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Summary of Information Technology Expenditures
in the Department of Health and Human Services

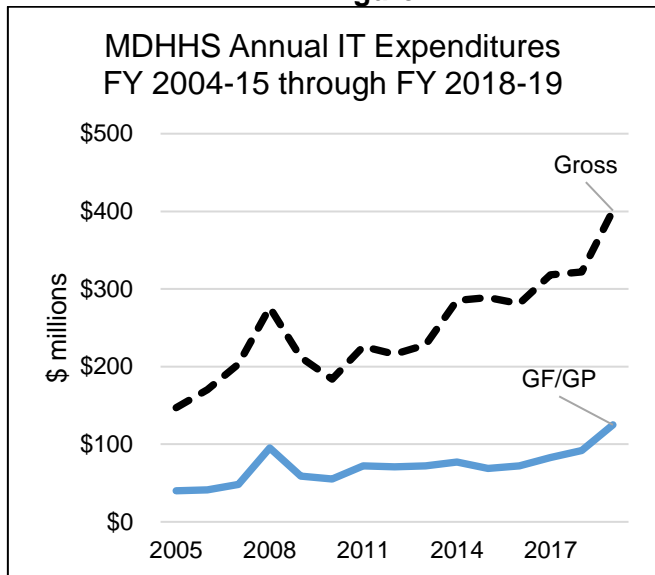
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From fiscal year (FY) 2004-05 through year-to-date appropriations for FY 2018-19, Gross expenditures for information technology (IT) in the Michigan Department of Health and Human services (DHHS)¹ were approximately \$3.7 billion. For that same period, the total General Fund/General Purpose (GF/GP) IT expenditures were approximately \$1.1 billion. As the DHHS is focused on serving large numbers of clients, there likely will always be greater IT needs than in other State departments, so the figures presented below to some degree are without context. Table 1 below shows the Gross and GF/GP totals. Figure 1 shows a chart of the Gross and GF/GP IT expenditures over the same period.

Table 1

Fiscal Year	Gross	GF/GP
2004-05	\$146,922,000	\$40,166,000
2005-06	170,263,000	41,274,000
2006-07	202,659,000	48,081,000
2007-08	276,121,000	94,591,000
2008-09	211,620,000	58,783,000
2009-10	184,047,000	54,965,000
2010-11	225,804,000	71,665,000
2011-12	215,802,000	71,166,000
2012-13	228,167,000	71,735,000
2013-14	284,901,000	77,096,000
2014-15	289,494,000	69,009,000
2015-16	280,803,000	72,169,000
2016-17	317,923,000	82,511,000
2017-18	322,340,000	91,619,000
2018-19*	400,892,000	125,762,800
Total	\$3,757,758,000	\$1,070,592,800

Figure 1



*Fiscal year 2018-19 is included in the amount of the initially-enacted appropriation.

Based on these figures, over a fifteen-year period, Gross IT expenditures² have grown at a compound annual growth rate (CAGR) of 7.2%, and GF/GP IT expenditures have grown at a CAGR of 6.8%. Over that same period, the overall DHHS Gross and GF/GP appropriations CAGR were 4.0% and 1.4% respectively. For the State budget overall, the adjusted Gross and GF/GP appropriations CAGR were 2.4% and 1.1%, respectively.

¹ Prior to Executive Order 2015-4, which formed the Michigan DHHS, the IT expenditures were accounted for separately in the Michigan Department of Community Health and the Michigan Department of Human Services. For fiscal years before FY 2015-16, separate department expenditures are combined to represent a historical trend of DHHS IT expenditures.

² There is an additional \$39.0 million of Gross and GF/GP expenditures in the Information Technology Investment Fund (ITIF) which is accounted for in the Department of Technology, Management, and Budget appropriations from FY 2012-13 through FY 2018-19. These figures are not included in the totals, as they were not appropriated and spent from the DHHS budget.

Within the Department, IT expenditures as a percentage of the overall budget have increased. In FY 2004-05, the percentage of the Gross appropriations for IT was 1.0% and by FY 2018-19 it was 1.5%. For GF/GP expenditures, the increase was greater: in FY 2004-05 the IT percentage was 1.1% and by FY 2018-19 this has increased to 2.3%.

The main IT projects that have been funded in the separate and merged departments are (see [Table 2](#)):

- MI BRIDGES, the system used to apply for public assistance and Medicaid.
- Community Health Automated Medicaid Processing System (CHAMPS), the Medicaid claims processing system.
- Michigan Statewide Automated Child Welfare Information System (MiSACWIS), the child welfare case management system.
- Michigan Child Support Enforcement System (MiCSES), the statewide child support system.
- Integrated Service Delivery (ISD), an effort by DHHS to align the IT systems.
- IT Other, which includes all other types of IT expenditures included networks access, broadband, hardware, software, etc.

Table 2

Fiscal Year	BRIDGES	CHAMPS	MiSACWIS	MiCSES	ISD	IT OTHER
2004-05	\$1,353,000	\$0	\$0	\$53,978,000	\$0	\$91,590,000
2005-06	17,150,000	16,276,000	0	56,846,000	0	79,991,000
2006-07	19,604,000	46,093,000	385,000	48,034,000	0	88,543,000
2007-08	58,008,000	22,901,000	437,000	52,363,000	0	142,411,000
2008-09	18,377,000	30,544,000	2,845,000	45,494,000	0	114,360,000
2009-10	17,722,000	33,842,000	1,237,000	41,455,000	0	89,792,000
2010-11	24,694,000	49,224,000	11,215,000	40,281,000	0	100,391,000
2011-12	21,917,000	49,994,000	25,026,000	39,076,000	0	79,789,000
2012-13	21,773,000	42,677,000	26,770,000	40,537,000	0	96,410,000
2013-14	20,024,000	94,690,000	40,876,000	40,622,000	0	88,689,000
2014-15	24,732,000	96,683,000	35,963,000	41,695,000	0	90,420,000
2015-16	22,983,000	87,605,000	30,308,000	39,089,000	0	100,819,000
2016-17	30,975,000	81,505,000	30,618,000	41,702,000	43,231,000	89,892,000
2017-18	55,374,000	60,271,000	30,552,000	28,966,000	33,934,000	113,242,000
2018-19*	29,189,200	85,577,700	28,374,500	56,281,000	14,261,600	187,208,000
Total	\$383,875,100	\$797,882,200	\$264,608,000	\$666,418,800	\$91,426,400	\$1,553,547,500

*Fiscal year 2018-19 is included in the amount of the initial enacted appropriation, or the FY 2017-18 amounts, if not provided

There have been claims made that the increase in GF/GP IT expenditures is due to a decline in the Federal match rate, which has caused the GF/GP to increase. The match rates traditionally decline as projects progress from the development stage to operations stage. From the period of FY 2004-05 through FY 2018-19, the average GF/GP percentage of IT expenditures was 28.0% with the largest GF/GP IT contribution of 34.3% in FY 2007-08 and smallest of 23.7% in FY 2006-07. For FY 2017-18 the GF/GP percentage was 28.4%, which is slightly above the average for research period (~28%).

Over the long-term, there does not seem to be strong evidence that a decline in the Federal match rate has necessitated a commensurate increase in GF/GP funding, though in the short-run (from FY 2015-16 through FY 2018-19), there has been a greater percentage increase in GF/GP IT expenditures than in Gross IT expenditures. One explanation is that although the historic Federal match rate has remained relatively constant, as development tails lengthen and the scope and scale of projects increase, a larger absolute amount of GF/GP is required as the total expenditures have increased. Using the past IT growth as a simple model to forecast, one potential scenario could see the next five fiscal years of DHHS IT expenditures total \$2.4 billion Gross and \$671.3 million GF/GP, or approximately 58% of the total expenditures from FY 2004-05 through FY 2018-19.