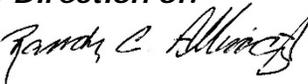


Administrative Circular

Commonwealth of Pennsylvania Governor's Office

18-01
Number

Subject: 2018-19 Budget Hearing Materials	Date: January 22, 2018
By Direction of:  Randy C. Albright, Secretary of the Budget	Expiration Date: January 22, 2019
Contact Agency: Governor's Budget Office, Bureau of Budget Administration, Telephone 717.787.2542	

Agencies must provide budget hearing materials to the House and Senate Appropriations Committees prior to budget hearings. All materials must reflect the decisions contained in the Governor's 2018-19 Executive Budget.

Attached is a reproduction of a request received from the Senate and House Appropriations Committees. Unless otherwise indicated in the attachment, all requested materials must be compiled and submitted directly to each committee no later than 10 days before an agency's scheduled hearing. Agencies should review the attached letter carefully and note the following:

1. The emphasis on and the request for information regarding agency program goals/objectives, measures, performance, and effectiveness.
2. The formats requested by the committees for operating and program appropriations are attached to the letter.
3. A total of **48** copies of the hearing material are required by the House of Representatives. The Senate requires **42** copies. Listings of contracts/grants may be submitted solely in electronic format.
4. Agencies not scheduled for a hearing before the appropriations committees must submit the required information to the committees by **March 8, 2018**.

5. In addition to the paper copies due prior to the hearings; provide by **March 8, 2018**, an electronic list of contracts and grants in excess of \$5,000 that allows the user to search and sort by categories and groupings.

In response to Item 10 in the letter requesting templates for budget information, the Governor's Budget Office will provide information to agencies for their review.

Also, agencies have been asked to provide the status of pending litigation. This information will be provided to the committees by the Office of General Counsel and the Office of the Budget. Agencies should not include this information with the budget hearing materials.

As indicated, Request for Approval of Federal Funds (RAFF) forms are to be packaged separately and submitted with the hearing materials. Dollar amounts for 2018-19 should agree with the amounts printed in the Governor's Budget. If revisions to the Governor's Budget estimate for a federal appropriation are necessary, agencies must notify the Governor's Budget Office. Identify the appropriation title, the Governor's Budget estimate, the revised estimate, and the reason for the change in a memorandum to the Governor's Budget Office accompanying the Budget Office's copies of the RAFFs. All copies of the RAFFs must be clear and legible. Incomplete forms and illegible copies may be returned to the agency or not processed.

One additional copy of all hearing materials, plus one set of the RAFF forms, are to be submitted to the Governor's Budget Office **three days prior** to submission to the committees. Supplemental material requested by any of the committee chairmen is to be submitted to all four chairmen and the Governor's Budget Office. The committees have asked that all supplemental information requested during the agency hearings be supplied no later than five workdays following the day of the agency hearing.

Agencies will be notified by the committees of their individual hearing date, time, and location. Preparation of the historical data should begin immediately, along with any other data that can be assembled at this time. However, before completing the briefing package, each agency should thoroughly familiarize itself with the proposed amounts, policies and initiatives in the Governor's 2018-19 Executive Budget.

Incomplete information makes timely and thorough analysis difficult; therefore, incomplete or improper submissions may be returned for resubmission. Please give this request for material top priority and the appropriations committees your utmost cooperation.

Attachment:

Letter – House and Senate Appropriations Committees and Attachments



January 8, 2018

Honorable Randy Albright
Secretary of the Budget
238 Main Capitol Building
Harrisburg, PA 17120

Dear Secretary Albright:

In order to ensure that taxpayer dollars are invested wisely and directed to those programs providing the greatest return on that investment, we will again approach the upcoming budget with the intent of targeting spending to programs that produce demonstrated results. We will carefully examine programs to determine where need or performance and results do not warrant the continued expenditure of state funds. As part of that effort, we request that agencies provide detailed program performance information and data in their budget presentations. Such information should be based on materials already developed by agencies in preparing their budget requests or budget justifications.

We understand that each cabinet officer or official asked to appear before the Appropriations Committees is subject to many demands on their time. We ask you to understand that the same is true for the members of the House and Senate Appropriations Committees and to make every effort to ensure that your cabinet members are available to testify on the date and time designated in the House and Senate appropriations hearing schedules. Deviation from the established schedule has a ripple effect which makes the coordination of hearing times extremely difficult.

Below is a detailed list of the information that must be submitted ten days prior to the budget hearing for each agency. All hearing material should also be available in electronic format and be accessible on the Budget Office FTP server. Those agencies that are not scheduled for a hearing should submit the information no later than March 8, 2018. Forty-eight (48) copies should be prepared for the House Appropriations Committee and forty-two (42) copies for the Senate Appropriations Committee. Listings of contracts can be submitted solely in electronic format. Each agency head must also submit an electronic copy of the agency's budget request to each committee.

- (1) **Table of Contents:** All hearing materials should have a table of contents, which refers to numbered pages in the document.
- (2) **Mission Statement:** Each agency should articulate its fundamental mission and identify the operational priorities reflected in its budget request. The mission statement should communicate the agency's mission; outline the agency's goals and objectives; and briefly describe the agency's strategies and methods for achieving such goals and objectives.
- (3) **Appropriations:** The description of each program should include how the request was computed, what goals/objectives are to be achieved with the funds, and quantifiable information on which program performance can be gauged. Please include all of the statutory authority that established the program and authorizes the expenditure of funds. **Please note, in an appropriation where no funding is proposed for FY 2018-19, agencies must still provide the preceding information for fiscal years 2016-17 and 2017-18.** In addition, each Agency should:

- (a) Provide a detailed explanation of all assumptions used in the development of the appropriations request including assumptions related to complement, operating, fixed asset and grant and subsidy expenditures.
- (b) Identify any FY 2016-17 obligations (including dollar amounts) rolled forward to FY 2017-18 and any FY 2017-18 obligations (including dollar amounts) proposed to be rolled forward to FY 2018-19.
- (c) Identify the amount of any prior-year appropriations waived pursuant to Act 146 of 1980 and Management Directive 310.3 and the intended use of those funds.
- (d) For all appropriation authority remaining in prior and current fiscal years, please indicate any amounts that will remain unencumbered and unexpended as of June 30, 2018, including funding currently in Budgetary Reserve or Pending Lapse in the Commonwealth's accounting system.
- (e) Identify any appropriations for which a FY 2017-18 supplemental appropriation is needed and provide an explanation for the need. Please provide a dollar amount and date when the current appropriation will be exhausted.
- (f) If funds have been placed in budgetary reserve for FY 2017-18, please indicate if these funds have been restored in FY 2018-19 and provide an explanation/justification for the restoration.
- (g) Identify cost savings, including GO TIME initiatives, which are part of the budget request and provide a description of the impact of the proposed program funding changes.
- (h) Provide special fund financial statements and budgetary detail for each special fund which requires an appropriation or executive authorization in both hard copy and electronic format. **Statements provided in electronic format should be in Excel with formulas where calculations occur.** Budgetary detail should be provided for the actual, available, budget and budget planning years. For funds that have a FY 2018-19 ending balance in excess of 10% of annual revenue, please note any future-year commitments the committee should consider when reviewing those ending balances. As an example of how this information should be presented, we have attached a financial statement and budget detail for the PACE fund.
- (i) Agencies should also provide the status of pending litigation **and potential federal disallowances** related to programs they administer and include the potential to impact the Commonwealth's fiscal position along with a brief description of each instance.
- (j) For each appropriation with complement, provide an aggregate calculation of benefit costs as a percentage of salary costs for the actual, available and budget years.

As an example of how agencies should present their appropriations requests, we have enclosed several pages from the Department of Human Services' FY 2017-18 budget book. **Agencies that do not follow the requested format will have their information returned, and agency funding needs will not be considered until information is presented in the requested manner.**

- (4) **Program Initiatives:** New or expanded programs should be explained in detail, identifying the objective, the cost implications, personnel requirements and how the impact of the program will be measured and evaluated. The programmatic description of the initiative should also include the proposed implementation timeline.
- (5) **Fee Increases:** If a fee increase is proposed, agencies should include the statutory or regulatory citation for the fee, the planned effective date, current and proposed fee schedule, most recent fee transaction count, estimated additional revenue to be generated and appropriation where the additional revenue will be directed.
- (6) **Federal Augmentations:** The Request for Approval of Federal Funds Form (RAFF) should be filled out for each augmentation that is requested for the FY 2018-19 budget. One copy of each form is to be provided to each executive director. The forms should be packaged by agency and should be submitted with the rest of an agency's presentation. As in the past, it is our intention to use this form throughout the year for all requested additions, deletions, or changes to the Federal Augmentations Appropriations Act.
- (7) **Restricted Receipt Accounts:** Provide a list of all restricted receipt accounts which will be necessary in the State Treasury. Also provide justification for each restricted receipt account including a RAFF form for federal restricted receipt accounts.
- (8) **Federal Block Grants:** Each agency should provide a spending plan of how they would like block grant money appropriated and of each programmatic area (including administration) within those appropriations. These spending plans should be provided in comparable format for state fiscal years 2016-17, 2017-18 and 2018-19. In addition, for fiscal year 2018-19 each agency should provide detail on the qualifying activities that may be funded with federal block grants and justify the activities it is proposing to fund with the federal block grants. Each agency should also describe the types of organizations, public or private, eligible to provide block grant services.
- (9) **Contracts/Grants:** Provide an electronic list of contracts/grants in excess of \$5,000 that includes the dollar value, the appropriation that funds it, the name, general location, and in the event that a trade or corporate name is used, list the trade or corporate name and principals. Provide the purpose of each contract, including contracts for the provision of consulting services. In addition, please provide a separate electronic list of interagency agreements and memorandums of understanding. The list of contracts/grants should be for the entire 2016-17 fiscal year, the 2017-18 fiscal year to date, anticipated contracts for the remaining portion of the 2017-18 fiscal year and, where possible, a list of anticipated contracts for fiscal year 2018-19. Within the electronic format, users should be able to search and sort by categories and groupings. An example from the Department of Military and Veterans Affairs' FY 2017-18 materials is attached. This information should be available via the Budget Office's FTP server no later than March 8, 2018, for those agencies not scheduled for a hearing. **Please note, in an appropriation where no funding is proposed for FY 2018-19, agencies must still submit a list of contracts and grants for fiscal years 2016-17 and 2017-18.**
- (10) **Templates:** *In addition to the written material being requested from each agency, please provide one copy of the appropriation summary, complement summary, major object summary, special fund financial statements, and special fund appropriation budgets. Please provide this information in detailed computer files in Excel format for each appropriation or special fund and submit via the Budget Office's FTP server. **All Excel files should contain formulas rather than values in cells where calculations occur.** Please provide a detailed explanation of all assumptions used in the development of the appropriation request including assumptions related to complement, operating, fixed asset and grant and subsidy expenditures.*

All templates submitted via the FTP server must be in Excel format and must reflect and support the expenditure levels contained in the Governor's Budget submitted to the General Assembly on February 6, 2018. In addition, templates must permit the Appropriations Committees to update the data contained therein to reflect subsequent changes in complement, payroll, benefit rates and factors, retirement rates, etc. All data should be accessible on the FTP server no later than March 8, 2018.

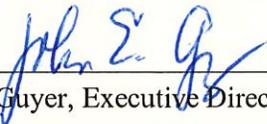
Incomplete information makes timely and thorough analysis of the budget difficult. Please impress upon the various Agency Heads the necessity of complying with the format outlined and advise them that incomplete or improper submissions will be returned for resubmission. **For all materials that are provided in electronic format, please ensure that the materials are readable before forwarding to the committees.**

Additional items of information may be requested under separate letter from either the Majority or Minority Chairman of the Appropriations Committees as well as by individual members and staff during the committees' hearings.

Since much of the information requested relates to appropriation decisions for the coming fiscal year, all requests for information made by committee members or staff during a hearing must be supplied to the committee chairman no later than five working days following the agency's hearing.

In those exceptional cases when an agency believes it cannot comply with a particular request within the allotted time period, a letter justifying the need for additional time (including an alternate delivery date) must be supplied to the committee chairman during the initial five working day period.

Sincerely,



John Guyer, Executive Director
Senate Appropriations Committee (R)



David Donley, Executive Director
House Appropriations Committee (R)



Mark Mekilo, Executive Director
Senate Appropriations Committee (D)



Miriam A. Fox, Executive Director
House Appropriations Committee (D)

*Attachments: Format for Financial Statements – PACE Fund Example
Format for Justification – Department of Human Services Example
Format for Contract and Grant Lists – Department of Military and Veterans Affairs Example

**Comparative Financial Statement
Department of Aging
Pharmaceutical Assistance Fund**

2014-15 2014-15 2015-16 2015-16 2016-17 2017-18 2018-19 2019-20 2020-21 2021-22

	Two Year		One Year		One Year		(Dollar Amounts in Thousands)			
	Prior Budgeted	Prior Actual	Prior Budgeted	Prior Actual	Available	Budget	PY1	PY2	PY3	PY4
Cash Balance, Beginning	62,387	62,387	43,835	43,835	15,318	11,644	9,300	11,020	10,570	12,928
Receipts:										
Transfer from Lottery Fund	165,000	155,000	160,000	175,000	205,000	212,000	220,000	220,000	225,000	225,000
Interest on Securities	0	0	0	0	0	0	0	0	0	0
Chronic Renal Disease	455	335	231	201	200	205	250	250	250	250
Special Pharmaceutical Services	5,508	5,283	6,240	5,507	6,240	6,240	6,240	6,240	6,240	6,240
SWIF	55,532	38,110	67,567	38,257	35,233	35,233	35,233	35,233	35,233	35,233
Auto Cat Claims Processing	940	967	944	1,015	990	990	990	990	990	990
Worker's Comp Security Claims Processing	3,021	3,039	3,276	3,288	3,315	3,315	3,315	3,315	3,315	3,315
Corrections	0	0	0	571	780	0	0	0	0	0
MLF Loan	0	0	0	96,000	0	0	0	0	0	0
Other	0	3,609	0	0	0	0	0	0	0	0
Prior Year Lapses (a)	0	9,389	0	0	0	0	0	0	0	0
Total Receipts	230,456	215,732	238,258	319,839	251,758	257,983	266,028	266,028	271,028	271,028
Total Funds Available	292,843	278,119	282,093	363,674	267,076	269,627	275,328	277,048	281,598	283,956
Disbursements:										
Treasury	0	0	0	0	0	0	0	0	0	0
Aging (b)	183,617	190,512	186,710	217,555	209,377	214,249	218,230	220,400	222,592	224,781
Less Current Year Lapses	(43)	(43)	0	(74)	(23)	0	0	0	0	0
Attorney General	800	263	800	211	300	300	300	300	300	300
Health (a, b)	61,040	39,395	73,807	30,282	41,473	41,473	41,473	41,473	41,473	41,473
Human Services (a, b)	0	0	0	0	0	0	0	0	0	0
Insurance (a)	3,961	4,157	4,220	4,124	4,305	4,305	4,305	4,305	4,305	4,224
MLF Loan Repayment				96,158						
Total Disbursements	(249,375)	(234,284)	(265,537)	(348,356)	(255,432)	(260,327)	(264,308)	(266,478)	(268,670)	(270,778)
Cash Balance, Ending	43,468	43,835	16,556	15,318	11,644	9,300	11,020	10,570	12,928	13,178

a Expenditures from restricted accounts in the Department of Aging.

b SPBP program transferred from DHS to DOH in 2012-13.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUDGET REQUEST FOR FISCAL YEAR 2017-2018
(\$ Amounts in Thousands)**

Page # of Governor's Executive Budget:

Pp. A3.8, E23.17, E23.18, E23.22, F43, I6

APPROPRIATION:

Information Systems

I. SUMMARY FINANCIAL DATA

	<u>2015-2016 Actual</u>	<u>2016-2017 Available</u>	<u>2017-2018 Budgeted</u>
State Funds	\$74,083	\$82,865	\$81,360
Federal Funds Total	\$166,501	\$255,122	\$271,520
Federal Sources Itemized			
<i>Medical Assistance - Information Systems</i>	\$121,625	\$190,033	\$199,736
<i>SNAP - Information Systems</i>	\$13,689	\$23,311	\$23,311
<i>TANFBG - Information Systems</i>	\$9,339	\$14,417	\$12,185
<i>Child Welfare - Title IV-E - Information Systems</i>	\$11,288	\$11,516	\$11,516
<i>Child Support Enforcement - Information Systems</i>	\$10,560	\$15,845	\$10,270
<i>CHIP - Information Systems</i>	\$0	\$0	\$14,502
Other Funds Total	\$651	\$650	\$650
Other Sources Itemized			
<i>Compass Support - CHIP</i>	\$0	\$613	\$613
<i>PDE - Early Intervention</i>	\$623	\$0	\$0
<i>Medical Data Exchange</i>	\$28	\$37	\$37
Total	\$241,235	\$338,637	\$353,530

IA. REQUESTED SUPPLEMENTALS (Included above)

State Funds	\$0
Federal Funds	\$0
Total	\$0

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Information Systems				
	2015-2016 Actual	2016-2017 Available	2017-2018 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$12,522	\$11,920	\$10,318	(\$1,602)	-13.44%
<i>Federal Funds</i>	\$20,212	\$23,326	\$20,254	(\$3,072)	-13.17%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$32,734	\$35,246	\$30,572	(\$4,674)	-13.26%
OPERATING					
<i>State Funds</i>	\$59,428	\$69,217	\$69,314	\$97	0.14%
<i>Federal Funds</i>	\$126,582	\$202,454	\$214,267	\$11,813	5.83%
<i>Other Funds</i>	\$651	\$650	\$650	\$0	0.00%
Total Operating	\$186,661	\$272,321	\$284,231	\$11,910	4.37%
FIXED ASSETS					
<i>State Funds</i>	\$2,133	\$1,728	\$1,728	\$0	0.00%
<i>Federal Funds</i>	\$3,444	\$2,713	\$2,713	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$5,577	\$4,441	\$4,441	\$0	0.00%
GRANT & SUBSIDY					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
NONEXPENSE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$1,897	\$1,897	\$1,897	\$0	0.02%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$1,897	\$1,897	\$1,897	\$0	0.02%
BUDGETARY RESERVE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$14,367	\$24,732	\$32,388	\$7,656	30.96%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$14,367	\$24,732	\$32,388	\$7,656	30.96%
UNCOMMITTED					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
EXCESS FEDERAL					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Excess Federal	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
<i>State Funds</i>	\$74,083	\$82,865	\$81,360	(\$1,505)	-1.82%
<i>Federal Funds</i>	\$166,501	\$255,122	\$271,520	\$16,398	6.43%
<i>Other Funds</i>	\$651	\$650	\$650	\$0	0.00%
Total Funds	\$241,235	\$338,637	\$353,530	\$14,893	4.40%

APPROPRIATION:
Information Systems

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017 Estimated</u>
State Funds	\$5,312	\$2,739	\$0

IV. COMPLEMENT INFORMATION	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>2017-2018 Budgeted</u>
State/Federally Funded			
<i>Authorized</i>	320	320	275
<i>Filled</i>	256	255	250
Federally Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Other Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Total			
<i>Authorized</i>	320	320	275
<i>Filled</i>	256	255	250
Benefit Rate	72.30%	70.63%	78.20%

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

The Fiscal Year 2017-2018 Governor's Executive Budget provides for an authorized complement of 275 positions, a decrease of 45 positions from Fiscal Year 2016-2017. The funding for operating expenses provides for on-going Information Technology (IT) support of the Department's benefit delivery systems, network infrastructure and enterprise data warehouse. In addition, operating funding provides for on-going operational maintenance and enhancements of specific IT projects, including the Client Information System - Medical Eligibility Determination Automation project, the Commonwealth of Pennsylvania Application for Social Services project, the Home and Community-Based Services Information System project, the Child Care Management Information System and Child Welfare Information Solution.

Detail on the appropriation request is outlined in Section IV, entitled "Explanation of Changes" on the following pages.

Legislative Citations:

62 P.S. § 101 et seq.; 71 P.S. § 61

Disbursement Criteria:

This appropriation funds the data processing services for the Department of Health and Human Services. Disbursements are made based on approved positions and established employee benefits, and through invoices submitted for operating expenses incurred and fixed assets purchased in the operation of the program.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Information Systems			
	State \$	Federal \$	Other \$	Total \$
PERSONNEL				
1. Net impact of changes in the number of filled salary positions from Fiscal Year 2016-2017:	(\$821)	(\$1,538)	\$0	(\$2,359)
2. Provides for an overall average of 2.37 percent, which includes the partial year impact of a January 1, 2018 2.25 percent longevity increase:	\$130	\$255	\$0	\$385
3. Provides for general pay increases totaling 4.75 percent, which included a 2.75 percent increase on July 1, 2017:	\$300	\$589	\$0	\$889
4. Reflects savings from proposed consolidation of the Departments of Human Services, Health, Drug and Alcohol Programs and Aging into a new Department of Health and Human Services (DHHS):	(\$253)	(\$497)	\$0	(\$750)
5. Reflects savings from elimination of part-year funding of 70 vacant positions and permanent reduction of 45 positions from 320 in Fiscal Year 2016-2017 to 275 in Fiscal Year 2017-2018:	(\$958)	(\$1,881)	\$0	(\$2,839)
Subtotal Personnel	(\$1,602)	(\$3,072)	\$0	(\$4,674)
OPERATING				
1. Reflects an increase in costs associated with contracted staff to support the design and development of mandatory and discretionary system changes:	\$792	\$908	\$0	\$1,700
2. Reflects an increase in costs associated with Department of Health and Human Services help desk:	\$163	\$167	\$0	\$330
3. Reflects a decrease in costs associated with Pennsylvania Compute Services (PACS) in Fiscal Year 2017-2018. The PACS supports data centers and applications which have been migrated from the legacy Data Powerhouse infrastructure:	(\$2,106)	(\$3,241)	\$0	(\$5,347)
4. Reflects an increase in recurring and non-recurring telecommunication costs relating to new contracts and technology changes:	\$1,478	\$2,320	\$0	\$3,798
5. Reflects an increase in hardware and maintenance costs:	\$252	\$397	\$0	\$649
6. Reflects an increase in software and computer equipment costs which includes purchase and upgrade of 20,000 Microsoft Office 365 licenses:	\$4,034	\$6,510	\$0	\$10,544

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Information Systems			
	State \$	Federal \$	Other \$	Total \$
OPERATING (cont'd)				
7. Reflects an increase in maintenance and developmental costs for the Client Information System (CIS). The CIS is the primary system used for application and eligibility determination for DHHS. The increase includes multiple projects, the majority of which are mandated by federal government agencies to remain in compliance to be able to receive federal funding:	\$2,772	\$10,325	\$0	\$13,097
8. Reflects a decrease in non-recurring printers and scanner replacement costs in Fiscal Year 2017-2018:	(\$5,382)	(\$8,774)	\$0	(\$14,156)
9. Reflects a decrease in Express Lane Eligibility costs. This program enables the Department to enroll eligible children in either Medicaid or the Children's Health Insurance Program using non-healthcare eligibility information:	(\$232)	(\$2,091)	\$0	(\$2,323)
10. Reflects a decrease in National School Lunch Programs systematic and operational improvements costs:	\$0	(\$371)	\$0	(\$371)
11. Reflects an increase due to scheduled personal computer replacement and infrastructure costs in the Office of Medical Assistance Programs:	\$191	\$192	\$0	\$383
12. Reflects an increase in Home and Community Services Information Systems Maintenance costs:	\$292	\$682	\$0	\$974
13. Reflects a decrease in Home and Community Services Information Systems Modification costs:	(\$286)	(\$2,799)	\$0	(\$3,085)
14. Reflects costs associated with the transition of the Children's Health Insurance Program's (CHIP) application processing system to CIS:	\$687	\$5,658	\$0	\$6,345
15. Reflects the net zero realignment of the CHIP Information Technology (IT) appropriation to the DHHS IT appropriation:	\$669	\$5,444	\$0	\$6,113
16. Reflects the annualized cost to carry Express Lane Eligibility services for CHIP:	\$377	\$3,400	\$0	\$3,777
17. Reflects an increase in Child Welfare Information Solutions (CWIS) Maintenance and Modification costs:	\$349	\$518	\$0	\$867
18. Reflects an increase in Pennsylvania's Enterprise to Link Information for Children Across Networks (PELICAN) Maintenance costs:	\$0	\$48	\$0	\$48

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Information Systems			
	State \$	Federal \$	Other \$	Total \$
OPERATING (cont'd)				
19. Reflects the addition of contact option year six associated with the design and development of the PELICAN:	\$0	\$2,466	\$0	\$2,466
20. GO-TIME Project - Reduction in hourly rate for maintenance and modification associated with the development portion of the Information Systems Support Services contract:	(\$2,664)	(\$9,593)	\$0	(\$12,257)
21. Reflects savings associated with modernizing operations to create a more efficient model in serving the Department's recipient base:	(\$639)	(\$1,003)	\$0	(\$1,642)
22. Reflects change in federal financial participation:	(\$650)	\$650	\$0	\$0
Subtotal Operating	\$97	\$11,813	\$0	\$11,910
BUDGETARY RESERVE				
1. Reflects excess federal spending authority to cover potential changes in federal participation:	\$0	\$7,656	\$0	\$7,656
Subtotal Budgetary Reserve	\$0	\$7,656	\$0	\$7,656
TOTAL	(\$1,505)	\$16,397	\$0	\$14,892

**VII. ITEMS INCLUDED IN FISCAL YEAR 2017-2018
CAPITAL BUDGET REQUEST
(\$ Amounts in Thousands)**

**APPROPRIATION:
Information Systems**

	<u>Total \$</u>
1. The Capital Budget requests State funds for the following Fiscal Year 2017-2018 Public Improvement Projects:	
A. Information Systems	
i. Construct Facility: This project will provide for the construction of a new facility to house the Bureau of Information Systems currently located at the DGS Annex Complex.	
a. Base Project Cost:	<u>\$48,000</u>
Total Capital Projects	<u><u>\$48,000</u></u>

INFORMATION SYSTEMS

PROGRAM STATEMENT

The Department of Health and Human Services' (Department) Information Technology (IT) services are funded through the Information Systems state and federal appropriations. Information Systems provides Department-wide direction and coordination of IT projects. In addition, personnel support large and complex integrated information systems for all Departmental programs. The Department's automated systems provide for the determination of eligibility for various human service programs including, but not limited to, medical assistance, cash assistance, Supplemental Nutrition Assistance Program (SNAP), energy assistance, and home and community-based services. Most of the Department's information systems are partially funded by the federal government and must comply with federal guidelines and regulations. These systems are critical in providing benefits to approximately 2.8 million eligible recipients in the Commonwealth of Pennsylvania. In addition to supporting departmental programs, BIS provides IT support for the Pennsylvania Insurance Department.

CLIENT INFORMATION SYSTEM

The function of the Client Information System (CIS) is to provide automated data processing for cash assistance, Medicaid and Supplemental Nutrition Assistance Programs' (SNAP) recipients. It supports over 6,000 County Assistance Office (CAO) workers statewide, with a total caseload of approximately 2.8 million clients. The CIS is a mainframe legacy system that was first implemented in 1978 and has had numerous additions and updates using various generations of technology over the years. The Department has updated portions of CIS to newer, web-enabled, technology-based solutions, which improve overall productivity and efficiency of the workforce.

In Fiscal Year 2017-2018, the department will focus on continuation of system modernization (moving from legacy mainframe to open systems) as well as initiatives that increase CAO worker efficiencies and promote enhanced customer service capabilities, including citizen self-service. The Department will continue to conduct maintenance activities to support public assistance programs as required by regulation or policy.

MOBILE APP

The myCOMPASS PA mobile app is another way in which the department is providing quality customer service as well as modernizing state government operations.

The myCOMPASS PA app will allow individuals to take photos of necessary documents and upload them directly to their case files through a secure, safe environment. Other key features include:

- Users will be able to view benefits details after logging in to their myCOMPASS account;
- Individuals can view their processing status of their applications; and
- Update case-related information such as address, phone number, email address, and voter registration.

The department will expand its mobile foot print through enhancing and adding to the functionality available through myCOMPASS PA. Six features currently prioritized for development include the ability to update household information and other documents, My COMPASS Account (MCA) access, semi-annual review (SAR) processing, viewing client notices, and contextual help.

HOME AND COMMUNITY-BASED SERVICES INFORMATION SYSTEM

The Home and Community-Based Services Information System (HCSIS) is a centralized, web-enabled, consumer case management system that provides data collection and state-level program

management. It also functions as the daily operating system for the 49 County Intellectual Disability and Early Intervention Administrative Entities. Major functional areas within HCSIS include: client management; eligibility determination; coordination management; provider management; financial management, including authorization of claims; quality management; and reporting.

Planned HCSIS project activities in Fiscal Year 2017-2018 include changes to accommodate Community HealthChoices implementation, updates to the Enterprise Incident Management (EIM) system, enhancements to the Early Intervention system, coordination of behavioral health activities, and support for amendments and renewals in home and community based waivers.

CHILD WELFARE INFORMATION SOLUTION

In December 2014, the Department implemented the Child Welfare Information Solution (CWIS) modernizing the ChildLine application and creating a self-service portal for obtaining child abuse clearances and reporting child abuse. This system also established data exchanges with the 67 County Children and Youth Agencies and facilitated implementation of an electronic exchange of reports of children in need of protective services between the Department and counties.

In Fiscal Year 2017-2018, the Department will continue development of CWIS to allow the collection of child-specific data required for annual and semi-annual reports to the federal government. Other activities planned for Fiscal Year 2017-2018 include: modernizing the child abuse and neglect hotline; utilizing enterprise licensing solutions to streamline annual licensing inspections and improve state monitoring; re-engineering existing ChildLine business processes; and modernizing the Bureau of Juvenile Justice Service's OnBase imaging system.

PENNSYLVANIA'S ENTERPRISE TO LINK INFORMATION FOR CHILDREN ACROSS NETWORKS

The Pennsylvania Enterprise to Link Information for Children Across Networks (PELICAN) is an integrated management system that supports Child Care Works (the subsidized child care program), Early Intervention, Early Learning Services (Head Start, Pennsylvania Pre-K Counts, and Keystone STARS programs), Provider Certification and the Early Learning Network. The system provides on-line information for citizens about quality early learning opportunities and providers. In addition, PELICAN provides the Commonwealth a means to assess and monitor program accountability and integrity across the entire early learning continuum.

Planned PELICAN activities for Fiscal Year 2017-2018 include Care Check updates for Child Care Works to ensure compliance with the Child Protective Services Law; changes to support Express Lane Eligibility to automatically refer Child Care Works children potentially eligible for CHIP/Medicaid to the CHIP/Medicaid systems; increases to customer service; added early learning data into the early warning system to allow earlier identification of a child at risk of dropping out of school; and enhanced certification and licensing to improve efficiencies in workflow and user interface.

Appropriation	Vendor PA City Code	Vendor	Commitment Item	Exp. and Commitments 2016-16	Exp. and Commitments 2016-17	Commitments for 2017-18
General Government Operations	10053	Dauphin	Miscellaneous	\$0.00	\$27,560.00	
General Government Operations	10053	J&S Fabrication Inc	Conference Exp			\$83,584.70
General Government Operations	10053	Erie	Water and Sewerage	\$18,803.33	\$19,713.22	
General Government Operations	10053	Huntingdon	ContRepairs-Non-EDP	\$22,424.28		
General Government Operations	10053	Junata	ContMaint-Non-EDP	\$67.50	\$8,150.00	
General Government Operations	10053	Lackawanna	Other Rentals/Leases	\$11,106.18	\$12,133.86	\$2,000.00
General Government Operations	10053	Lancaster	Motor Vehicles/Aircraft	\$186,768.00	\$63,173.00	
General Government Operations	10053	Lancaster	Miscellaneous	\$58,045.06		
General Government Operations	10053	Lebanon	Water and Sewerage	\$8,164.18	\$8,249.15	
General Government Operations	10053	Lebanon	ContMaint-Non-EDP	\$53,428.86	\$15,027.10	
General Government Operations	10053	Lebanon	Other Rentals/Leases	\$32,588.56	\$80,385.36	
General Government Operations	10053	Lebanon	Other Equipment	\$28,087.72		
General Government Operations	10053	Lehigh	Electricity	\$130,036.84	\$68,631.18	
General Government Operations	10053	Lehigh	Heating Fuel	\$9,958.26	\$3,122.47	
General Government Operations	10053	Luzerne	Heating Fuel	\$10,380.38	\$35,548.25	
General Government Operations	10053	Mercer	Heating Fuel	\$8,337.20	\$4,582.82	
General Government Operations	10053	Montgomery	Miscellaneous	\$33,954.85		
General Government Operations	10053	Montgomery	Miscellaneous	\$28,028.00	\$14,336.00	
General Government Operations	10053	Montgomery	Miscellaneous		\$9,387.98	
General Government Operations	10053	Montgomery	ContMaint-Non-EDP	\$4,162.50	\$5,888.00	\$1,387.50
General Government Operations	10053	Montgomery	Water and Sewerage	\$26,158.61	\$11,423.57	
General Government Operations	10053	Montgomery	Hardware Netw Main	\$31,140.83	\$15,634.32	
General Government Operations	10053	Montgomery	Hardware Network	\$18,582.75	\$4,470.32	
General Government Operations	10053	Montgomery	Other Equipment	\$7,331.95	\$5,459.34	
General Government Operations	10053	Montgomery	ContMaint-Non-EDP	\$479.38	\$5,050.70	
General Government Operations	10053	Montgomery	Other Specialized Svc		\$7,012.50	\$7,288.20
General Government Operations	10053	Northampton	Electricity	\$288,981.67	\$180,776.48	
General Government Operations	10053	Northampton	Telecom Voice Service	\$6,626.52	\$1,231.77	
General Government Operations	10053	Northampton	ContMaint-Non-EDP	\$5,139.41	\$4,208.00	
General Government Operations	10053	Northampton	ContMaint-Non-EDP		\$7,122.39	
General Government Operations	10053	Philadelphia	Postage	\$13,971.00	\$40,138.00	
General Government Operations	10053	Philadelphia	Heating Fuel	\$56,376.21	\$22,858.26	
General Government Operations	10053	Philadelphia	Electricity	\$231,577.60	\$134,031.57	
General Government Operations	10053	Philadelphia	Heating Fuel	\$29,243.01	\$9,589.19	
General Government Operations	10053	Philadelphia	Heating Fuel	\$44,228.42	\$4,602.63	
General Government Operations	10053	Philadelphia	Water and Sewerage	\$6,118.07	\$8,770.26	
General Government Operations	10053	Philadelphia	Real Estate	\$24,432.00	\$24,432.00	
General Government Operations	10053	Schuylkill	ContRepairs-Non-EDP	\$40,235.00		
General Government Operations	10053	Somerset	Heating Fuel	\$8,477.73	\$19,844.09	
General Government Operations	10053	Tioga	Electricity	\$7,863.23	\$7,461.97	
General Government Operations	10053	Washington	Heating Fuel	\$27,453.66	\$12,884.35	
General Government Operations	10053	Washington	ContMaint-Non-EDP	\$12,285.00	\$9,758.00	\$5,870.00
General Government Operations	10053	York	Hardware Network	\$17,750.65		
General Government Operations	10053	York	Miscellaneous	\$11,550.00	\$7,300.00	
General Government Operations	10053	York	ContMaint-Non-EDP	\$7,158.75	\$6,481.25	
General Government Operations	10053	York	ContMaint-Non-EDP	\$5,489.75	\$10,347.63	\$2,158.25
General Government Operations	10053	York	Motor Vehicles	\$258.50	\$5,000.00	
General Government Operations	10053	US/AZ/Not assigned	Other Equipment	\$8,386.60		
General Government Operations	10053	US/CA/Not assigned	Hardware Desktop	\$39,775.66	\$17,502.75	