

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 0530	Department Health and Human Services Agency	Priority No. 1
Budget Request Name 0530-001-BCP-BR-2016-GB		Program 0290 - Office of Systems Integration	Subprogram

Budget Request Description
 Appeals Case Management System (ACMS)

Budget Request Summary

This Budget Change Proposal (BCP) requests a FY 2016-17 increase of \$237,000 in Office of Systems Integration (OSI) spending authority for the ACMS project and the conversion of 7.0 existing state positions from limited-term to permanent. The funding for this request has been identified in the CDSS Local Assistance Estimate.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO Dave Patch <i>[Signature]</i>	Date <i>1-4-16</i>
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. 5180-186 Date: 1/10/14

If proposal affects another department, does other department concur with proposal? Yes No
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By - Cynthia Touber <i>[Signature]</i>	Date <i>1-4-16</i>	Reviewed By Matt Schueller <i>[Signature]</i>	Date <i>1/4/16</i>
Department Director John Boule <i>[Signature]</i>	Date <i>1/4/16</i>	Agency Secretary Diana Dooley <i>[Signature]</i>	Date <i>1/6/16</i>

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>Gary Lee</i>	Date submitted to the Legislature <i>1-7-16</i>
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BCP Fiscal Detail Sheet

BCP Title: Appeals Case Management System (ACMS)

DP Name: 0530-001-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	1.0	1.5	7.0	7.0	7.0
Total Positions	0.0	1.0	1.5	7.0	7.0	7.0
Salaries and Wages						
Earnings - Permanent	0	81	81	0	0	0
Total Salaries and Wages	\$0	\$81	\$81	\$0	\$0	\$0
Total Staff Benefits	0	38	38	0	0	0
Total Personal Services	\$0	\$119	\$119	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	10	10	0	0	0
5304 - Communications	0	2	2	0	0	0
5320 - Travel: In-State	0	2	2	0	0	0
5322 - Training	0	1	1	0	0	0
5340 - Consulting and Professional Services -	0	103	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$118	\$15	\$0	\$0	\$0
Total Budget Request	\$0	\$237	\$134	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
9745 - California Health and Human Services	0	237	134	0	0	0
Total State Operations Expenditures	\$0	\$237	\$134	\$0	\$0	\$0
Total All Funds	\$0	\$237	\$134	\$0	\$0	\$0

Program Summary

Program Funding						
0290 - Office of Systems Integration	0	237	134	0	0	0
Total All Programs	\$0	\$237	\$134	\$0	\$0	\$0

Personal Services Details

Positions	Salary Information			CY	BY	BY+1	BY+2	BY+3	BY+4
	Min	Mid	Max						
1312 - Staff Info Sys Analyst (Spec)				0.0	0.0	0.0	1.0	1.0	1.0
1337 - Sr Info Sys Analyst (Spec) (Eff. 07-01-	\$5,824	\$6,740	\$7,655	0.0	1.0	1.5	3.0	3.0	3.0
1367 - Sys Software Spec III (Tech)				0.0	0.0	0.0	1.0	1.0	1.0
1393 - Dp Mgr III				0.0	0.0	0.0	1.0	1.0	1.0
5393 - Assoc Govtl Program Analyst				0.0	0.0	0.0	1.0	1.0	1.0
Total Positions				0.0	1.0	1.5	7.0	7.0	7.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
1312 - Staff Info Sys Analyst (Spec)	0	0	0	0	0	0			
1337 - Sr Info Sys Analyst (Spec) (Eff. 07-01-	0	81	81	0	0	0			
1367 - Sys Software Spec III (Tech)	0	0	0	0	0	0			
1393 - Dp Mgr III	0	0	0	0	0	0			
5393 - Assoc Govtl Program Analyst	0	0	0	0	0	0			
Total Salaries and Wages	\$0	\$81	\$81	\$0	\$0	\$0			
Staff Benefits									
5150350 - Health Insurance	0	18	18	0	0	0			
5150600 - Retirement - General	0	20	20	0	0	0			
Total Staff Benefits	\$0	\$38	\$38	\$0	\$0	\$0			
Total Personal Services	\$0	\$119	\$119	\$0	\$0	\$0			

A. Budget Request Summary

This Budget Change Proposal (BCP) requests an increase of \$237,000 in Office of Systems Integration (OSI) spending authority for the Appeals Case Management System (ACMS) project and the conversion of 7.0 existing state positions from limited-term to permanent. The conversion of these limited-term positions previously approved in the Feasibility Study Report (FSR) to permanent tenure strengthens the project's ability to carry out the tasks necessary for a successful implementation over the next four years.

B. Background/History *(Provide **relevant** background/history and provide program resource history. Provide workload metrics, if applicable.)*

The mission of the California Department of Social Services (CDSS) is to serve, aid, and protect needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

The CDSS State Hearings Division (SHD) is a federal and state mandated organization whose functions are critical to the overall infrastructure and integrity of the California Health and Human Services Agency. Welfare and Institutions Code Section 10950 provides dissatisfied applicants or recipients of public social services the right to request a state hearing and the opportunity to present his/her case directly to the Department for a formal decision. The SHD is responsible for ensuring due process for individuals who wish to appeal administrative decisions about benefits for public assistance programs. The SHD conducts administrative hearings and resolves disputes of applicants and recipients of public social services programs, including the increase in caseload associated with the implementation of the Affordable Care Act.

The work of the SHD is supported by a mainframe application housed at the Office of Technology Services (OTech) and 21 ad-hoc applications hosted at the Department's headquarters location in Sacramento to track, schedule and manage appeals received from all 58 counties. Collectively, these systems are known as the State Hearings System (SHS).

It has long been identified that the SHS no longer meets the business needs of SHD.

The system was originally designed and launched in the 1970s. Its primary features are:

- Maintaining Requests for a Fair Hearing
- State Hearing Scheduling
- Maintaining the Record of State Hearing Outcomes
- Producing Due Process Facilitation Letters

Since these initial business requirements were identified and implemented in a system, three decades of business changes have occurred; most notably, additional reporting needs, user's needs, information security changes, and new information tracking requirements. Some of these requirements have been addressed through the development of the 21 ad-hoc downstream applications. However, these applications are largely manual and are not sustainable given the exponential growth in requirements, information security, changes in technology, including the increase in caseload associated with the implementation of the Affordable Care Act.

As a result, CDSS proposed to address the business need with an automated system by submitting a FSR which was approved by the California Department of Technology on January 10, 2014. The approval provided for several specific conditions, one of which was that OSI would provide project management support for the project.

The 2014 Budget Act authorized 11.0 new state positions and \$4.473 million in funding for the project. Of which, 5.0 positions and \$790,000 was for project activities within CDSS and 6.0 positions and \$3.683 million in spending authority was for project management support activities provided by OSI through a contract with CDSS.

The 2015 Budget Act authorized an increase of \$176,000 in OSI spending authority and the extension of a Senior Information System Analyst position that was administratively established in 2014-15. Of the increase \$45,000 was attributable to a shift in vendor cost from 2014-15 to 2015-16.

Analysis of Problem

Resource History (Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures					1,903
Actual Expenditures					658
Revenues					0
Authorized Positions					12.0
Filled Positions					11.0
Vacancies					1.0

C. State Level Considerations

The successful implementation of the State Hearings ACMS project will not only make for a more efficient administration of the state hearings workload, but it will also drastically reduce the penalties currently being assessed, and ultimately benefit California's most vulnerable residents by providing due process in a timely fashion and expediting the reinstatement or continuance of benefits for those that are determined eligible for service.

D. Justification

The OSI is requesting expenditure authority increase of \$237,000 to the California Health and Human Services Automation Fund to align the OSI expenditure authority with to the revised project schedule and the costs included in the CDSS Local Assistance Estimate. The success of the implementation of the ACMS project is contingent on having the expenditure authority in place in order to allow for execution and utilization of the prime vendor contract.

The conversion of the 7.0 state staff from limited-term to permanent is needed to ensure the ACMS project operates with maximum stability, it is imperative that the project be appropriately and consistently staffed. The current use of limited-term positions makes it difficult to recruit and retain qualified staff, and causes disruptions due to rehiring when position terms end. In the case of the ACMS project, 6 of the 7.0 limited-term positions are scheduled to expire within 2-5 months of the planned SI vendor contract date. The conversion of these positions to permanent tenure strengthens the project's ability to carry out the tasks necessary for a successful implementation over the next four years.

The Procurement Analyst (Sr. ISA) limited term position is set to expire at the end of FY 2015-16. The Sr. ISA will provide technical expertise in the complex area of Information Technology (IT) competitive procurements. The Sr. ISA will direct and process complex procurements and be responsible for the analysis and preparation of the most complex IT bid documents that are politically sensitive and of major technological and/or economic impact. The Sr. ISA will provide leadership and clarification on procurement policies, and will provide guidance and direction on the development and approval of solicitations for the entire project life cycle.

The following table summarizes the requested increase in costs:

Table 1 – Cost Summary for FY 2016-17

Activity	Budget Act of 2015	One Time Adjustment	Subtotal	FY 2016-17 Proposed Cost	FY 2016-17 Request
Salaries and Wages	\$837,950	(\$115,304)	\$722,646	\$842,368	\$119,722
External – Consulting Services	\$2,687,440	\$0	\$2,687,440	\$2,790,000	\$102,560
Other OE&E	\$240,000	(\$15,000)	\$225,000	\$225,000	\$14,644
OSI Total	\$3,765,390	(\$130,304)	\$3,635,086	\$3,872,012	\$236,926
IPOC	\$112,560	\$0	\$112,560	\$112,560	\$0
IV&V	\$192,000	\$0	\$192,000	\$192,000	\$0
CDSS Local Assistance	\$4,069,950	(\$130,304)	\$3,939,646	\$4,176,572	\$236,926
CDSS State Ops (S&W)	\$475,190	\$0	\$475,190	\$475,190	\$0
CDSS State Ops (OE&E)	\$87,395	\$0	\$87,395	\$87,395	\$0
Total State Ops	\$562,585	\$0	\$562,585	\$562,585	\$0
Total Project One Time Costs	\$4,632,535	(\$130,304)	\$4,502,231	\$4,739,157	\$236,926

- E. **Outcomes and Accountability** *(Provide summary of expected outcomes associated with Budget Request and provide the projected workload metrics that reflect how this proposal improves the metrics outlines in the Background/History Section.)*

The successful implementation of the State Hearings ACMS project will not only make for a more efficient administration of the state hearings workload, but it will also reduce the penalties currently being assessed, and ultimately benefit California's most vulnerable residents by providing timely case adjudication and expediting the reinstatement or continuance of benefits for those that are determined eligible for service.

- F. **Analysis of All Feasible Alternatives**

Alternative #1: Approve the request as submitted.

Pros:

- Enhances OSI's ability to perform project management for the ACMS project, consistent with the Dept. of Technology approval.
- Increases the likelihood that the State Hearings ACMS project is implemented successfully.
- Reduction in workload demands to State and County staff make for more efficient administration.
- Potential for General Fund savings with the reduction of penalties assessed to the State.
- Project can retain the existing staff resources with special project knowledge.

Cons:

- Increases General Fund expenditures.
- Appropriates Local Assistance funds that could be redirected to other CDSS priorities.
- This proposal will expand permanent state workforce.

Alternative #2: Do not approve the request as submitted.

Analysis of Problem

Pros:

- Does not increase General Fund expenditures.
- Would make Local Assistance funding available for other CDSS priorities.
- Does not increase permanent state workforce.

Cons:

- Decreases the likelihood that the State Hearings ACMS project is implemented successfully and on time and CDSS State Hearings Division will have to continue using the aged State Hearing Technology adhoc systems that limits their ability to meet increasing workloads.
- Does not reduce workload demands to State and County staff which makes for less efficient administration.
- Does not conform with project approval as specified by Dept. of Technology.
- Cost savings from penalty reductions will not be realized.
- Limited-term staff released to prior position appointment.

G. Implementation Plan

The proposal would implement effective July 1, 2016, or upon passage of the 2016 Budget Act. OSI would submit a Change in Established Positions to establish the permanent positions. Table 2 below displays the major milestones for implementing the proposed solution.

Table 2 – Project Milestone Dates

Action	Proposed Completion Date
Release of RFP	12/2015
Contract Execution	6/2016
System Planning	8/2016
System Design	12/2016
System Development	4/2017
Pilot Evaluation	8/2017
System Implementation	11/2017

Analysis of Problem

H. **Supplemental Information** (*Describe special resources and provide details to support costs including appropriate back up.*)

None

I. **Recommendation**

Approve the request for the \$237,000 increase in OSI spending authority and the conversion of 7.0 OSI state positions from limited-term to permanent.