

ANALYSIS

Item 51: Department of Environmental Quality Information Technology Services

Analyst: April McDonald

Request: Increase Other Funds expenditure limitation by \$1,009,000 to complete implementation of the online data management and customer interface system and support the continued migration of data storage to the State Data Center.

Analysis: The Department of Environmental Quality's (DEQ) Agency Management Division is responsible for providing centralized services to support the entire agency. This includes human resources, information technology, accounting, finance, and the Director's Office. These services are primarily funded by an indirect rate charged to agency programs based on filled positions. This internal assessment generates revenue for the Agency Management Division, which is spent as Other Funds.

As explained below, DEQ is seeking an increase in Other Funds expenditure limitation to support two information technology efforts within the Agency Management Division.

Your DEQ Online: The Environmental Data Management System (EDMS) project was initiated in 2017, intending to consolidate DEQ's aging, disparate systems within a single off-the-shelf solution to standardize and automate the Department's business processes throughout the divisions. The project was provided \$0.8 million General Fund by the 2017 Legislature in SB 5518 for initial planning and development, and project implementation has been funded by bond proceeds from sales in May 2018 and May 2020. The EDMS project was rebranded to "Your DEQ Online" in 2021 in preparation for launching the first batch of agency programs into production. DEQ anticipated project completion by the end of the 2021-23 biennium. However, due to project slippage, the 2020 bond proceeds were extended in May 2023, and DEQ requests Other Funds expenditure limitation to use the remaining \$259,000 in bond proceeds to finish the project during the 2023-25 biennium. The new anticipated completion date is August 2024.

Data Center Migration: In 2018, DEQ began transitioning the management and hosting of agency servers and storage from an internal data center to the State Data Center managed by Enterprise Information Services. DEQ has continued this migration along with transferring the management of network infrastructure to statewide shared services. An additional \$750,000 in Other Funds expenditure limitation is requested to cover the increased costs for the 2023-25 biennium. DEQ plans to use revenue from the agency indirect rate assessment to support the expenses.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including a one-time increase of \$259,000 in Other Funds expenditure limitation for completion of the "Your DEQ Online" project, and an ongoing increase of \$750,000 in Other Funds expenditure limitation to continue migration to the State Data Center, for the Department of Environmental Quality, in a budget reconciliation bill during the 2024 legislative session.

Request: Increase Other Funds expenditure limitation by \$1,009,000 for Information Technology projects.

Recommendation: Approve the request during the 2024 Legislative Session.

Discussion: The Department of Environmental Quality (DEQ) is bringing two separate topics both relating to Information Technology projects. The first request is for an extension of the bonding timeline for the Your DEQ Online project. The second request is for Other Funds expenditure limitation to cover costs associated with the use of the Department of Administrative Services Data Center Services.

First, the Department is requesting to extend the timeline to expend bond funding related to the Your DEQ Online project initially authorized by the 2017 Legislature, which was referred to as the Environmental Data Management System at that time. Additional support was subsequently provided for the project under Senate Bill 5516 in 2021. The Department has worked with a vendor to complete the work and anticipates completion in 2025 and is requesting Other Funds expenditure limitation to support the completion of the work.

Second, the Department is requesting an increase in Other Funds expenditure limitation to coincide with additional costs incurred from the use of Data Center Services provided by the Department of Administrative Services. The Department requested General Fund support for additional Data Center Services costs in the 2023 Legislative Session, but the request was not approved. This request provides the Department expenditure limitation to cover costs of Data Center Services with existing revenues.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 452, section 2(4), Oregon Laws 2023, for the Department of Environmental Quality, Agency Management, by \$1,009,000 for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

Department of Environmental Quality

Agency Headquarters

700 NE Multnomah Street, Suite 600

Portland, OR 97232

(503) 229-5696

FAX (503) 229-6124

TTY 711

December 4, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Department of Environmental Quality respectfully requests \$1,009,000 additional Other Fund expenditure limitation in the department's Agency Management budget. This request is only for expenditure limitation and does not require appropriations or new revenue.

Background

DEQ's Agency Management budget encompasses the central services responsible for supporting programs throughout the department. This includes Human Resources, Information Technology, accounting and finance, and the Director's Office. The Agency Management is largely funded through Other Funds, specifically revenue generated by an indirect rate applied to all positions throughout the agency.

This letter includes two requests, both related to Information Technology needs:

Your DEQ Online: For the past three years DEQ has been in the process of migrating most of DEQ's application, payment, and reporting processes into one platform. This comprehensive environmental data management systems is known as "Your DEQ Online." The project achieved stage gate 3 in April 2019 and will achieve stage gate 4 in early FY25. DEQ has been working with its vendor, enfoTech as part of the requirements to pass stage gate 4 and complete the project. This effort was financed with proceeds from bond sales in 2018 and 2020. In May 2023 the 2020 bond was extended. DEQ had originally anticipated fully expending the proceeds during the 21-23 biennium and as such did not seek related Other Fund expenditure limitation in its 23-25 Agency Request Budget. DEQ requires the additional expenditure limitation to use the remaining proceeds this biennium.

DAS EIS Data Center: In 2018 DEQ began transitioning the management and hosting of agency servers and storage from its own data center to the State Data Center managed by EIS Data Center Services. This was intended to take advantage of the state's sizable investment in SDC infrastructure, and to reduce DEQ technical staff's administrative overhead, freeing up time for strategic projects and business enablement. DEQ has continued this migration along with transferring management of network infrastructure to DAS shared services. DEQ requested, but was not appropriated, General Fund for this expense in its 23-25 Agency Request Budget. Because the expense is unavoidable, DEQ will use agency indirect rate revenue to cover expenses, but requires additional expenditure limitation to do so.

Actions Requested

As noted, the letter includes two asks, both for additional Other Fund Expenditure limitation in the Department's Agency Management budget.

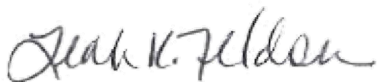
- Your DEQ Online: This request is for additional \$259,000 Other Fund expenditure limitation in Agency management to account for an extension of the YDO bond. The additional limitation is needed to expend remaining proceeds from the last bond sale.
- DAS EIS Data Center Costs: Increase \$750,000 in Other Fund expenditure limitation to pay for the agency's continued migration of data storage to DAS's Enterprise Information Services' State Data Center. The additional limitation is necessary to cover the increased costs for 23-25 biennium.

Legislation Affected

DEQ requests that the agency's 2023 budget bill, House Bill 5018, Section 2 (4) be amended to authorize an additional \$1,009,000 Other Fund expenditure limitation in Agency Management.

Thank you for your consideration and please don't hesitate to contact me with any questions.

Sincerely,



Leah Feldon, Director
Oregon Department of Environmental Quality

CC: Brian Boling, Department of Environmental Quality
Matthew Davis, Department of Environmental Quality
April McDonald, Legislative Fiscal Office
Sione Filimoehala, DAS Chief Financial Office