUAL PROJECTS - Automation Projects Fund ^{2/}			
Department of Administration			
<i>Full Time Equivalent Positions</i>	20.0	75.0	75.0
AFIS Replacement	17,879,500	26,533,000	2,383,000
ASET Initiatives			
State Data Center	1,847,400	2,900,000	2,625,000
Security, Privacy, and Risk	1,525,800	3,125,000	3,125,000
Enterprise Architecture	741,800	500,000	500,000
Project Management	1,176,500	2,151,700	2,150,000
E-Government	2,718,200	325,000	1,075,000
Web Portal Transition Costs	1,229,100	0	0
ASET Initiatives Subtotal	9,238,800	9,001,700	9,475,000
Department of Administration Subtotal	27,118,300	35,534,700	11,858,000
Department of Corrections			
AIMS Replacement	0	8,000,000 ^{3/}	0
Department of Economic Security			
Information Technology Security	0	0	936,400
Department of Environmental Quality			
E-Licensing	4,483,500	6,800,000	5,000,000
Department of Education			
Education Learning and Accountability System	7,000,000	12,000,000	7,000,000 ^{4/5/6/}
Department of Child Safety			
CHILDS Replacement	0	5,000,000	0
Department of Revenue			
DOR Automation Projects	1,324,800	0	0
Tax Analysis Improvements	0	1,700,000	0
Tobacco Tax System	0	1,000,000	0
Department of Revenue Subtotal	1,324,800	2,700,000	0
TOTAL - ALL PROJECTS ^{7/8/}	39,926,600	70,034,700	24,794,400^{9/}

^{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.

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 APPROVED
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Automation Projects Fund	34,331,300	70,034,700	24,794,400
SUBTOTAL - Other Appropriated Funds	34,331,300	70,034,700	24,794,400
SUBTOTAL - Appropriated Funds	34,331,300	70,034,700	24,794,400
<u>Other Non-Appropriated Funds</u>			
	5,595,300	0	0
TOTAL - ALL SOURCES	39,926,600	70,034,700	24,794,400

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

- 3/ For the funding for the State Department of Corrections replacement of the Adult Inmate Management System project, any remaining balances on June 30, 2015 in the Automation Projects Fund established by A.R.S. § 41-714, from monies appropriated in FY 2014 for the replacement of the Adult Inmate Management System at the State Department of Corrections are appropriated to the Department of Administration in FY 2016 for the same purposes specified in FY 2014. The Department of Administration shall report any FY 2016 expenditure of remaining balances from FY 2014 from the Automation Projects Fund in the department's quarterly report to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 4/ In addition to the \$7,000,000, any remaining balances as of June 30, 2015 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. (General Appropriation Act footnote)
- 5/ 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 \$7,000,000 FY 2016 expenditure from the Automation Projects Fund, as required by A.R.S. § 41-714. (General Appropriation Act footnote)
- 6/ 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 the Joint Legislative Budget Committee before seeking review of the \$7,000,000 FY 2016 expenditure from the Automation Projects Fund, as required by A.R.S. § 41-714. Following the initial review of FY 2016 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. (General Appropriation Act footnote)
- 7/ 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. (General Appropriation Act footnote)
- 8/ 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. (General Appropriation Act footnote)
- 9/ Any remaining balances on June 30, 2015 in the Automation Projects Fund established by A.R.S. § 41-714, from monies appropriated in FY 2015 are appropriated to the Department of Administration in FY 2016 for the same purposes specified in FY 2015. The Department of Administration shall report any FY 2016 expenditure of remaining balances from FY 2015 in the Automation Projects Fund in the department's quarterly report to the Joint Legislative Budget Committee. (General Appropriation Act footnote)

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 budget includes \$2,383,000 and 60 FTE Positions from the APF in FY 2016 for the final year of a 4-year project to replace the state's financial and accounting system, the Arizona Financial Information System (AFIS). The project name is Business Re-Engineering Arizona (BREA). These amounts fund the following adjustments:

Expenditure Alignment

The budget includes a decrease of \$(16,017,000) in the General Fund transfer. In total, the Automation Projects Fund appropriation is reduced by \$(24,150,000) to align expenditures with the final year of a 4-year project to replace AFIS, the state's financial and accounting system. The new AFIS system is scheduled to "go live" on July 1, 2015. *(Please see the FY 2015 Appropriations Report for history of this funding.)*

The 4-year project budget included 6 months of operating costs for the new AFIS system including ADOA staffing, software licensing and maintenance, and disaster recovery hosting. In the 2015 Legislative Session, the Legislature enacted a plan to annualize the cost of operation for the new AFIS system. These monies were added as a line item in ADOA's regular budget.

As a result, the FY 2016 General Appropriation Act amends Laws 2012, Chapter 294 and Laws 2013, 1st Special Session, Chapter 1 to reduce the FY 2016 General Fund BREA project appropriation to the APF from \$9,202,000 to \$2,383,000, or by \$(6,819,000). This adjustment removed the funding for the 6 months of operating costs since this expense will now be paid out of the ADOA operating budget. The remaining \$2,383,000 funds the final payment to the project vendor. *(Please see the General Accounting Office discussion in the Other Issues section of the regular ADOA budget for more information.)*

The 4-year project was estimated to cost \$73,000,000. 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 has awarded a \$47,700,000 contract to Consulting for Government and Industry (CGI) to construct the new AFIS system over 4 years. This amount includes \$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 is devoting as many as 81 FTE Positions to this project, with some located on-site.

ADOA staff costs for the project are 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 has been shifted to the ADOA's AFIS line item for annual operating costs. This total includes 28 FTE Positions for ongoing technical support and development.

Given the complexity of large-scale IT projects, ADOA has 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.

ASET Initiatives

The budget includes \$9,475,000 and 15 FTE Positions from the APF in FY 2016 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. These amounts fund the following adjustments:

ASET Initiatives

The budget includes an increase of \$473,300 from the APF in FY 2016 to align expenditures with ongoing IT projects by the ASET Office in ADOA.

The FY 2016 \$9,475,000 appropriation will be financed by a transfer of \$5,700,000 from the Automation Operations Fund and \$3,775,000 from the State Web Portal Fund to the APF.

The \$9,475,000 APF appropriation will fund projects continuing from FY 2015, pay for Personal Services and Employee Related Expenditures to manage and oversee IT projects statewide, as well as fund new projects for FY 2016. This \$9,475,000 consists of the following:

- \$2,625,000 to improve the State Data Center, including upgrading aging infrastructure, implementing back-up power supply systems and disaster recovery solutions, and assisting agencies with cloud migration projects.
- \$3,125,000 to improve the security, privacy and risk of the state's IT systems, including implementing firewalls and encrypting private and sensitive information.
- \$500,000 to improve enterprise architecture, including developing a statewide IT governance model and statewide IT professional development.
- \$2,150,000 for 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.
- \$1,075,000 to enhance E-government, by training state agencies to utilize the new state web portal, which was developed in FY 2014 and developing an online directory of codes rules and ordinances.

Department of Corrections

AIMS Replacement

The budget includes no funding from the APF in FY 2016 for the replacement of the Adult Inmate Management System (AIMS) at the Department of Corrections (ADC) as new monies will not be required until FY 2017. This amount funds the following adjustments:

Expenditure Alignment

The budget includes a decrease of \$(8,000,000) from the APF in FY 2016 to align expenditures for the AIMS project within the ADC.

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. 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 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, \$16,119,000 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.
- \$3,131,000 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.
- \$400,000 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.

In addition, the budget continues to appropriate any remaining FY 2015 AIMS project balances for use in FY 2016. The budget provides the authority for the monies appropriated in FY 2014 to be used in FY 2016. The Department of Administration 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 Joint Legislative Budget Committee.

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; the latest quarterly report described a strong commitment by the department to the project and provided recommendations to strengthen the development process.

Department Economic Security

IT Security

The budget includes \$936,400 from APF in FY 2016 for IT security projects at the Department of Economic Security (DES). This amount funds the follow adjustments:

IT Security

The budget includes an increase of \$936,400 from the APF in FY 2016 for IT security projects at DES. This project will bring DES into compliance with state and federal security information technology standards.

The \$936,400 APF appropriation is financed by a transfer from the DES Special Administration Fund.

Department of Environmental Quality

E-Licensing

The budget includes \$5,000,000 from the APF in FY 2016 to continue to develop an e-licensing web portal at the Department of Environmental Quality (DEQ). This amount funds the following adjustments:

Expenditure Alignment

The budget includes a decrease of \$(1,800,000) from the APF in FY 2016 to align expenditures with the third year of a project to provide e-licensing functionality on DEQ's web portal.

The FY 2016 \$5,000,000 appropriation will be financed by a transfer from the Vehicle Emissions Inspection (VEI) Fund to the APF.

The e-licensing system will allow customers to conduct permitting, billing, payment, and review data submissions online for many of the permitting and compliances processes. The FY 2015 expenditures are being used to automate 22 business processes within DEQ. The FY 2016 appropriation is to be used to automate an additional 16 processes.

At its October 2013 meeting, the JLBC favorably reviewed the initial \$5,000,000 FY 2014 expenditure plan, with provisions that FY 2015 funding was contingent upon contracting with an independent third party to provide oversight of the project. At its June 2014 meeting, the JLBC favorably reviewed the \$6,800,000 expenditure plan in FY 2015 for Phase 2 of the project.

DEQ has contracted with a third-party vendor. ADOA and DEQ provided ITAC and JLBC with a recent report from this contracted third-party when seeking review of 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 for 80 business processes, the portal is providing deeper functionality and assistance to users for 22 business processes in Phase 2.

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. Phase 1 and Phase 2 deliverables are behind schedule due to unforeseen circumstances and changes to the scope of the project.

Department of Education

Education Learning and Accountability System

The budget includes \$7,000,000 from the APF in FY 2016 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.*)

This amount funds the following adjustments:

Remove One-Time Funding

The budget includes a decrease of \$(5,000,000) from the General Fund and a corresponding decrease of \$(5,000,000) from the APF to eliminate a one-time increase in program funding as specified in the Legislature's 3-year spending plan that is associated with the enacted FY 2015 budget. The remaining appropriation is intended primarily to continue replacement of the Student Accountability Information System (SAIS) component of ELAS.

The FY 2016 \$7,000,000 appropriation will be financed from the following fund sources:

- \$5,400,000 appropriation from the General Fund.

- \$1,600,000 transfer from the ELAS Fund.
- In addition, the budget (Laws 2015, Chapter 8, Section 126) continues to appropriate any remaining FY 2015 ELAS Fund balances for use in FY 2016.

Prior to FY 2014, ADE used its own funds to administer the project, which included a combination of state General Fund monies (\$5,000,000 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 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 primarily 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 requires 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.

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 before 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.

Department of Child Safety

CHILDS Replacement

The budget includes no funding from the APF in FY 2016 to replace the Children's Information Library and Data Source (CHILDS) operated by the newly-established Department of Child Safety (DCS) as new monies will not be required until FY 2017. This amount funds the following adjustments:

Expenditure Alignment

The budget includes a decrease of \$(5,000,000) from the General Fund and a corresponding decrease of \$(5,000,000) from the APF in FY 2016 to align expenditures for the CHILDS project within DCS.

Since DCS will not be in a position to utilize additional resources beyond the initial \$5,000,000 until after FY 2016, no additional resources for CHILDS replacement were appropriated in FY 2016. The JLBC Staff estimates that the CHILDS replacement will require \$5,000,000 from the General Fund in FY 2017 and FY 2018 above its FY 2016 appropriation.

The budget continues to appropriate any remaining FY 2015 DCS project balances for use in FY 2016.

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 believes that the project will qualify for a 50% federal match rate.

DCS plans to replace CHILDS in 2 Phases. In March 2015, DCS received ASET approval and a favorable Joint

Legislative Budget Committee 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 will contract with a consultant to prepare the CHILDS replacement request for proposal (RFP). The consultant is to have experience with Statewide Automated Child Welfare Information Systems, processing requirements, advanced technology products, and information security requirements. The consulting firm is to produce (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. DCS anticipates that the Phase 1 consultant will issue its final report in September 2015.

During Phase 2, DCS will publish the RFP and select a vendor to implement the chosen CHILDS replacement solution in accordance with certain standards. DCS plans to have the Phase 2 RFP ready for release in early 2016. It is anticipated that after the RFP is awarded, Phase 2 of CHILDS replacement will span multiple fiscal years.

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 the Joint Legislative Budget Committee 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 department indicates that it is too early in the process to provide the third-party report or the list of performance measures to the Committee. The departments plan to provide the required information during the Phase 1 Planning project.

Department of Revenue

DOR Automation Projects

The budget includes no funding from the APF in FY 2016 at the Department of Revenue (DOR). This amount funds the following adjustments:

Remove One-Time Funding

The budget includes a decrease of \$(1,000,000) from the APF in FY 2016 to eliminate one-time funding for the tobacco tax processing project. The \$1,000,000 FY 2015 APF appropriation was financed by a transfer from the Traditional Medicaid Services line item in AHCCCS to the APF. In FY 2015, DOR developed an automated tobacco tax processing and revenue accounting system to reach compliance with the Tobacco Master Settlement Agreement.

Remove One-Time Funding

The budget includes a decrease of \$(1,700,000) from the APF in FY 2016 to eliminate one-time funding for tax analysis improvements. In FY 2015, DOR made programming changes to the Taxpayer Accounting System to capture and track data from the second page of the individual income tax form, as well as to increase the timeliness and accuracy of reporting income tax credits.

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 funding for ELAS will decrease by \$(5,400,000) in FY 2017 to zero funding. The estimates assume there would be no 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.

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 2014 through FY 2016.

Table 2

Automation Projects Fund

(\$ in thousands)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Beginning Balance	11,035.4	40,697.4 <u>1/</u>	0.0
Revenues			
General Fund Appropriation	18,400.0	18,400.0	2,383.0
General Fund Transfer (ADE)	5,400.0	10,400.0	5,400.0
General Fund Transfer (DOR)	1,700.0	1,700.0	
General Fund Transfer (DCS)		5,000.0	
Automation Charges	17,013.6		
ADE Education Learning and Accountability Fund	1,600.0	1,600.0	1,600.0
ADOA Automation Operations Fund	8,130.0	9,057.3	5,700.0
ADOA State Web Portal Fund	4,000.0		3,775.0
ADOA Information Technology Fund	345.0		
ADC Inmate Store Proceeds Fund	5,500.0		
ADC State Revolving Fund	2,500.0		
ADC Prison Construction and Operation Fund		5,500.0	
ADC Corrections Fund		2,500.0	
AHCCCS Traditional Medicaid Services		1,000.0	
DES Special Administration Fund			936.4
DEQ Emissions Inspection Fund	5,000.0	6,800.0	5,000.0
Total Funds Available	80,624.0	102,654.7	24,794.4
Total Expenditure (Current FY Appropriation)	34,331.3	70,034.7	24,794.4
Total Expenditure (Previous FY Appropriation) <u>2/</u>	5,595.3	32,620.0	0.0
Total Expenditures	39,926.6	102,654.7	24,794.4
Ending Balance <u>3/</u>	40,697.4	0.0	0.0

1/ \$8,075,700 of the beginning balance was intended to pay for the FY 2015 costs of AFIS replacement. For the purposes of the expenditures section of this chart, this amount is part of the current year appropriation. The remaining \$32,620,000 is reflected in the Total Expenditure - Previous FY Appropriation line.

2/ Assumes all \$32,620,000 in FY 2015 will be expended and will not carry forward into FY 2016.

3/ FY 2014 ending balance matches ADOA FY 2016 Budget Year Request Sources and Uses line item.