



## Legislative Fiscal Bureau

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June 24, 2008

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Government Accountability Board: Section 13.10 Request for the Release of Reserved Funds for Project Management Costs to Convert the Campaign Finance Information System -- Agenda Item V

### **REQUEST**

The Government Accountability Board (GAB) requests the release of \$107,500 GPR in 2008-09 from the Joint Committee on Finance supplemental appropriation to GAB's general program operations appropriation to provide funding for projected 2008-09 project management costs for the conversion of the campaign finance information system. Funding for the development of this system was released by the Committee at its December 12, 2007, meeting under s. 13.10 of the statutes, and the Board requests that funding for the current request be provided from remaining amounts already reserved for this purpose in the Joint Committee on Finance supplemental appropriation.

### **BACKGROUND**

The State of Wisconsin Elections Board Computer System (SWEBIS) was originally created in 1987 and is still being utilized by GAB to carry out its election administration and campaign finance responsibilities. [The election administration functions are being carried out under a partial conversion of the original SWEBIS system known as SWEBIS II.] The Government Accountability Board's GPR-funded general program operations appropriation supports the ongoing operation of the current system.

On October 29, 2002, the federal Help America Vote Act (HAVA) was signed into law. HAVA establishes a series of new mandates applicable to the states, including the creation of an official, centralized, computerized statewide voter registration list system. In the fall of 2004, the Elections Board began work on a statewide voter registration system, incorporating system features

required under federal law, as well as developing functionality to permit state election administration functions to be transferred from SWEBIS II to the new Statewide Voter Registration System (SVRS). The Department of Administration's Division of Enterprise Technology (DET) hosts the SVRS on DET computer hardware. The SVRS has been developed utilizing federal HAVA and associated state match funding.

To date, election administration functions remain on SWEBIS II. This functionality was not successfully developed prior to the Elections Board severing its SVRS vendor contract. As a result, election administration functions will remain on SWEBIS II until they are incorporated into a new SVRS system.

The SWEBIS system continues to be utilized by GAB to carry out both its election administration and campaign finance responsibilities. During the 1997-99 and 1999-01 biennia, the Elections Board was provided approximately \$520,000 GPR for a database conversion project intended to: (a) convert the SWEBIS databases used to administer election activities and campaign finance reports; and (b) enhance SWEBIS to allow the electronic filing and retrieval of campaign finance report information over the Internet. Despite the expenditure of these funds, GAB continues to utilize the original SWEBIS campaign finance database which dates back to 1987.

In July, 2000, the Joint Committee on Finance provided the Elections Board with funding to retain a consultant to develop an IT plan for the completion of the database conversion project. The consultant's study found that: (a) the design and development tools for the proposed electronic filing function "[were] not viable" and "[needed] to be started over;" (b) the partially completed computer database conversion was "substantially incomplete" and was plagued with "numerous critical problems;" and (c) the Board "should not continue the ... development project in its current form."

The report instead proposed: (a) the retention of external project management; (b) the retention of a consultant to fully evaluate the system options available (including developing the requirements of the system, screening potential IT vendors, and making the final vendor selection) and (c) the implementation of the project by the selected vendor.

In December, 2000, the Joint Committee on Finance provided the Elections Board with additional funding to retain an IT consultant to develop and finalize business system requirements for the project and to oversee the selection of a vendor. Prior to entering into a vendor contract, the Board was directed to submit a report to the Committee detailing the consultant's findings, including cost estimates for the development and maintenance of the project.

The report was filed in August, 2001, and identified a five-year cost for the system of approximately \$4.6 million. The initial two-year cost of development and maintenance of the system was estimated at \$3.5 million. [These estimates included costs associated not only with the conversion of the campaign finance database, but also costs associated with the conversion of the elections administration database and developing a functionality to permit the electronic filing and retrieval of campaign finance report information over the Internet.] The Board was not provided

funding to permit it to continue system development with the selected vendor.

The Elections Board requested a total of \$4.0 million GPR as part of its 2003-05 biennial budget request to continue the development of the project. The Governor did not recommend this funding for the project. However, other funding of \$101,800 GPR was appropriated to the Board during the 2003-05 biennium to maintain the agency's existing campaign finance and elections administration databases, and an additional \$100,000 GPR in 2004-05 was reserved under the Committee's supplemental appropriation for possible future release to the Board for consultant services related to the database conversion project. The purpose of such a consultant would be to: (a) update the business system and technical requirements for the project; and (b) assist the Board in identifying a vendor to complete the conversion.

In November, 2004, the Elections Board filed a s. 13.10 request with the Committee to release the \$100,000 GPR in 2004-05 to permit the Board to contract with a vendor to: (a) analyze its campaign finance administrative and audit procedures; (b) refine the business requirements for the upgraded campaign finance database; and (c) develop a request for proposals for a campaign finance information management and electronic filing system. Given the timing of the request in relation to 2005-07 biennial budget deliberations, however, the Committee deferred the request and addressed it instead as a part of the 2005-07 budget.

Under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act), the Legislature reserved \$450,000 GPR in 2006-07 under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Elections Board to: (a) retain an external IT consultant to update the business system and technical requirements for the agency's campaign finance database conversion and repeat the vendor selection process (\$100,000); and (b) make master lease payments to permit development work to begin (\$350,000).

Small state agencies typically lack the IT and procurement expertise of the Department of Administration (DOA). The relative lack of IT expertise at the Elections Board had been a factor in the earlier difficulties that the Board experienced with this database conversion project. As a result, when the Legislature approved funding for the project during 2005-07, it also directed DOA to: (a) assist the Board in the vendor selection process for the computer database conversion project; and (b) designate a staff person in DET to provide quality assurance of any development work completed on the campaign finance database.

In April, 2006, the Elections Board filed a s. 13.10 request with the Committee requesting the release of \$100,000 GPR from the Committee's GPR supplemental appropriation. On June 21, 2006, the Committee provided a one-time supplement of \$50,000 GPR to the Board to: (a) retain an IT consultant to update the business system and technical requirements for the agency's campaign finance database conversion project; and (b) identify a vendor to complete the conversion.

In August, 2006, the Elections Board submitted a request for purchasing authority to DOA's Bureau of Procurement to permit the conversion project to proceed. From August, 2006, through

April, 2007, the Board worked with staff from DOA's Bureau of Procurement and DET to finalize approval of this purchasing authority.

On May 3, 2007, the Elections Board submitted its request for proposals (RFP) for its campaign finance information system. The RFP did not contain mandatory requirements that had to be satisfied in order for a vendor to submit a proposal. Vendor RFPs were due to the Elections Board by June 12, 2007. The Elections Board received two qualifying proposals, one from Quest and one from PCC Technology Group, LLC. On September 12, 2007, the Elections Board issued a notice of intent to award a contract to PCC Technology Group, LLC.

The five year cost to develop and maintain the system with PCC Technology Group, LLC, is \$1,794,000 under a fixed-fee contract. In addition, 20% of the total funding for development costs will be retained by GAB under the contract until final acceptance of the new campaign finance system.

Under the contemplated conversion of the campaign finance information system with PCC Technology Group, LLC, the system will continue to permit GAB to: (a) track candidates and candidate committees, political committees, conduits, and corporations and associations that are required to register with the Board under the state's campaign finance laws; (b) enter lawfully required data from registrant campaign finance reports, including information on contributions, disbursements, loans, in-kind contributions, contributions returned to contributors, and contributions donated to charity or the Common School Fund; (c) audit campaign finance reports to ensure that state campaign finance laws are being adhered to; and (d) produce reports. The campaign finance information system with PCC Technology Group, LLC, would now eliminate the need for state employees to enter in all data that is contained within the system. Instead, the data from electronically filed reports would now be uploaded into the new campaign finance system after GAB staff had reviewed and accepted the report. In addition, the envisioned system with PCC Technology Group, LLC would now provide the public with a searchable database of campaign finance data.

Under 2007 Wisconsin Act 20 (the 2007-09 biennial budget act), \$450,000 GPR annually was reserved under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Elections Board or GAB for conversion of the campaign finance information system. Act 20 also requires DOA to: (a) assist the Elections Board or GAB in the selection of a vendor to complete the Board's campaign finance database conversion project; and (b) designate a staff person to provide the Elections Board or GAB quality assurance for information technology development work completed in connection with the creation of the Board's campaign finance information system.

The provisions of 2007 Wisconsin Act 1 consolidated the Elections Board and the Ethics Board as a new Government Accountability Board. The Government Accountability Board took effect and the Elections and Ethics Boards ceased to exist effective January 10, 2008. On November 21, 2007, the Elections Board filed a s. 13.10 request on behalf of GAB seeking the release of \$450,000 GPR annually from the Committee's GPR supplemental appropriation to

permit the Board to retain a vendor and project manager to convert the campaign finance information system and to permit the Board to pay DET for hosting charges associated with the system.

In its November 21, 2007 s. 13.10 request, the Elections Board estimated that it would incur \$107,500 GPR annually in project management costs during the biennium to develop the campaign finance information system. "The agency [Elections Board] is proposing to enlist the services of Dr. Kenneth M. Macur, CPA, a Professor of Accounting and Information Systems at Edgewood College. Dr. Macur has IT expertise and served as the project manager for the selection of the campaign finance information system project [vendor]. As a result of Dr. Macur's experience and background with the Board's campaign finance system, the Board views him as uniquely qualified to advance this project. Dr. Macur will coordinate Elections Board and DET staff expertise with vendor personnel to manage all phases of the implementation of the campaign finance information system."

The Government Accountability Board subsequently retained Dr. Macur as project manager. Neither Dr. Macur nor his graduate student assistants work on a fixed-fee basis. Rather Dr. Macur is retained at the rate of \$85 per hour while his graduate student assistants work at the rate of \$20 per hour as "business analysts." The project management staff are retained as LTEs by GAB. Project managers under the state's Information Technology Services Sourcing Contract may be retained at rates of up to \$85 per hour, while business analyst 1 positions may be retained at rates of up to \$46 per hour. The estimate of \$215,000 in project management fees during 2007-09 assumes that Dr. Macur provides approximately 1,700 hours of service, while his graduate students provide approximately 2,700 hours of service.

While Dr. Macur is retained at the highest rate for project managers under the Information Technology Services Sourcing Contract, Elections Board officials were confident that savings would be realized due to: (a) his experience with, and knowledge of, the state's current campaign finance system; (b) his involvement in developing the business system requirements for the envisioned replacement system; and (c) his project management experience.

On December 12, 2007, the Joint Committee on Finance released \$437,700 GPR in 2007-08, and \$181,300 GPR in 2008-09, from its supplemental appropriation to GAB's general program operations appropriation. The Committee provided funding to permit GAB to retain PCC Technology Group, LLC to develop its new campaign finance information system including: (a) \$328,100 GPR in 2007-08 and \$66,400 GPR in 2008-09 for implementation and training costs; and (b) \$110,800 GPR in 2008-09 to make two initial payments on a \$815,400 master lease for software, data conversion and customization charges owed to the firm.

In addition, the Committee provided: (a) \$107,500 GPR in 2007-08, to GAB to retain project management resources; and (b) \$2,100 GPR in 2007-08, and \$4,100 GPR in 2008-09 for DET hosting charges for the system. As project management costs were the only substantial project costs that were not limited by a fixed-fee contract, the Committee did not release \$107,500 GPR in project management funding for 2008-09, to permit the Committee to review project

progress before releasing additional funding.

On January 1, 2008, DOA approved a \$815,500 master lease agreement for GAB at a 6% interest rate to permit the Board to cover software, data conversion and customization charges owed to PCC Technology Group LLC. On February 15, 2008, GAB formally entered into a fixed-fee contract with the firm for development of the campaign finance information system.

Subsequent to the Committee's action under s. 13.10 of the statutes on December 12, 2007, \$12,300 GPR in 2007-08, and \$268,700 GPR in 2008-09 of reserved funding remains in the Committee's supplemental appropriation for possible release to GAB for its campaign finance information system project. On June 6, 2008, GAB submitted a s. 13.10 request to the Committee seeking the release of \$107,500 GPR in 2008-09 for second year project management funding. Board staff indicates that GAB is not seeking the release of the remaining funding at this time, as it does not currently appear that this funding will be required to successfully complete project development during the biennium.

## **ANALYSIS**

The contract between GAB and PCC Technology Group, LLC, includes a statement of work to be completed under the contract including: (a) project organization; (b) project plan development; (c) specification of required system functionality; (d) development of a technical architecture design for the system; (e) modification and testing of the base system software to reflect required system functionality; (f) data conversion; (g) user acceptance testing; (h) pilot testing of the modified information technology system; (i) deployment of the new system; and (j) required training. The contract envisions pilot implementation of the system in late November, 2008, with the system fully functional and transition to the warranty phase effective January 1, 2009. As of this writing, the development of the system is ahead of the schedule indicated for system development under the contract.

As system development has unfolded, GAB and PCC Technology Group, LLC have agreed to six change orders to the contract (changes to agreed upon system functionality) at a cost totaling \$63,400. While additional funding for the project is available under the Committee's supplemental appropriation, GAB will be covering these additional costs with base GPR and PR funding.

While it was originally estimated that GAB would incur \$107,500 in project management costs during 2007-08, it is now estimated that the Board will incur \$105,000 in project management costs during 2007-08. The Government Accountability Board is now requesting \$107,500 GPR in 2008-09 be released from the Committee's supplemental appropriation for estimated 2008-09 project management costs consistent with estimates provided to the Committee in November, 2007. Board staff believes that this additional project management funding will permit GAB to complete development of the campaign finance information system.

Given that system development and project management costs appear to be coming in as originally projected, the Committee could consider releasing \$107,500 GPR in 2008-09 to GAB to

permit system development to continue.

If the Committee would deny the request, GAB would be required to utilize base agency resources to pay project management costs incurred during 2008-09. Agency staff indicates, however, that GAB does not have sufficient base resources to cover these costs. Government Accountability Board staff has also expressed the concern that a denial of this request could jeopardize the campaign finance information system project. "Existing agency staff does not have the level of expertise required to manage a high-profile IT project. Dr. Macur has extensive project management expertise, IT application knowledge, and significant subject matter expertise in campaign finance law and practice. Because of the very heavy workload of the agency staff, which will increase because of the fall 2008 elections, agency staff is not available to complete the tasks currently performed by the project manager and student LTEs. The project is currently on schedule and within budget. If the funding is not released we will not be able to meet our schedule and will not have the funds to complete it."

## **ALTERNATIVES**

1. Approve the Government Accountability Board request to release \$107,500 GPR in 2008-09 from the Joint Committee on Finance s. 20.865(4)(a) supplemental appropriation to GAB's s. 20.511(1)(a) general program operations appropriation to provide funding for projected 2008-09 project management costs for the conversion of the campaign finance information system.
2. Deny the request.

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