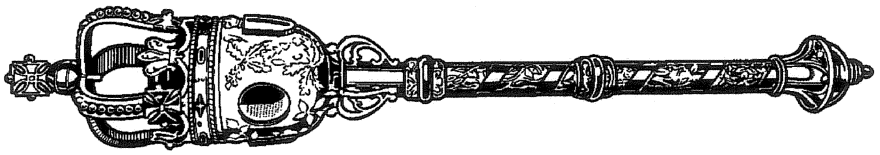
Report of the House Appropriations Subcommittee

on

Technology Oversight & Government Activities



House Bill 1500

February 6, 2011

REPORT OF THE SUBCOMMITTEE
on
Technology, Oversight, and Government Activities

Mr. Chairman and Members of the Committee:

The Technology, Oversight, and Government Activities Subcommittee is pleased to put before you a series of recommendations to improve the structural balance of Virginia's budget at a time when the economy is beginning to show some signs of recovery.

As we began our review, the need for improving the structural balance of Virginia's budget was an important concern. First among these concerns is the need to set aside funding for the required Rainy Day Fund deposit in the next biennial budget. Mr. Chairman, I want to extend my thanks to you for directing the resources necessary to this Subcommittee to address these issues.

I am pleased to report that this Subcommittee recommends an additional $64 million dollars for the Revenue Stabilization Fund. This amount, coupled with the $50 million set aside in the 2010 Session, will result in a total of $114 million, or 50 percent of the required deposit for the 2012-2014 biennium. Making this important deposit now reduces the pressure we face in building the next biennial budget.

Likewise, when reviewing costs incurred by state agencies for services provided by the Virginia Information Technologies Agency, the Subcommittee concluded that in many instances these state agencies had not been adequately funded for these costs. These agencies cannot continue to avoid the charges they face, therefore, we recommend providing $26.6 million the first year and $28.7 million the second year to ensure these state agencies have the resources they need to pay for their information technology services.

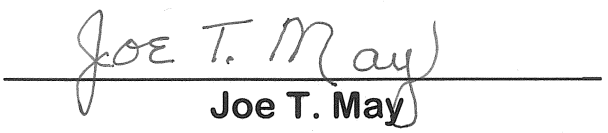
The Subcommittee also examined ways to restructure the manner in which Virginia does business. Included in the amendments before you is a recommendation that implements a 60 day freeze on all general fund positions in order to allow agencies to determine whether the position is actually needed. This action is expected to generate $10.5 million in savings. In addition, the Subcommittee is recommending that $500,000 in uncommitted balances within the productivity investment fund be reverted, and that a $250,000 appropriation set aside for a review of agency savings proposals be eliminated. State agencies should be examining these savings proposals, many of which they have proposed. In other words, we don't need to spend money to save money.

Finally, Mr. Chairman, the Subcommittee is recommending a number of amendments to the General Provisions that may also alter how Virginia does business moving forward. The first would affect the reversion of unexpended general fund appropriations. Unexpended general fund appropriations would be reappropriated only as required by the Code of Virginia or in order to make payment of bills for preexisting orders for goods and services. The only exceptions are for those entities that are not under the purview of the Executive Branch and the institutions of higher education. The second is a the requirement that the Chief Information Officer and State Comptroller develop standards for the issuance of cell phones and telecommunication devices for the state agencies receiving their information technology services from VITA. The Auditor of Public Accounts estimated that the total spent on these devices was about $6 million annually.

In closing, I would like to thank Chairman Putney and the members of the Subcommittee for their hard work and support during the Session in putting the Subcommittee budget together. Committee staff will review the report and the attached listing of our recommendations at this time, and I hope it will be your pleasure to adopt our Subcommittee Report.

Respectfully Submitted by the House Appropriations Subcommittee on Technology Oversight & Government Activities:

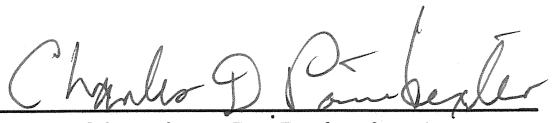
John M. O'Bannon, Chair



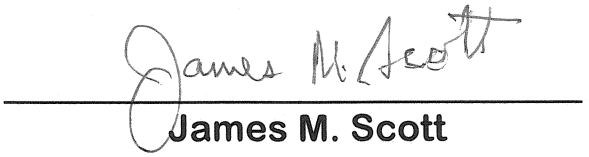
Joe T. May

R. Steven Landes

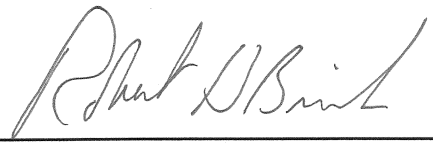
L. Scott Lingamfelter



Charles D. Poindexter



James M. Scott



Robert H. Brink

Budget Amendment Recommendations

HB 1500 Amendment	2010-12 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
FINANCE			
Secretary of Finance			
Citizen Friendly Budget Working Group	Language		
Department of Accounts Transfer Payments			
Revenue Stabilization Fund Reserve	64,000,000		
TECHNOLOGY			
Virginia Information Technologies Agency			
Redistribute Wireless E-911 Among Programs	Language		
Provide for Enterprise-Level Agency Projects	Language		
Eliminate Duplicative Service Areas	Language		
Central Appropriations			
Eliminate State Agency Savings Evaluation Funding	(250,000)		
Capture June 30 Balance from Productivity Investment Fund	Language		
Hiring Freeze Savings	(10,533,020)		
Funding for Agency VITA Rates	(3,000,000)		
Part 3			
Sale of Brunswick Correctional Center	Language		
Part 4			
Reversion of Unexpended General Fund Appropriations	Language		
Telecommunication Devices for In-Scope VITA Agencies	Language		
Sale of Computers and Laptops	Language		
Telecommuting Policy and Practice Report	Language		
Total: HB 1500	50,216,980	-	-

Amendments to House Bill 1500, as Introduced

Technology and Operations Subcommittee — Item 246 #1h

Finance

Secretary Of Finance — Language

Language:

Page 202, line 7, before "The", insert "A."

Page 202, after line 10, insert:

"B. The Secretary of Finance shall convene a work group to outline the initial format and general content of a Citizen Friendly Budget, or easily understood on-line budget summary, to be available after each reconvened Session. The working group shall consist of representatives from the Department of Planning and Budget, the Department of Accounts, the Auditor of Public Accounts, the Joint Legislative Audit and Review Commission, staff of the House Appropriations Committee, and staff of the Senate Finance Committee. The working group shall complete its work by November 30, 2011."

Explanation:

(This amendment provides for the Secretary of Finance to convene a work group to outline the format and general content of a Citizen Friendly Budget, or similar on-line budget summary, that would be available after each reconvened Session.)

Technology and Operations Subcommittee — Item 256 #1h

Finance	**FY 10-11**	**FY 11-12**	
Department Of Accounts Transfer Payments	$0	$64,000,000	GF

Language:

Page 206, line 31, strike "$50,000,000" and insert "$114,000,000".

Page 206, line 41, after "year,", strike "$50,000,000" and insert "$114,000,000".

Page 206, line 41, after "B.", strike "1."

Page 206, strike lines 53 through 54.

Page 207, strike lines 1 through 9.

Explanation:

(This amendment increases the reserve for the Revenue Stabilization Fund from $50.0 million to $114.0 million, an amount equal to 50 percent of the $228 million deposit that will be required to be made during the 2012-14 biennium.)

Technology and Operations Subcommittee — Item 431 #1h

Technology
Virginia Information Technologies Agency — Language

Language:
Page 352, line 36, strike the second "$2,734,309" and insert "$6,734,309".
Page 352, line 38, strike the second "$30,540,251" and insert "$27,740,251".
Page 352, line 42, strike the second "$6,191,968" and insert "$4,991,968".

Explanation:
(The introduced budget included an amendment to redistribute funds among three E-911 service areas in the second year. This was done to conform to recently established policy set by the Wireless Emergency-911 Services Board, where E-911 grant program funds are to be taken from the core service area rather than spread amongst the three service areas. Associated language changes were made, but erroneously, the changes to service area amounts were not reflected in the bill. This amendment correctly redistributes E-911 appropriations based on policy approved by the Wireless Emergency-911 Services Board. Though the redistributions result in a zero-sum, they will ensure the transparent allocation of service grants to E-911 service centers and wireless providers.)

Technology and Operations Subcommittee — Item 433 #1h

Technology
Virginia Information Technologies Agency — Language

Language:
Page 354, line 16, after "CGI.", insert:
"Executive Department agencies and institutions may also enter into additional Statements of Work with CGI pursuant to § 2.2.4 of the Enterprise Applications Master Services Agreement for services supporting projects in the five towers of enterprise-level endeavors."
Page 354, line 16, after "recoveries", insert:
"or enterprise-level endeavors".

Explanation:

(This amendment provides the option for Executive Department agencies and institutions to enter into work agreements with private companies for services supporting enterprise level endeavors, such as financial management, human resource management, administrative management, supply chain management, and applications development and management. However, no such work may proceed if it would commit the Commonwealth to expanding or significantly altering any existing federal or state program without the review and approval of the Governor and General Assembly.)

Technology and Operations Subcommittee — Item 433 #2h

Technology

Virginia Information Technologies Agency — Language

Language:

Page 354, strike lines 3 and 4.

Explanation:

(This amendment eliminates two service areas from Item 433 that were moved to Item 434 in the 2010 session, but are shown in both locations in the introduced bill.)

Technology and Operations Subcommittee — Item 466 #2h

Central Appropriations	**FY 10-11**	**FY 11-12**	
Central Appropriations	$0	($250,000)	GF

Language:

Page 400, line 35, strike "$250,000" and insert "$0".

Page 400, after line 48, insert:

"B. The Director, Department of Planning and Budget, shall unallot and transfer to the general fund an amount estimated at $500,000 on or before June 30, 2011, representing general fund balances unspent as of June 30, 2010."

Page 400, strike lines 49 through 54.

Page 401, strike lines 1 through 5.

Explanation:

(This amendment eliminates funding for the Productivity Investment Fund, for

which no report of success or failure has been provided, and new money for the evaluation of similar proposals submitted by citizens or any other source. State agencies and the Government Reform Commission's members can evaluate any ideas citizens, other interested parties, or the members themselves, suggest.)

Technology and Operations Subcommittee — Item 469 #1h

Central Appropriations	**FY 10-11**	**FY 11-12**	
Central Appropriations	$0	($10,533,020)	GF

Language:

Page 402, line 7, strike "($27,327,805)" and insert "($37,860,825)".

Page 411, after line 9, insert:

"V. The Director, Department of Planning and Budget, shall withhold and transfer to this item, amounts estimated at $10,533,020 the second year from the general fund and various nongeneral fund appropriations of state agencies representing savings associated with the freeze on new hires in Executive Department agencies. The Secretary of Finance shall establish the procedures to be used in determining the amounts to be reverted from impacted agencies."

Explanation:

(This amendment reflects savings resulting from a hiring freeze for Executive branch agencies.)

Technology and Operations Subcommittee — Item 470 #1h

Central Appropriations	**FY 10-11**	**FY 11-12**	
Central Appropriations	($1,500,000)	($1,500,000)	GF

Language:

Page 411, line 12, strike "$29,586,976" and insert "$28,086,976".

Page 411, line 12, strike "$31,903,439" and insert "$30,403,439".

Page 412, line 49, strike "$28,086,116" and insert "$26,586,166".

Page 412, line 49, strike "$30,158,439" and insert "$28,658,439".

Page 413, after line 5, insert:

"2.a. Should the provision of the general fund support for addressing the costs incurred from changes in service rates for information technology services provided by the Virginia Information Technologies Agency be insufficient to address all of the anticipated needs of the impacted state agencies, no changes shall be made to the

allocation of any amounts provided for state agencies receiving less than $1,000,000 in additional funding to address the impact of such service rate changes."
Page 413, line 6, strike "2.a." and insert "2.b."
Page 413, line 10, strike "b." and insert "c."
Page 413, line 27, strike "c." and insert "d."
Page 413, line 30, strike "d." and insert "e."

Explanation:

(This amendment reduces the general fund support provided in the introduced budget to assist state agencies toaddress the impact of additional VITA charges for information technology services by $1.5 million each year. The amendment also includes language to ensure that if any pro-ration of funding is necessary because of this reduction, that such pro-ration is limited to the 10 agencies receiving more than $1.0 million in allocations from this Central Appropriations item. In the introduced budget, $28.1 million general fund the first year and $30.2 million general fund the second year was included to assist state agencies affected by increased VITA charges. 10 agencies receive about 87 percent of all funding provided.)

Technology and Operations Subcommittee — Item 3-1.01 #5h

Transfers

Interfund Transfers — Language

Language:

Page 459, strike lines 38 through 40, and insert:
"GG. The Brunswick Correctional Center operated by the Department of Corrections shall be sold and the proceeds of such sale deposited into the general fund, notwithstanding the provisions of § 2.2.-1156, Code of Virginia. The estimated amounts of the proceeds to be received is $11,250,000. The Commonwealth may enter into negotiations with (i) the Virginia Tobacco Indemnification and Community Revitalization Commission, (2) regional local governments, and (3) regional industrial development authorities for the purchase of this property as an economic development site."

Explanation:

(This amendment provides for the sale of the Brunswick Correctional Center property. The language also provides that the Commonwealth will enter into negotiations with the Tobacco Indemnification and Community Revitalization Commission and local governments or industrial development authorities in the region to sell the property for use as an economic development site.)

Technology and Operations Subcommittee Item 4-1.05 #1h

Appropriations
Reversion of Appropriations and Reappropriations Language

Language:
Page 476, strike lines 25 through 29 and insert:
"1.a) General fund appropriations which remain unexpended on (i) the last day of the previous biennium or (ii) the last day of the first year of the current biennium, shall be reappropriated and allotted for expenditure where required by the Code of Virginia, or where necessary for the payment of preexisting obligations for the purchase of goods or services. With the exception of the unexpended general fund appropriations of agencies in the Legislative Department, the Judicial Department, or Independent Agencies, or institutions of higher education, all other such unexpended general fund appropriations unexpended on the last day of the previous biennium or the the last day of the first year of the current biennium shall revert to the general fund."

Explanation:
(This amendment provides that all agency year-end general fund balances, except where required by the Code of Virginia to pay preexisting obligations for the purchase of goods or services, shall be reverted to the general fund. The language exempts year-end general fund balances of agencies assigned to the Legislative and Judicial Departments, the Independent Agencies, and institutions of higher education.)

Technology and Operations Subcommittee Item 4-5.04 #1h

Special Conditions and Restrictions on Expenditures
Goods and Services Language

Language:
Page 497, after line 21, insert:
"k. TELECOMMUNICATION SERVICES AND DEVICES:
1. The Chief Information Officer and the State Comptroller shall develop statewide requirements for the use of cellular telephones and other telecommunication devices by in-scope Executive Department agencies, addressing the assignment, evaluation of need, safeguarding, monitoring, and usage of these telecommunication devices. The

requirements shall include an acceptable use agreement template clearly defining an employee's responsibility when they receive and use a telecommunication device. Statewide requirements shall require some form of identification on a device in case it is lost or stolen and procedures to wipe the device clean of all sensitive information when it is no longer in use.

2. In-scope Executive Department agencies providing employees with telecommunication devices shall develop agency-specific policies, incorporating the guidance provided in § 4-5.04 k 1 and shall maintain a cost justification for the assignment or a public health, welfare and safety need.

3. The Chief Information Officer shall determine the optimal number of telecommunication vendors and plans necessary to meet the needs of in-scope Executive Department agency personnel. The Chief Information Officer shall regularly procure these services and provide statewide contracts for use by all such agencies. These contracts shall require the vendors to provide detailed usage information in a useable electronic format to enable the in-scope agencies to properly monitor usage to make informed purchasing decisions and minimize costs.

4. The Chief Information Officer shall provide tools for in-scope Executive Department agencies to analyze usage and cost data to assist in determining the most cost effective plan combinations for the entity as a whole and individual users."

Explanation:

(This amendment requires the Chief Information Officer and State Comptroller to develop state-wide requirements for the issuance of cell phones and other telecommunications devices by in-scope Executive Department state agencies to employees, requires these in-scope Executive Department state agencies to develop agency-specific policies governing these devices and to maintain cost justifications for the assignment of such devices to their employees, and requires the Chief Information Officer to determine how many telecommunication vendors should be used and the types of plans that should be offered to meet state agency needs, and to establish a requirement that billings from telecommunication providers be provided in a useable electronic format so that the Commonwealth and state agencies can make decisions to minimize their costs. This language is a response to the Auditor of Public Accounts audit of telecommunication device usage in the Commonwealth.)

Item 4-5.04 #2h

Special Conditions and Restrictions on Expenditures
Goods and Services — Language

Language:
Page 496, after line 10, insert:
"6. Notwithstanding any other provision of law, the Virginia Information Technologies Agency shall develop policies and procedures for the sale of surplus computers and laptops to in-scope Executive Department employees and officials. State agencies that do not receive computer services from the Virginia Information Technologies Agency may develop their own policies and procedures governing the sale of surplus computers and laptops to their employees or officials. Any proceeds from the sale of surplus computers or laptops shall be deposited into the general fund."

Explanation:
(This amendment permits the sale of surplus computers and laptops to state employees and agency officials. For in-scope Executive Department agencies, these policies and procedures will be developed by VITA. For other state agencies that do not receive their computer services from VITA, those agencies may develop such policies and procedures. All proceeds from the sale of these computers would be deposited to the general fund.)

Technology and Operations Subcommittee — Item 4-8.01 #1h

Reporting Requirements
Governor — Language

Language:
Page 514, after line 15, insert:
"4. Pursuant to requirements of § 2.2-203.1, Code of Virginia, the Secretary of Administration, in cooperation with the Secretary of Technology, shall provide a report describing the Commonwealth's telecommuting policies, which state agencies and localities have adopted telecommuting policies, the number of state employees who telecommute, the frequency with which state employees telecommute by locality, and the efficacy of telecommuting policies in accomplishing the provision of state services and completing the state functions. This report shall be provided to the Chairmen of the House Committee on Appropriations, the House Committee on

Science and Technology, the Senate Committee on Finance, and the Senate Committee on General Laws and Technology each year by October 1."

Explanation:

(This amendment requires the Secretary of Administration, in cooperation with the Secretary of Technology, to provide a report on the Commonwealth's telecommuting policies, their use by state employees, and the ability of telecommuting to provide public services or complete state work.)