

Technology Budget Overview

Background

- The 2019 legislature passed new Information Technology (IT) oversight requirements, which includes a requirement for state agencies to create an IT Technology Budget. (Please see Section 719 of the 2019-21 operating budget.)
- State agencies are required to develop a technology budget for each information technology project subject to oversight, to plan and track financial information from project initiation through project closeout.
- The strategic plan, including resources and schedule identified in the Investment Plan (IP) should align with the Technology Budget.

A. Technology Budget Overview

State agencies with projects identified under IT oversight in the operating and transportation budgets are required to have a Technology Budget (Section 719(4)) and an Investment Plan (Section 719(5)). The Office of the Chief Information Officer (OCIO), in consultation with the Office of Financial Management (OFM), may also identify other projects for IT oversight (Section 719(12)). Each project under IT oversight is required to have its own Technology Budget. If two or more state agencies are involved in a single project, then each agency must also develop their own technology budget for that project. (Section 719(8)).

The Technology Budget is a budget and spending plan/report for state agency IT projects that show the resources the agency has identified to execute its IT project plan. State agencies must “gate” their project plan by identifying smaller blocks of work and resources required in their Technology Budget. These gates should mirror the natural flow of work to be performed by the project. Upon approval by the OCIO and OFM, state agencies may access funding at each gate. Agencies may not access additional project funding under IT oversight without such approval.

Features of the Technology Budget

- Identifies project costs, funding sources and full-time equivalent staffing levels including classifications, financial coding, schedule and anticipated deliverables from project initiation through closeout.
- Technology Budget data will be aggregated and displayed by the Technology Business Management (TBM) system using the Apptio software.
- The release of funds is subject to financial gating and holdback processes (Section 719(3)).

What's New

- Projects will receive 85% of their funding at the beginning of each gate with the remaining 15% provided at the end of the gate after the gate and associated deliverables are certified. (Section 719(3)).

- Technology Budget data must be reported on the IT Project Dashboard maintained by the OCIO.

State agencies must now use a standardized Excel spreadsheet to prepare their Technology Budget. Data from this standardized spreadsheet will be loaded into Apptio, which will combine this data with actuals retrieved from the Agency Financial Reporting System (AFRS). The OCIO will use the information to publish a monthly financial report on its IT Project Dashboard.

Notes

- The Technology Budget shows only the budgeted costs for the project.
- In-kind resources are tracked in specialized fields on the Technology Budget to ensure budgeted costs can be tracked against actuals.
- State agencies must use the Excel spreadsheet provided by the OCIO to ensure that all mandatory tracking elements are captured and that data can be loaded into the TBM software (Apptio).
- Costs for maintenance and operations must be identified, and are part of the Investment Plan (IP) and total cost of the project. Agencies must identify resources they need to execute the project as necessary through their normal agency request process.

B. Technology Budget Statutory Basis

Statute mandates state agency compliance with this requirement. Section 719 of the 2019-21 operating budget (chapter laws of 2019) describes the IT oversight process and requirements, and refers to a list of the projects under IT oversight. It also funds many projects using a revolving account called the “Information Technology Investment Pool.” Additionally, projects which are funded within an agency budget may also be subject to these provisions.

The Legislature has evolved IT oversight and budgeting practices over time, including several changes for the 2019-21 biennium that provides more transparent analytics on IT projects for the state.

C. Technology Budget Supports Successful Outcomes

Successful projects recognize and account for the resources they need at all stages of the project to ensure successful execution their strategic plan. State agencies use their Technology Budget document as a spending plan to fulfill this critical component. It is important to note that key areas including scope, schedule, and budget should closely align in both the Investment Plan and Technology Budget.

D. Technology Budget Important Concepts

- Technology Budget Template format

- What costs to track
- Required financial budget/account code elements
- Schedule
- Financial gating process

Technology Budget template Format

Effective July 1, 2019, state agencies must use the Technology Budget Excel workbook available on the OCIO website. This document is maintained by the OCIO and is a standardized Excel spreadsheet designed to meet the deliverable requirements. The workbook includes a series of macros that format data so it can be uploaded into the OCIO TBM software Apptio to provide detailed reporting functionality. The workbook will also be print friendly. The OCIO will maintain financial data concerning your project on the OCIO IT Dashboard, which will be available externally. Agencies are responsible for ensuring that this data is accurate and maintained.

When submitting your technology budget, you should use a standard naming convention. The approved naming convention for a technology budget uses the following format. An example is also below for your reference:

Format: AgencyAbbreviation_ProjectName_TechBudget_yyyymmdd

Example: CTS_SampleProject_TechBudget_20190701

What Costs to Track in My Technology Budget

In preparing your IT Technology Budget, each state agency must ensure it transparently accounts for all the project's budgeted resources, including but not limited to, staffing, contracted vendors, contracted consultants, hardware, software, etc. The current biennium should reflect funded amounts by fiscal year for the project instead of amounts that the agency may have requested (should that be a different amount), unless the agency is providing additional funds to supplement the legislatively funded amounts. Be sure to track any in-kind resources (such as staff not requested as part of the budget request) on the appropriate sheet of the Technology Budget. Amounts should account for all funding received in the budget and all anticipated future spending by fiscal year.

Budgeted Resources

This is the most straightforward scenario and includes the money your agency requested and received specifically for your IT project. These are typically for things the agency needed beyond the agency's baseline capability and/or capacity.

Accounting for In-Kind Costs

Be sure to discuss any questions concerning accounting, cost allocation methodologies, and eligibility for federal match with OFM statewide accounting. It is important to note that this guidance is focused solely on fulfilling the total project cost reporting requirements outlined

in Section 719 of the operating budget and does not supersede other requirements, including federal and state law and generally accepted accounting principles.

State agencies typically use a combination of new and existing resources to carry out IT projects. It is important (and required) to track both types of costs as they show the full cost of the project. Tracking the budgeted resources is the primary goal whereas tracking the agency's contributed resources is the secondary goal and has less rigor for the purposes of this guide.

To simplify administrative burden, an informal process to track resources the agency is taking from elsewhere and repurposing for your project is included in the Technology Budget template. Agencies must provide estimates of these costs they are contributing in the "agency non-budgeted contributions" worksheet. This tab should be used to track any existing agency personnel spending more than 25% of their time on the project.

There is no expectation that these resources will be tracked using the AFRS coding requirements outlined below. Agencies will be expected to confirm the accuracy of their in-kind resource estimates when the technology budget is updated at each gate request.

Required Financial Budget/Account Coding Elements

State agencies are mandated in the 2019-21 operating budget to report a minimal set of data elements for their projects.

| Technology Budget Elements | Purpose/Objective |
|---|---|
| Fund sources | Associates the project activities to specific accounts and account types by fiscal year. |
| Full-time equivalent (FTE) staffing levels, including job classifications | Identifies the percent of FTE classification type and number of individual state staff positions budgeted and expended. |
| Discrete appropriation index and program index (or approved equivalent field) | Tracks the project and encompassing gates separately from other programs and activities at each state agency. |
| Object and subobject codes | Categorizes the spending throughout the project life. |
| Anticipated Deliverables | Identifies and tracks deliverable tasks to complete at each gate separately and their cost. Should closely align with the activities identified in the Investment Plan. |

Schedule

At the beginning of each gate, state agencies must review their Technology Budgets for accuracy and make necessary updates to ensure that it reflects the most accurate information available to align with the Investment Plan and the agency's strategic planning. Modifications to schedule must be documented with the rationale on why the schedule is changing, and if the project will need to adjust. The Technology Budget includes fiscal month-by-fiscal month detail. However, project costs for future biennia can be rolled up on the summary to show totals by fiscal year as IT projects are complex and it is common for dates to change.

Financial Gating Process

Financial gating is the process of providing project funding in smaller blocks dedicated solely to perform activities that the project has identified at the beginning of the gate. These activities are typically short-term in nature and can be subsets of larger processes. This process ensures that state agency planning and focus remains on completing the near-term work before the project proceeds to the next tasks.

The OCIO and OFM will work with you to identify appropriate areas to gate your project. In the past, this has included a minimum of at least three gates. However, the number of gates can be more or less depending on the complexity of the project. Financial gates should follow workflow and deliverables of the project whenever possible and deadlines aligned by fiscal year are discouraged. Subject to the approval of OFM and OCIO, financial gates may be up to one calendar year from start to finish.

E. Important Materials and Other Resources

- Relevant links pending