**Nebraska Information Technology Commission**

# Project Proposal Form

**New or Additional State Funding Requests
for Information Technology Projects**

**FY2005-07 Biennium
(2006 Deficit Budget Requests)**

| | |
|---|---|
| **Project Title** | E-Grant System Re-Write |
| **Agency/Entity** | Arts Council |

**About this form…**
The Nebraska Information Technology Commission ("NITC") is required by statute to "make recommendations on technology investments to the Governor and the Legislature, including a prioritized list of projects, reviewed by the technical panel, for which new or additional funding is requested." In order to perform this review, the NITC and DAS-Budget Division require agencies/entities to complete this form when requesting new or additional funding for technology projects. For more information, see the document entitled "Guidance on Information Technology Related Budget Requests" available at http://www.nitc.state.ne.us/forms/.

Electronic versions of this form are available at http://www.nitc.state.ne.us/forms/.

For questions or comments about this form, contact the Office of the CIO/NITC at:

    Mail:   Office of the CIO/NITC
            521 S 14th Street, Suite 301
            Lincoln, NE  68508
    Phone: (402) 471-3560
    Fax:    (402) 471-4608
    E-mail: info@cio.state.ne.us

**Submission of Form**
Completed forms must be submitted by the same date budget requests are required to be submitted to the DAS Budget Division. Completed project proposal forms must be submitted via e-mail to info@cio.state.ne.us. The project proposal form should be submitted as an attachment in one of these formats: Microsoft Word; WordPerfect; Adobe PDF; or Rich Text Format. Receipt of the form by the Office of the CIO will be confirmed by e-mail. If an agency is unable to submit the application as described, contact the Office of the CIO prior to the deadline, to make other arrangements for submitting a project proposal form.

**Section I: General Information**

| | |
|---:|:---|
| Project Title | E-Grant System Re-Write |
| Agency (or entity) | Arts Council |

Contact Information for this Project:

| | |
|---:|:---|
| Name | Kathleen Kuszak |
| Address | 1004 Farnam, Plaza Level |
| City, State, Zip | Omaha, NE 68102 |
| Telephone | 402-595-2195 |
| E-mail Address | kkuszak@nebraskaartscouncil.org |

**Section II: Executive Summary**

In 2003, the Nebraska Arts Council (NAC) contracted with Nebraska On-Line to produce an e-grant system designed to eliminate the paper grant application. Awarding grants to Nebraska nonprofit organizations for cultural activities is a major function of the NAC, and approximately 70% of the agency's budget, which includes administrative costs, is devoted to this function. The NAC processes between 300-400 grants annually and in FY04, allocated $1.3 million for support of cultural activities statewide.

The e-grant system was developed at a cost of $25,000 with an annual $5,000 maintenance fee. It became operational in February, 2004. Since its inception, the system has been plagued by bugs. Unfortunately for the NAC, Nebraska On-Line (now Nebraska.gov) became increasingly unable to address basic repair issues. During the hiatus until new management took control in October, the e-grant system came close to being unusable, therefore, the NAC began assessing options to repair or replace the system.

A recent assessment by the new management team at Nebraska.gov has concluded that a total re-write of the system will be necessary. The system was apparently built without a style sheet, code map outline, or other administrative documentation, which makes efficient repair and maintenance difficult, and a review of the code base has determined that the system is inherently instable, thus when one set of bugs is repaired, others will take their place. The veracity of this assessment has already been demonstrated – new bugs appear weekly as other problems are repaired. The cost of undertaking this project is estimated at $108,000. An email from Nebraska.gov, outlining the cost estimates and justifications is also supplied as an attachment.

**Section III: Goals, Objectives, and Projected Outcomes (15 Points)**

**1. Describe the project**
The goals of the project are:
- Establish a stable operating base for the existing e-granting system
- Maintain the existing features of the current system, but eliminate the bugs that cause the features to cease operation or function incorrectly
- Establish a professional working relationship with Nebraska.gov, including clear chain of command communication, complete explanation of services, and written estimates, work orders and authorizations.

Expected beneficiaries of the project are:
- Nebraska nonprofit organizations, schools, religious organizations and divisions of government that apply for financial support from the NAC
- NAC employees that process grant applications

Expected outcomes:
- Grant applicants will no longer experience aggravating delays in writing and submitting proposals to the NAC
- NAC staff will become more efficient because less time will be wasted tracking down why the system isn't functioning properly
- A valuable software system will be stabilized and function within acceptable error limits indefinitely.

**2. Describe the measurement and assessment methods that will verify that the project outcomes have been achieved.**

The NAC maintains an operations log for staff to keep track of problems that occur in the egrant system. The log helps determine whether the problem is operator-caused or system-caused. For operator-caused errors, the NAC has a procedural memo that outlines how to provide the operator with technical assistance on using the egrant system. Operator error is generally less than 10%. Currently, 100% of all applications submitted experience some form of system error.

With a system re-write, the base line for error will be set at 5%, which the NAC feels is reasonable for a web-based system. The methodology will be as follows: errors will be logged as per current practice, and totals for system error will be calculated on a weekly basis. If the number exceeds 5% of the total, a work order will be issued to Nebraska.gov for a fix.

The NAC also regularly surveys constituents on its programs and services using a web-based survey program called Zoomerang. E-grant satisfaction is monitored by a series of questions concerning ease of use, problems encountered, etc.

**3. Describe the project's relationship to your agency's comprehensive information technology plan.**

Developing and using informational technology is a cornerstone of the Nebraska Arts Council's current 2004-2006 Strategic Plan. Developing and using an egrant system was a major goal. Currently, less than 50% of state arts agencies use e-granting, and Nebraska is one of only a few states in our region that use it.

In addition, the NAC has accomplished other technology goals in the plan. The NAC distributes all informational announcements, press releases and targeted constituent communications along with a monthly news digest electronically. Our new office at 10th & Farnam contains a state of the art integrated computer, audio/visual and viewing system, which enables the staff to review and work on projects live and save directly to the agency's document server.

The NAC is also charting goals for the next strategic plan. The conference room has been wired to accommodate direct connections to the Internet from multiple laptop computers, as we envision that when finances allow, grant review panelists will be able to access grant proposals on line and review them on laptops rather than from paper copies.

**Section IV: Project Justification / Business Case (25 Points)**

**4. Provide the project justicfication in terms of tangible benefits and/or intangible benefits.**

Currently, up to 40% of the Grants Manager's day and up to 20% of each program manager's day is spent adjusting to problems inherent in the current e-grant system configuration. This time should be spent addressing other objectives and priorities. As a service-oriented agency, the needs of the constituent are primary, so there is no question that the situation as it now stands must be maintained. The level of frustration experienced by constituents is mounting, however, because there is not a permanent resolution to the system's problems. This in turn lowers staff morale and productivity. It also lessens the effectiveness of the agency, which

prides itself on maintaining a very low ratio of administrative cost to program cost (23% to 77%). By boosting the reliability of the system, these issues will be lessened dramatically.

**5. Describe other solutions that were evaluated, including their strengths and weaknesses, and why they were rejected. Explain the implications of doing nothing and why this option is not acceptable.**

The NAC is currently saddled with a system that is not working correctly. We are faced with two options: contract with another vendor and install a new system or work with the current system by implementing an overhaul. Several vendors of egrant systems have been contacted and evaluated. In one case, the vendor told the NAC that the NAC's current system was superior in terms of features, and that if the internal code problems could be rectified, it would be foolish to purchase a new system. Further, each vendor also recommends that the services of an independent consultant be retained to facilitate the process, which involves "building" on the basic system carried by each vendor.

In evaluating these two options, the NAC has come to the following conclusions:
- The look and features of the current system are ideal for the NAC and its constituents. In order to duplicate these items in a new system, a consultant would have to be engaged to facilitate the process, thus adding unnecessary costs.
- The NAC has invested significant resources in training constituents on using the current system. By re-tooling the existing system, re-training will be unnecessary.
- The NAC has invested over eighteen months in developing the current system, and would like to re-coup at least something from the process.
- Nebraska.gov is under new management, and based on several conversations with the new general manager, the NAC is confident that this vendor can accomplish the task in a professional and competent manner as outlined in the goals stated above. Additionally, Nebraska.gov is a local vendor, which facilitates communication.
- While the cost estimate for re-writing the system is triple what the original system development cost, it appears that it is more accurate and in-line with other vendors. In retrospect, we apparently "got what we paid for."

**6. If the project is the result of a state or federal mandate, please specify the mandate being addressed.**

Not applicable.

**Section V: Technical Impact (20 Points)**

**7. Describe how the project enhances, changes or replaces present technology systems, or implements a new technology system. Describe the technical elements of the project, including hardware, software, and communications requirements. Describe the strengths and weaknesses of the proposed solution.**

The e-grant system re-write will enhance the current system. It will involve contracting with a vendor to utilize the skills of a programmer that will systematically go through the existing operating code and re-write it to become more stable and less prone to bugs. At the same time, the system will be cross checked for security. No changes in the program's appearance will be necessary.

**8. Address the following issues with respect to the proposed technology.**

Reliability, security and scalability:
>    The re-write will make the system reliable, and ensure its security.  The system should
>    be useable for at least ten years, and possibly beyond through upgrades.

Conformity with applicable NITC standards:
>    The system currently meets applicable standards.  Further, the current system meets
>    Federal requirements for certain data reporting procedures.

Compatibility with existing institutional and/or statewide infrastructure:
>    The system was designed to be compatible with other software and hardware used by
>    the NAC.

**Section VI: Preliminary Plan for Implementation (10 Points)**

**9. Describe the preliminary plans for implementing the project. Identify project sponsor(s) and examine stakeholder acceptance. Describe the project team, including their roles, responsibilities, and experience.**

The project will be developed in parallel with the existing system.  In other words, the existing system will be "patched up" to continue functioning while the code re-write is being accomplished.  Nebraska.gov will assign a project manager who will allocate programmer resources.  It is anticipated that six months will be required to undertake the re-write, using one full time employee.

The NAC will compile a task force consisting of Kathleen Kuszak, Director of Administration, Kristin Hardin, Grants Manager, and Martin Skomal, Director of Programs to work on the project.  Since the NAC is too small (ten employees) to have a dedicated I.T. employee, the basic I.T. functions of the agency are shared between these individuals.  Two have had some technical training in programmer functions and web development and the Grants Manager is the front line person in dealing with the system.  She maintains the problem logs and works with the current system on a daily basis.  All three were involved in the initial system development and are adept at trouble shooting and finding solutions.

The NAC Task Force will be responsible for reviewing all work and authorizing implementation.

**10. List the major milestones and/or deliverables and provide a timeline for completing each.**

| | |
|---|---|
| January 1, 2006 | Renew or extend existing service contract (which will authorize continued service to current system) |
| January – March 2006 | Perform patches & repairs as needed on current system (no charge). |
| July 1 | Execute contract for re-write services |
| July 15 – Dec. 15 | Undertake system re-write |
| Dec. 15 – Jan. 15, 2007 | Undergo final system testing |

January 20                          New system goes live

March 1                             First grant deadline with new system

**11.  Describe the training and staff development requirements**

Staff training will be negligible, because current functions will not be changed.

**12. Describe the ongoing support requirements**

Nebraska.gov will maintain the system as part of the state's portal.

**Section VII: Risk Assessment (10 Points)**

**13.  Describe possible barriers and risks related to the project and the relative importance of each.**

The biggest concern is that the system is so badly constructed that the cost of re-writing will go over budget to a significant degree.  A second concern would be that the time needed to do the re-write has been underestimated.  The NAC needs to have the system operational prior to our spring grant deadline (March 1, 2007).
Otherwise, the project seems like the most risk-free of the options considered.

**14.  Identify strategies which have been developed to minimize risks.**

During the first few months of the project, the NAC will reduce agency administrative costs by 15% in case additional funds are necessary to complete the project.  If the re-write cannot be accomplished within the proposed timeframe, the old system will have to be used for the spring, 2007 deadline.

### Section VIII: Financial Analysis and Budget (20 Points)

15. Financial Information

Financial and budget information can be provided in either of the following ways:

(1) If the information is available in some other format, either cut and paste the information into this document or transmit the information with this form; or

(2) Provide the information by completing the spreadsheet provided below.

**Instructions**: Double click on the Microsoft Excel icon below. An imbedded Excel spreadsheet will be launched. Input the appropriate financial information. Close the spreadsheet. The information you entered will automatically be saved with this document. If you want to review or revise the financial information, repeat the process just described.

Excel Spreadsheet
(Double-click)

16. Provide a detailed description of the budget items listed above. Include:
- An itemized list of hardware and software.
**N/A**
- If new FTE positions are included in the request, please provide a breakdown by position, including separate totals for salary and fringe benefits.
**N/A**
- Provide any on-going operation and replacement costs not included above, including funding source if known.
**N/A**
- Provide a breakdown of all non-state funding sources and funds provided per source.
**N/A**

17. Please indicate where the funding requested for this project can be found in the agency budget request, including program numbers.
**This request can be found with the Deficit Request submitted to the Budget Office on October 31, 2005.  File = 6932605.doc and 6932605.exl, both files are included with this proposal.**

Nebraska Information Technology Commission
Project Proposal Form
Section VIII: Financial Analysis and Budget

(Revise dates as necessary for your request.)

| | Estimated Prior Expended | Request for FY2005-06 (Year 1) | Request for FY2006-07 (Year 2) | Request for FY2007-08 (Year 3) | Request for FY2008-09 (Year 4) | Future | Total |
|---|---|---|---|---|---|---|---|
| 1. Personnel Costs | | | | | | | $ - |
| 2. Contractual Services | | | | | | | |
| 2.1 Design | | | | | | | $ - |
| 2.2 Programming | | | $ 36,000.00 | | | | $ 36,000.00 |
| 2.3 Project Management | | | $ 72,000.00 | | | | $ 72,000.00 |
| 2.4 Other | | | | | | | $ - |
| 3. Supplies and Materials | | | | | | | $ - |
| 4. Telecommunications | | | | | | | $ - |
| 5. Training | | | | | | | $ - |
| 6. Travel | | | | | | | $ - |
| 7. Other Operating Costs | | | | | | | $ - |
| 8. Capital Expenditures | | | | | | | |
| 8.1 Hardware | | | | | | | $ - |
| 8.2 Software | | | | | | | $ - |
| 8.3 Network | | | | | | | $ - |
| 8.4 Other | | | | | | | $ - |
| **TOTAL COSTS** | $ - | $ - | $ 108,000.00 | $ - | $ - | $ - | $ 108,000.00 |
| General Funds | | | $ 108,000.00 | | | | $ 108,000.00 |
| Cash Funds | | | | | | | $ - |
| Federal Funds | | | | | | | $ - |
| Revolving Funds | | | | | | | $ - |
| Other Funds | | | | | | | $ - |
| **TOTAL FUNDS** | $ - | $ - | $ 108,000.00 | $ - | $ - | $ - | $ 108,000.00 |

Subject:Arts Council E-Granting System

Per our discussion last week we have had some internal conversations in response to your request for information on possible next steps. We have met internally to discuss this issue in greater detail.

Our discussions revolved around four primary areas that were discussed during our joint meeting last week:

1.) Lack of documentation; both business rules for the E-granting system and application requirements
2.) Stability of the current code base (bugs)
3.) Past level of resource investment
4.) Future level of resource investment that would be required.

As you know we have recently encountered some significant changes at the portal with specific regard to change of management. As a result of this change our efforts are heavily focused on creating a portal environment that will allow Nebraska Interactive to successfully launch and maintain complicated online e-commerce and e-government applications using best practices and implementing a sound project management methodology.

You indicated that leading up to our meeting you had been toying with the idea of using an outside source to re-write the system but that you would prefer to stay with the portal to save the effort involved in starting a new project to re-create the system. Due to the complexity of this application, lack of documentation and sheer number of outstanding issues we feel that the best and only option that will allow us to move forward in the right direction is to solve the list of known issues in an effort to stabilize the current system prior to moving forward with any new enhancements or minor changes to the system that introduce new breaking points.

We have struggled with how to proceed past the point of known issues. We are not currently comfortable with the code base in place. We are essentially looking at starting back at ground zero prior to moving forward with any changes. We feel that doing this will provide the stability and level of customer service from the portal that both you and your constituents deserve.

As the General Manger of Nebraska Interactive I am charged with using our resources wisely and effectively and in a way that the portal best serves the purpose of the network. I am concerned with our ability to apply the level of resource allocation that will be required to completely redesign and document the system. Since this projects inception we have invested an estimated 3000 hours of development time. Since we have established that some of this time is due to lack of process and documentation we feel that moving forward with a complete rewrite will require the following resources:

1. 3 Months (480 hrs) – Project Management. While this is not full time on this project the required allocation will be significant. These 3 months of work would be spread out over a period of 6 – 9 months for the project.
2. 6 Months (960 hrs) – Development. This is a single full time employee.

Originally we had done the project for a $25,000 fixed cost and later established a $5000 per year maintenance fee. We have invested an estimated $225,000 in resource allocation (figured at $75/hr for 18 months or 3000 hours).

Given the estimate that has been provided billed at $75/hr for both development and project management the total cost of the rewrite would be estimated $108,000. This would of course be subject to significant change depending upon scope creep and any unforeseen issues.

I would like to caveat this by saying that we are in the middle of doing research in an effort to set a cost per hour for development and project management so this evaluation could further change the numbers presented.

As stated before we are more than willing to continue to work with you to maintain the existing system and fix the known issues but are not comfortable modifying the system. We understand that this may be a significant dollar figure for your council. We would encourage you to continue to look at any potential cost effective alternatives and would be willing to help by serving in a consulting role should you choose to seek other alternatives.

Please let me know your thoughts and/or questions regarding our proposal.

************************
Brian Stevenson
General Manager
Nebraska Interactive, LLC.
http://www.Nebraska.gov
402.471.6582 (Phone)
402.202.6765 (Cell)
402.471.7817 (Fax)
brian@nebraska.gov (email)
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**Form Number 510**

# Program Adjustment Narrative

State of Nebraska – Administrative Services – Budget Division

| | Page Number | |
|---|---|---|
| | CODE | DESCRIPTION |
| AGENCY | 069 | Nebraska Arts Council |
| PROGRAM | 326 | Promotion of the Arts |
| REQUEST | 5 | Nebraska.gov |

Provide the following information:  A) Description of Request; B) Rationale for Request; C) Impact of Request; and, D) Statutory Change if Required.

A)  Description of Request
Rewrite E grant system.  $108,000

B)      Rationale for Request
In 2003, the Nebraska Arts Council (NAC) contracted with Nebraska On-Line to produce an e-grant system designed to eliminate the paper grant application.  Awarding grants to Nebraska nonprofit organizations for cultural activities is a major function of the NAC, and approximately 70% of the agency's budget, which includes administrative costs, is devoted to this function.  The NAC processes between 300-400 grants annually and in FY04, allocated $1.3 million for support of cultural activities statewide.

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C)     Impact of the Request
The goals of the project are:   1) Establish a stable operating base for the existing e-granting system 2) Maintain the existing features of the current system, but eliminate the bugs that cause the features to cease operation or function incorrectly; 3) Establish a professional working relationship with Nebraska.gov, including clear chain of command communication, complete explanation of services, and written estimates, work orders and authorizations.

D)     Statutory Change, if Required

N/A

**Form Number 520**

# Program Adjustment Request

State of Nebraska - Administrative Services - Budget Division

| | | |
|---|---|---|
| | PAGE NUMBER | |
| | CODE & DESCRIPTION | |
| AGENCY | 69 Nebraska Arts Council | |
| PROGRAM | 326 Promotion of the Arts | |
| REQUEST | 5 Nebraska.gov | |

| EXPENDITURE ACCOUNT | APPROPRIATIONS | | ADJUSTMENTS | |
|---|---|---|---|---|
| | 2005-2006 | 2006-2007 | 2005-2006 | 2006-2007 |
| Permanent F.T.E. Positions | | | | |
| 511100  Permanent Salaries - Wages | 388,835 | 401,475 | | |
| 511200  Temporary Salaries - Wages | | | | |
| 511600  Per Diem Payments | | | | |
| 511900  Supplemental (One-time payments) | | | | |
| All Other Salaries | | | | |
| **Sub-Total Salaries** | 388,835 | 401,475 | 0 | 0 |
| 515100  Retirement Plans Expense | 25,301 | 25,301 | | |
| 515200  OASDI Expense | 29,551 | 30,713 | | |
| 515400  Life and Accident Insurance Expense | 185 | 185 | | |
| 515500  Health Insurance Expense | 44,261 | 46,176 | | |
| All Other Personal Services | 4,541 | 4,541 | | |
| **Sub-Total Benefits** | 103,839 | 106,916 | 0 | 0 |
| 510000   Personal Services | 492,674 | 508,391 | 0 | 0 |
| 520000   Operating Expenses | 41,850 | 42,721 | | |
| 521100 Postage | 7,696 | 7,696 | | |
| 521200 Communications | 16,477 | 16,477 | | |
| 521500 Printing | 10,775 | 10,775 | | |
| 522100 Dues & Subscriptions | 13,776 | 13,776 | | |
| 524200 Rent | 69,675 | 69,675 | | |
| 542100 Contractual Agreements | 17,028 | 17,028 | | 108,000 |
| 570000  Travel Expenses | 21,090 | 22,739 | | |
| 580000  Capital Outlay | 0 | 0 | | |
| 590000  Government Aid | 0 | 0 | | |
| **Total Expense** | 691,041 | 709,278 | 0 | 108,000 |
| | | | | |
| Means of Financing | | | | |
| General Fund | 548,361 | 566,598 | | 108,000 |
| Cash Fund | 10,000 | 10,000 | | |
| Federal Fund | 132,680 | 132,680 | | |
| Revolving Fund | | | | |
| | | | | |
| | | | | |
| | | | | |
| **Total Funding** | 691,041 | 709,278 | 0 | 108,000 |

Note:  In the blank lines under Operating Expenses, itemize individual line items that comprise a significant portion of the Total Operating Expenses.