

**State of Oregon**  
**2009-2011 - Proposed IRM/IT Budget Instructions**  
**Discussion Draft**

**Date:** January 4, 2008  
**To:** Budget Advisory Group  
**From:** Sean McSpaden, Manager – IT Investment and Planning  
DAS Enterprise Information Strategy and Policy Division  
**RE:** Draft 2009-2011 - Proposed IRM/IT Budget Instructions

**Overview**

The intent of this document is to highlight the specific IRM/IT budget instruction revisions EISPD intends to pursue to complete its part of the biennial agency budget instruction revision cycle.

**Strategic Perspective**

We welcome the opportunity to work collaboratively with the Budget Advisory group because we recognize the importance of the Agency Budget Instruction document. It provides the “instruction set” – the overarching direction – for state government’s future from both a planning and budget development perspective.

In our view, collaborative effort on the budget instructions (CIO Council, Budget Advisory Group, DAS, etc) is also essential to ensure the successful implementation of the Enterprise IRM Strategy and to achieve our broader vision and mission for Enterprise IT in Oregon –

Vision: Oregon government services are optimized through the innovative use of IT

Mission: Maximize the value of government IT investments to best serve Oregonians

At a more tactical level, with focused effort and specific biennial budget instructions we can achieve, sustain, and further codify progress made on the following Enterprise IRM Strategy goals and objectives:

**Objective 1.2:** Implement IT governance required to manage and oversee the portfolio of enterprise IT projects.

**Objective 1.4:** Adopt the policies, procedures, standards and guidelines needed to effectively and predictably initiate, plan for, acquire, implement, manage, and oversee the state’s portfolio of information resources.

**Objective 1.5:** Integrate enterprise IT planning within the biennial budgeting process.

The full electronic version of 2007-2011 Enterprise IRM Strategy can be found at:  
[http://www.das.state.or.us/DAS/EISPD/cioc\\_index.shtml#Enterprise\\_IRM\\_Strategy](http://www.das.state.or.us/DAS/EISPD/cioc_index.shtml#Enterprise_IRM_Strategy)

**Agency Perspective**

We also view collaboration with the CIO Council, the Budget Advisory Group, DAS, etc. as ultimately providing a service to agencies in the form of instructions and business case templates and guidelines. Agencies that undertake the kind of analysis needed to complete a business case for major IT initiatives will greatly increase their ability to identify, prioritize,

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plan and assess the impact of an IT proposal. This also provides the agencies with the ability to communicate with their stakeholders and the legislature how an IT proposal contributes to their individual agency missions, goals and objectives.

**Proposed Budget Instructions -**

**2007 -2011 Enterprise IRM Strategy - Guidance, and Direction to State Agencies**

As with the 2007-2009 Budget Instructions we will provide high level information, guidance and direction to agencies regarding the primary Enterprise IRM Strategy Initiatives.

Note: This information will be provided primarily via an IRM Supplement Document as an appendix to the budget instructions. IRM plans are encouraged but not required.

The goal here is to ensure statewide awareness of these enterprise initiatives - their scope and magnitude, and to:

- Ensure that as agencies develop their budget requests they align their efforts with these enterprise initiatives to the greatest extent possible
- At minimum, ensure that agencies do not propose projects that duplicate, conflict with, or inhibit the successful implementation of those enterprise initiatives.

Further we plan to provide specific guidance to agencies regarding the need for collaborative planning; joint POP submission and/or requirements for special approval where the proposed purchase, upgrade or replacement. For example:

- Geospatial Information Systems (EIRMS Goal 2: Objective 2.1)
- Administrative Information Systems (EIRMS Goal 2: Objective 2.2)
- E-mail Systems (EIRMS Goal 3: Objective 3.1 – State Data Center/Shared Services)
- Help Desk Systems (EIRMS Goal 3: Objective 3.1 – State Data Center/Shared Services)
- IT Asset Management Systems (EIRMS Goal 1: 3: Objective 3.1 – State Data Center/Shared Services)
- Electronic Records Management, Document Management and Imaging Systems (EIRMS Goal 2: Objective 2.3 – System Integration and Data Sharing)
- Professional, occupational or health related Licensing Systems (EIRMS Goal 3: Objective 3.2 – E-Gov)

We plan to include multiple notations to ensure that State Data Center (SDC) customer agencies\* are aware they need to request SDC involvement in the planning and budget development for Information Technology projects. For more information, please contact Kurtis Danka, SDC Chief Technical Architect at 503-373-2043

\* SDC customer agencies are: the Oregon Department's of Administrative Services, Consumer and Business Services, Correction, Employment, Housing and Community Services, Forestry, Human Services, Revenue, State Police, Transportation, and Veterans Affairs.

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**Other Instructions**

In addition to 2007-2011 Enterprise IRM Strategy related guidance we are, at the highest level, proposing that agencies to submit the following:

IT Project Thresholds	POP	107BF14 Form	Business Case	Remarks
1. Any Amount	X			Continuation from 07-09 budget process
2. > \$150,000	X	X		Continuation from 07-09 budget process
3. >\$1,000,000	X	X	X	Business case template can be found at: Insert URL
Note: these thresholds are cumulative – thus an IT project of \$1.5 million would be required to submit a POP, 107BF14 and a business case. These requirements also apply regardless of the funding sources; base budget, POP, other funds, etc.				

1. DAS BAM requires agencies to submit a POP for any project/effort that requires new funding, new expenditure limitation, or new positions

Rationale: IT projects that meet these criteria should be subject to the same requirements.

2. Agencies must submit a list via the 107BF14 Form of all IT projects (underway or planned for initiation in 09-11) that exceed \$150,000 in value– regardless of whether the funding is in the base budget or contained in a POP.

Rationale: The rationale for requiring a list of all IT projects (with a minimum set of information) is founded in the requirements of the IT Portfolio Management Statute (ORS 184.470-184.477). Further, the ability for the State Data Center (SDC) to assist agencies in project planning and to assess the impact of proposed projects on SDC operations is dependent on receipt of this information.

Having a comprehensive list of Agency IT projects is a critical component of the IT Project Portfolio that must be created, managed, and maintained on an ongoing basis. For submission purposes, a general threshold of \$150,000 has been set to align with current administrative rules regarding the purchasing authority of agencies.

3. Agencies must submit a business case document (in addition to a POP and/or a Form 107BF14 as appropriate) for all major IT initiatives greater than \$1,000,000 – regardless of funding source and whether the project funding will be met with base budget, POP, or other funds. While business cases are not required for IT proposals under \$1,000,000, they are encouraged.

The business case template and instructions will be provided to agencies either as an appendix to the budget instructions or via a URL to an EISPD/ITIP website.

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EISPD/ITIP also intends to provide a list of employees from different agencies that have undergone business case training as internal agency resources for business case development.

Rationale: DAS executive leadership is committed to a multi-biennial strategy for integrating business case development into the budgeting process and the IT project approval, acquisition, and governance processes. Agencies have been investing resources in staff training for business case development, with the recognition that there exists a need for better project planning in support of their agencies' missions. The effect of not including business case submission in this budgeting cycle will push the multi-biennial strategy out another 2 years to the 2011-2013 legislative session.

We believe business case development requirements for Major IT projects should strengthen the budget process by:

- Creating a consistent, objective approach to making decisions that involve significant spending or allocation of resources.
- Improving compliance with federal, state, and professional requirements for accountability and documented support for decisions and planning actions.
- Reducing the likelihood of taking actions that lead to unfavorable program results for the state.
- Reducing the time required for decision making.

We believe this requirement is consistent with Legislative direction that major projects only proceed based on a justifiable business case.

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Consistent with 2007-2009 budget instructions, we are again proposing that agencies be required to submit lifecycle replacement plans to DAS EISPD at the same time they submit their agency request budget document to DAS BAM.

Rationale: The Statewide Policy on IT Asset Inventory/Management (DAS IRM 107-004-010), developed and endorsed by the CIO Council in 2004, requires the development and submission of a Lifecycle Replacement Plan.

This is a fundamental IT Asset Management-related practice and is also a foundational step agencies need to go through to develop meaningful IT budget estimates (i.e. Services and Supplies - Data Processing and Expendable Property - and Capital Outlay – Telecommunications, Data Processing Hardware, and Data Processing Software).

Without establishing lifecycles and replacement plans for IT assets, IT budget estimates related to replacement of IT hardware, software, systems, etc. cannot be relied on and/or cannot be defended by documented analysis and conclusions.

Further, ORS 184.473-184.477 portfolio planning requirements and requirements related to the assessment and management of the total life cycle cost of IT assets cannot be fulfilled without adequate lifecycle planning and analysis.

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**IRM Planning, IT Performance Measure and Lifecycle Planning Guidance**

As with the 2007-2009 Instructions, we intend to provide an Agency IRM Planning Guidance Document. That document will be attached to the budget instructions as an appendix.

The goal will be to reinforce the need for IRM planning in concert with formal agency business planning and budgeting, as a tightly integrated component. These agency efforts should align with and support the achievement of the Governor's goals and objectives contained within the 2007-2011 Enterprise IRM Strategy. **Note:** Agencies are encouraged to develop agency IRM plans but are not required to submit them as part of their agency request budget.

Further, we plan to include guidance related to the IT Performance Measures developed through the CIO Council IT Performance Measurement Domain Team in October 2005.

Finally, we plan to provide sample Lifecycle Replacement Plans upon request (a series of templates – Large/Medium Agency, Small Agency samples) to assist agencies in complying with this requirement. We will post these examples, guidelines and templates on the EISPD ITIP website.

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**Appendix A**

*Definitions*

**IT Project (POP or BASE)** – Information Technology (IT) Projects involve expenditures for network and computer information systems (hardware, software and/or services, etc) other than routine maintenance. IT projects are undertaken to create a unique product or service or to manage substantial upgrades to or replacement of existing IT infrastructure and systems. They have a definite beginning and end date and are aimed at solving specific business problems, or improving the way that the organization achieves its mission.

**Major IT Projects (POP or BASE)** – Major IT Projects are defined as projects with total composite project/initiative value/costs that are estimated to be \$1,000,000 or greater (composite value/costs includes internal staff, contracts, capital costs, quality assurance costs, indirect and overhead costs).