

Michigan Department of Information Technology Efficiency Report as of 3/31/08

Per PA 127 of 2007, Section 225, the director is required to submit a report to the state budget director, the senate and house appropriation subcommittees and the senate and house fiscal agencies on the progress made toward increased efficiencies in department programs. The continuous improvement efficiency mechanisms shall identify changes made in those programs to increase efficiency and reduce expenditures.

While MDIT has identified efficiencies within its own department, it also has continued to focus on helping all Michigan Departments gain efficiencies and savings. As a result, in the last 5 years, MDIT has reduced the State of Michigan's overall IT spending by 24%.

After reviewing the state of data center operations and locations, MDIT embarked on the Michigan Data Center Consolidation project that is ongoing and aims to relocate hardware and application systems from thirty-seven server rooms—each individually maintained by Michigan's nineteen executive branch agencies—to three centralized hosting centers. To date, MDIT has closed 29 server rooms, saved \$9.5 million with an estimated five-year return of \$19.1 million and has freed up nearly 30,000 square feet of floor space.

Consolidation efforts have gone beyond the data centers to E-mail, which consolidated over 70 statewide e-mail versions down to just two and reducing e-mail support staff by half and hardware requirements by nearly 90%. The projected cost avoidance is \$11 million over the next 4 years with a 50% increase in service levels and response time, enhanced security and resistance to virus attacks, and reallocation of over \$1.8 million in personnel costs.

MDIT has also been successful at improving efficiency and reducing costs through contractor conversion. Since the inception of MDIT in 2001, the number of MDIT contractors has been reduced by 65%. MDIT has converted more than 100 contract staff to state employees for an annual cost savings of more than \$11 million.

Achieving efficiencies with other departments is also a MDIT priority. MDIT used advanced analytics to enhance fraud detection, implementing new technology to detect fraud in the state's child day care, food assistance, and cash assistance programs. The Michigan Department of Human Services (DHS) manages approximately \$4.5 billion for many of Michigan's critical programs, including food and cash assistance and child support services. Over 1.2 million Michigan residents depend on DHS programs for life's necessities. By utilizing the rapid analytical capabilities of the data warehouse and integrating records from disparate databases, Michigan has established a national model in innovative techniques to battle child day care, food assistance and cash assistance fraud. Results include savings in Food and Cash Assistance of more than \$1.6 million in annual savings identifying clients who have left Michigan but failed to report their departure; Child Development & Day Care realized more than \$17 million in fraud identified since project implementation in 2004, with the judicial system establishing restitution orders for nearly \$8 million and a projected annual savings of \$13 million in program administration costs.

In working with the Department of Community Health (DCH), data warehouse successes resulted in the integration of 27 separate health related agency data sources into a single, integrated environment. The ability to conduct advanced health care analysis has resulted in

DCH achieving annual financial benefits (savings, ROI, sanction avoidance, etc.) of nearly \$200 million. The data warehouse was a key factor in investigators' identification of the biggest Medicaid fraud case in Michigan history (148 counts of alleged fraud). Over 488,000 replacement claims totaling over \$36 million in payment adjustments have been processed through the Claim Adjustment Generator. More than 83,000 voids have also been processed totaling over \$35.5 million payment recoveries. In addition to savings, over 59,000 children were identified as high-risk children for influenza vaccinations.

MDIT also works to help provide efficiencies for local governments as well. The department collaborated with Oakland and Macomb counties to develop an agreement with Oracle USA, Inc. The agreement secured major savings on Oracle products for both state and local governments going from 41% to 61% for both software licensing and maintenance. Macomb County saved \$100,000 on licensing fees alone. The savings on initial purchases for both the State and the counties was nearly \$300,000, with a total projected savings of \$2.4 million over the term of the contract.

As Michigan continues to focus on making it easier to do business with the State, Michigan corporations and limited liability companies can now file prior year annual reports and statements online. The Department of Labor & Economic Growth (DLEG) along with the Department of Information Technology worked together to provide more online services for customers and businesses. DLEG's Bureau of Commercial Services, Corporation Division launched FILEOnline in partnership with the Department of Information Technology (MDIT). FILEOnline service automates the paper routing of documents, the data entry of agent or address changes, and improves the collection of revenues by providing customers with the online ability to pay annual report and statement fees with credit cards, using the secure and approved State of Michigan credit card authorization process. Michigan's 237,046 profit corporations were able to file online to meet the May 15th deadline. FILEOnline is available 24 hours a day, 7 days a week. It has become popular with customers and several hundred businesses file reports online each day. The new expanded service allows the business to see which reports or statements have been filed within the last three years; when those reports or statements were filed; and provides a quick link to view online filed reports and other documents filed for the company. If a prior year report or statement has not been filed, a reminder message advises the customer when the prior report or statement must be filed in order to maintain good standing and includes the required fee to complete the filing.