Funding Issues List

Agency: CCA Corporation Commission

FY 2015

Priority	Funding Issue Title	Category	Total FTE	Total Amount	General Fund	Other Funds	Non-App Funds
1	Baseline adjustments for expiring program ARRA	Decision Pack	0.0	(42.2)	0.0	0.0	(42.2)
1	Securities Division Enforcement Attorney	Decision Pack	1.0	140.0	0.0	140.0	0.0
1	Corporations Division Microfliming backlog	Decision Pack	0.0	55.0	0.0	55.0	0.0
1	Pipeline Safety training	Decision Pack	0.0	30.0	0.0	30.0	0.0
1	MS Enterprise Premier Service Agreement	Decision Pack	0.0	100.0	0.0	100.0	0.0
1	Securities Division upgrade database & case system	Decision Pack	0.0	750.0	0.0	750.0	0.0
2	Hearings e-Filing Initiative	Decision Pack	0.0	0.0	0.0	0.0	0.0
	Total:		1.0	1,032.8	0.0	1,075.0	(42.2)
	Decision Package Total:		1.0	1,032.8	0.0	1,075.0	(42.2)

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Funding Issue Detail

Agency: CCA Corporation Commission

Issue: 1 **Baseline adjustments for expiring program ARRA** **Issue Category:** Decision Package

Justification: The Commission's participation in and use of ARRA funding will cease in FY 2014, therefore the future carryforward of expenditures needs an offsetting adjustment to balance the Fund 2999 to zero.

Program: 7-1 **Utilities**
Fund: 2999-N **Federal Economic Recovery Fund (Non-Appropriated)**

Calculated ERE: ($5.60)
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	(29.0)
Employee Related Expenses	(13.0)
Subtotal Personal Services and ERE:	(42.0)
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	(0.2)
Equipment	0.0
Capital Outlay	0.0
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	(42.2)

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Funding Issue Detail

Agency: CCA Corporation Commission

Issue: 1 **Securities Division Enforcement Attorney** Issue Category: Decision Package

Justification: The securities division is needing another enforcement attorney due to increased caseloads to help in the prosecution of securities violations.

Program: 4-1 Securities
Fund: 2264-A Securities Regulatory & Enforcement (Appropriated)

Calculated ERE: $29.30
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	1.0
Personal Services	100.0
Employee Related Expenses	40.0
Subtotal Personal Services and ERE:	140.0
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	0.0
Equipment	0.0
Capital Outlay	0.0
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	140.0

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AGENCY NAME & AFIS CODE: **ARIZONA CORPORATION COMMISSION CCA**

COST CENTER/PROGRAM NAME: **SECURITIES DIVISION**

BUDGET JUSTIFICATION

ISSUE: FUNDING OF ADDITIONAL ENFORCEMENT ATTORNEY POSITION

PROBLEM:

Due to budget reductions, the Arizona Corporation Commission Securities Division ("Division") has been unable to fund attorney positions in its Enforcement Section. From FY08 to FY13, the number of Division Enforcement Attorneys has decreased from nine to seven. A Division Enforcement Attorney directs all investigations, reviews and analyzes evidence collected by the Division's investigators and accountants, prepares administrative and civil complaints for violations of the Arizona Securities and Investment Management Acts ("Acts") and conducts hearings and trials in those cases. Those complaints seek to enjoin violations of the Acts and recover restitution for victims of the fraud. Many of the cases are for emergency relief, seeking to immediately stop ongoing fraudulent activity and prevent losses by investors. Given that most studies conclude that investment fraud continues to increase (*see e.g.*, *Scams, Schemes and Swindles*, Financial Fraud Research Center (2012) (Fraud complaints increasing 22.3% to 110% annually)), a decrease in attorney resources at the same time fraud increases results in a significantly decreasing percentage of Arizona financial frauds being investigated and prosecuted.

PROPOSED SOLUTION:

The Division seeks funding in the amount of $140,000 (salary and ERE) from the Securities Regulatory and Enforcement Fund (Fund 2264) to fund an additional attorney position. Funding the position would allow approximately ten additional cases to be investigated each year and at least three more cases to be filed by the Division, with restitution being awarded for the benefit of defrauded victims.

PERFORMANCE MEASURES TO QUANTIFY SUCCESS OF SOLUTION:

In the timeframe of FY08 to FY13, the average investigative load for an Enforcement Attorney was 10.4 investigations. The average number of administrative cases filed per attorney was 3.7. Thus the Division expects ten additional matters to be investigated over the previous fiscal year, with at least three more administrative cases to be filed each fiscal year. Additionally, over that time frame, in the average year, for each attorney $10,224,000 was awarded as restitution to victims of the wrongdoer with an average award of $598,000 in penalties to go to the General Fund. Therefore, it is expected that restitution awarded to victims and General Fund receipts would significantly increase as a result of the funding of this position.

ALTERNATIVES AND REASONS FOR REJECTION:

AGENCY NAME & AFIS CODE: **ARIZONA CORPORATION COMMISSION CCA**

COST CENTER/PROGRAM NAME: **SECURITIES DIVISION**

BUDGET JUSTIFICATION

ISSUE: FUNDING OF ADDITIONAL ENFORCEMENT ATTORNEY POSITION

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1. Seek to increase workload of current Enforcement Attorneys. One alternative is to require the present seven Enforcement Attorneys to supervise more investigations and to file more cases. As the Division's cases are complex, document intensive, white-collar fraud cases, it is not realistic to increase investigative loads. Doing so would simply slow down the investigations already assigned and possibly lead to less, not more, cases being filed.

2. Keep attorney workloads the same. This would keep the status quo, with approximately 70 matters invested in a year and 21 cases filed. However, given that financial fraud continues to increase each year, this would mean that an increasing number of matters each year would not be investigated.

IMPACT OF NOT FUNDING IN FY 2015:

Failing to fund this year would lead to postponement of investigations and filing of cases. Therefore, at least some victims of securities violations would lose the potential benefit of restitution of help cover their losses while the State would lose a potential increase in General Fund revenues.

STATUTORY REFERENCE: A.R.S. § 44-1813

COST SUMMARY (in thousands): $140

Funding Issue Detail

Agency: CCA **Corporation Commission**

Issue: 1 **Corporations Division Microfliming backlog** **Issue Category:** Decision Package

Justification: The Corporations division has experienced a backlog in required microfilming of records, and anticipates additional costs to bring the process current, and for ongoing maintainance of effort.

Program: 3-1 **Corporations**
Fund: 2333-A **Public Access Fund (Appropriated)**

Calculated ERE: **$0.00**
Uniform Allowance: **$0.00**

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	0.0
Employee Related Expenses	0.0
Subtotal Personal Services and ERE:	0.0
Professional & Outside Services	55.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	0.0
Equipment	0.0
Capital Outlay	0.0
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	55.0

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AGENCY NAME & AFIS CODE: **ARIZONA CORPORATION COMMISSION CCA**

COST CENTER/PROGRAM NAME: **CORPORATIONS DIVISION**

BUDGET JUSTIFICATION

ISSUE: **MICROFILMING OF ENTITY RECORDS**

PROBLEM:

Corporation and LLC records maintained by the Corporations Division are required by statute to be microfilmed for permanent storage. The microfilming of digitally-stored document images was completed up through December 31, 2008. The microfilming of digital document images was suspended for the anticipated transition to the new corporate records system. There is currently a backlog of approximately 3.5 to 4 million digital document pages for the years 2009 through the present that have not been microfilmed. The Division pays to store paper documents until the microfilm has been created, and is able to destroy paper documents that are more than 3 years old if they have been microfilmed. Because of the backlog, the Division will have to continue to pay for storage of all paper documents that are more than 3 years old until the microfilm is created.

PROPOSED SOLUTION:

Due to the amount of the backlog, the proposed solution is to use an outside vendor to produce the microfilm from digital document images. A.C.C. IT Division staff will compile and provide the digital document images in a format useable by the vendor. The estimated cost of outsourcing the production of the microfilm for the 3.5 to 4 million pages of backlog is approximately $55,000.00. Long-term, it is anticipated that production of the archival quality microfilm can be performed in-house with current equipment and the purchase of blank film rolls.

PERFORMANCE MEASURES TO QUANTIFY SUCCESS OF SOLUTION:

Success can be measured by the following criteria:

- Meeting the statutory obligation for records retention by microfilming digital document images through at least December 31, 2012;
- Reduction in cost to store paper documents, because documents older than mid-2010 can be destroyed

ALTERNATIVES AND REASONS FOR REJECTION:

One alternative is to continue to let the backlog accrue. This alternative is not recommended, because it does not meet the legal records retention obligation of the Corporations Division.

AGENCY NAME & AFIS CODE: **ARIZONA CORPORATION COMMISSION CCA**

COST CENTER/PROGRAM NAME: **CORPORATIONS DIVISION**

BUDGET JUSTIFICATION

ISSUE: **MICROFILMING OF ENTITY RECORDS**

Another alternative to outsourcing is to produce the microfilm in-house. This alternative is viable in the long run, but is not recommended in the short term. The Records Section staff in the Corporations Division would be required to devote one full-time employee to this task for approximately one month in order to bring the backlog current. The Records Section is understaffed at present due to an internal promotion, and would not be able to perform its regular business function of producing entity records for customers if one of the remaining staff members is tasked with producing microfilm.

IMPACT OF NOT FUNDING IN FY 2015

If the microfilm backlog is not addressed in FY2015, it will continue to accrue. The cost to catch up will increase. The cost of records storage will continue to increase over time, as more boxes that could be destroyed instead have to be stored.

STATUTORY REFERENCE A.R.S. Title 41, Chapter 1, Article 2.1

Funding Issue Detail

Agency: CCA Corporation Commission

Issue: 1 Pipeline Safety training — Issue Category: Decision Package

Justification: The Pipeline Safety Office within the Safety Division anticipates using a portion of the balance in this fund for training purposes.

Program: 6-1 Pipeline Safety
Fund: 2174-A Pipeline Safety Revolving Fund (Appropriated)

Calculated ERE: $0.00
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	0.0
Employee Related Expenses	0.0
Subtotal Personal Services and ERE:	0.0
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	30.0
Equipment	0.0
Capital Outlay	0.0
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	30.0

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AGENCY NAME & AFIS CODE: **ARIZONA CORPORATION COMMISSION CCA**

COST CENTER/PROGRAM NAME: **SAFETY DIVISION – PIPELINE SAFETY**

BUDGET JUSTIFICATION

ISSUE: **SAFETY TRAINING**

PROBLEM:
The Commission's policy of comprehensive and on-going training and development for Safety Division inspectors has resulted in effective, efficient and nationally recognized safety programs that have increased safe and reliable Arizona pipeline and rail operations and systems. To further enhance the training opportunities for Pipeline Safety personnel, the Commission requests additional funding from the Pipeline Safety Revolving Fund

PROPOSED SOLUTION:

Pipeline and rail safety are two of the Commission's highest priorities. These programs have been nationally recognized for excellence due in large part to the ongoing training, outreach and educational opportunities afforded these safety professionals annually. The Commission has always considered training to be the Safety Division's most valuable tool in assuring the safe operation of pipeline and rail operators in Arizona. In order to provide the greatest degree of protection to the citizens of Arizona as well as to the regulated community, the Commission has supported comprehensive technical training for its safety enforcement forces.

It can take 1 to 3 years of intensive training for new and recently hired safety investigators to achieve federal certification in their profession (natural gas and hazardous liquid pipeline transportation for pipeline safety inspectors; track, operating practices, motive power & equipment, signal & train control and hazardous materials for rail safety inspectors). Thereafter, each of these specialists must maintain that certification through completion of annual refresher and recurrent training, in addition to being fully trained relative to all federal and state regulatory changes that routinely occur. The foregoing comprises the minimum training requirements for pipeline and rail safety inspectors and investigators throughout the country. Unlike many other state safety programs, the Commission believes that a more effective and value added approach to insuring the safe operations of pipeline and rail companies in Arizona includes providing ongoing and timely training to stay current with technological and regulatory developments. In FY 2015, the Safety Division intends to train its pipeline inspectors in welding technology, cathodic protection and leak detection as well as being trained in advanced investigative techniques, report writing and communications technologies.

Advanced and comprehensive training not only improves the ability of our safety forces to accomplish their traditional regulatory enforcement duties but also allows them to perform valuable outreach to and provide regulatory guidance for smaller regulated companies, local governments and the general public.

AGENCY NAME & AFIS CODE: **ARIZONA CORPORATION COMMISSION CCA**

COST CENTER/PROGRAM NAME: **SAFETY DIVISION – PIPELINE SAFETY**

BUDGET JUSTIFICATION

ISSUE: **SAFETY TRAINING**

PERFORMANCE MEASURES TO QUANTIFY SUCCESS OF SOLUTION:

Number of training hours afforded to each inspector; number of training hours provided to respective industry representatives from private sector companies.

ALTERNATIVES AND REASONS FOR REJECTION:

The Commission can continue to provide the basic training needed for continual certifications at the current level. Although satisfactory in terms of maintaining certifications for the federal safety programs, ongoing recognition for their exemplary knowledge and service can also translate in to higher program scoring eligibility for more federal dollars. The Commission would like to capitalize on its recent program recognition to further enhance its reputation and services provided.

IMPACT OF NOT FUNDING IN FY 2015

As timing is critical in any education arena, not funding this request for additional training dollars may lead to a reduction in the opportunities for enhanced training for Safety personnel and possibly a reduction in the program rating by the federal safety program. This in turn also may reduce the amount of federal funding received as a reimbursement of eligible program expenses.

STATUTORY REFERENCE ex. A.R.S. Title 40, Chapter 2, Article 3

FUNDING COSTS $30.0 (in thousands) Pipeline Safety Revolving Fund

Funding Issue Detail

Agency: CCA Corporation Commission

Issue: 1 **MS Enterprise Premier Service Agreement** Issue Category: Decision Package

Justification: The Commission is anticipating establishing a new MS Enterprise Premier Service Agreement to engage MS services.

Program: 9-1 Information Technology
Fund: 2172-A Utility Regulation Revolving (Appropriated)

Calculated ERE: $0.00
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	0.0
Employee Related Expenses	0.0
Subtotal Personal Services and ERE:	0.0
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	0.0
Equipment	0.0
Capital Outlay	33.3
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	33.3

Program: 9-1 Information Technology
Fund: 2264-A Securities Regulatory & Enforcement (Appropriated)

Calculated ERE: $0.00
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	0.0
Employee Related Expenses	0.0
Subtotal Personal Services and ERE:	0.0
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	0.0
Equipment	0.0
Capital Outlay	33.3
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	33.3

Program: 9-1 Information Technology
Fund: 2333-A Public Access Fund (Appropriated)

Calculated ERE: $0.00
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	0.0
Employee Related Expenses	0.0
Subtotal Personal Services and ERE:	0.0
Professional & Outside Services	0.0

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Funding Issue Detail

Agency: CCA Corporation Commission

Issue: 1 **MS Enterprise Premier Service Agreement** Issue Category: Decision Package

Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	0.0
Equipment	0.0
Capital Outlay	33.4
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	33.4

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AGENCY NAME & AFIS CODE: Arizona Corporation Commission CCA

COST CENTER/PROGRAM NAME: IT DIVISION

BUDGET JUSTIFICATION

ISSUE: MS ENTERPRISE PREMIER SVC AGREEMENT

PROBLEM:

Commission IT staff face ongoing and continuing challenges with respect to the various agency-wide and division database systems and software programming needs. The Commission has recently had a number of key personnel leave and shortened training for remaining staff to address the various priorities in maintaining the Commission's hardware and software technologies. The Commission is facing a lack of cohesive direction and strategic alignment of these multiple databases and systems, currently using a number of platforms that may or may not be MS Windows 7 or 8 compatible. The Commission was made aware of other agencies' use of an MS Enterprise Premier Services Agreement to help satisfy the need for external third party review of systems being replaced and integrated, for risk identification / remediation of existing systems, and for training on Microsoft systems.

As most agencies have experienced changing technologies, the Commission is not alone in the challenge of prioritizing its IT resources to effect the most benefit for staff, consumers and stakeholders. As the State benefits from periodic updates to MS platforms, now at Windows 8, IT staff need to be versed as well in maintaining the myriad pieces of software using the latest platforms. This need extends from desktop / laptop clients to back-office core infrastructure servers as well.

PROPOSED SOLUTION:

The Commission wishes to engage Microsoft professionals through an ongoing Microsoft Enterprise Premier Service Agreement, to enable third party review and assistance for challenging developmental and software needs. The primary purpose is to optimize IT efficiency with tailored services available through a Premier Service Agreement. These services may include designated technical professionals to assist staff, problem resolution support for existing or updated systems, or perhaps training and workshops for staff. As a goal of the Commission is to bring current systems up to date with technology and using a MS platform that is maintainable and future-oriented, use of a MS Premier Services Agreement will enable the Commission to enhance its delivery of information to consumers, stakeholders and staff.

As a separate decision package, the Commission is seeking funding for its Securities division database project. Using the MS Enterprise Service Agreement will provide the Commission third party review and proactive planning support to enhance the likelihood of the new system's successful completion and use.

AGENCY NAME & AFIS CODE: Arizona Corporation Commission CCA

COST CENTER/PROGRAM NAME: IT DIVISION

BUDGET JUSTIFICATION

ISSUE: MS ENTERPRISE PREMIER SVC AGREEMENT

PERFORMANCE MEASURES TO QUANTIFY SUCCESS OF SOLUTION:

1. Staff education via Microsoft Premier-led workshops for both current and future Commission technology priorities. Measured by attendance of Commission staff at both a workshop addressing current technology needs of the Commission and a workshop addressing an anticipated future technology need. Specific workshops to be identified by the Corporation and Microsoft after a review of current Corporation staff capabilities.
2. Resolution of the Commission's support incident tickets by Microsoft Premier within agreed support Service Level Agreement (SLAs) throughout the term of the Microsoft Premier Support agreement.

ALTERNATIVES AND REASONS FOR REJECTION:

An alternative to funding this request would be to provide additional training at great cost for many of the remaining and future staff to help them with priority database systems management and programming. The staff turnover will continue as these staff members with enhanced training and knowledge will become more lucrative to other positions in and out of state service.

A second alternative is to hire more highly trained and more knowledgeable staff to complement and bolster the effectiveness of staff. While the Commission does expect to fill recent vacancies, advanced IT professionals with additional technical proficiencies will require higher salaries and competitive benefits not usually associated with state government positions.

IMPACT OF NOT FUNDING IN FY 2015

Not providing funds for the MS Enterprise Premier Service agreement will force the IT division to continue to be lagging in implementing new technologies, developing internal solutions for existing aging database systems and shorted with respect to enhancing their own skills and abilities to address the IT needs of the divisions.

STATUTORY REFERENCE ARS 40-105 C

COSTS (in thousands): **$100.0** split funded through the PAF, SRF and URRF

Funding Issue Detail

Agency: CCA Corporation Commission

Issue: 1 **Securities Division upgrade database & case system** Issue Category: Decision Package

Justification: The Securities Division is anticipating upgrading their internal database and case tracking system. The bulk of costs anticipated will be for outside IT consultants, which are paid through the OOE line, although some costs may be paid through Capital Equipment for software. Ongoing maintenance is estimated at $100K per year.

Program: 4-1 Securities
Fund: 2264-A Securities Regulatory & Enforcement (Appropriated)

Calculated ERE: $0.00
Uniform Allowance: $0.00

Justification:

Expenditure Categories	FY 2015
FTE	0.0
Personal Services	0.0
Employee Related Expenses	0.0
Subtotal Personal Services and ERE:	0.0
Professional & Outside Services	0.0
Travel In-State	0.0
Travel Out-of-State	0.0
Food (Library for Universities)	0.0
Aid to Organizations & Individuals	0.0
Other Operating Expenditures	750.0
Equipment	0.0
Capital Outlay	0.0
Debt Services	0.0
Cost Allocation	0.0
Transfers	0.0
Program / Fund Total:	750.0

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AGENCY NAME & AFIS CODE: ARIZONA CORPORATION COMMISSION CCA
COST CENTER/PROGRAM: SECURITIES DIVISION

BUDGET JUSTIFICATION

ISSUE: UPGRADE TO COMPUTER SYSTEMS

PROBLEM:

The Arizona Corporation Commission, Securities Division ("Division") relies heavily upon two legacy software systems in order to accomplish its work. Both systems are over thirteen years old and have severely limited functionality compare with today's technology solutions. One system is used to track enforcement matters. Each year an average of 300 complaints, 80 active investigations, 30 administrative cases, 70 orders for penalties, $90,000,000 in restitution, and over $5,000,000 in penalties are added to the database. Distribution of restitution to investors is also handled through the database. The database is based on Access architecture originally created in 1998. Its functionality is severely limited.

The Division's other primary database is used to handle receipting, securities registration, and licensing functions. Each year the Division receives over 25,000 securities registration filings and thousands of licensee filings. In FY13, the Division receipted through this database over $27,000,000, divided into four separate funds, most of which were eventually transferred to the General Fund. The database is a vendor-created product installed in 2000. It is no longer supported by the vendor. Its underlying software, Visual Basic, is no longer supported by Microsoft. It also cannot function within the Commission's current operating system, Windows 7, and must be maintained in a virtual environment in order to allow access. It has no ability to provide electronic filing or Internet access to securities registrants or the public.

Neither system can be integrated with common office automation applications such as Microsoft Work, e-mail or calendaring programs. Neither system can be integrated into a document management system, thereby losing potential efficiencies from connection of such a system with a database system. Both systems suffer from unfamiliar user-interfaces for staff and require steep learning curves for new users. Neither system allows Division administration to make content and configuration changes as necessary.

As the two systems are separate and distinct, information entered into one system is not connected with the other system. This results in information silos and an inability to run comprehensive searches on firms and persons who interact with the Division. Thus, as an additional goal, the Division seeks to unify its systems in order to increase its efficiency.

PROPOSED SOLUTION:

The Division recommends acquisition of a highly-configurable commercial off-the-shelf ("COTS") product to replace both its legacy systems. The new system would enhance operational efficiency, accuracy, and the Division's ability to manage all matters assigned to it. The replacement system would need to incorporate the flexibility that it could be easily reconfigured by non-IT staff to adapt to changing needs. The new technology solution should also offer the ability to provide e-services to the public such as a public web portal for filing applications and remitting payments. The public web portal would enable the public to conduct business with the Division 24/7. Therefore, an appropriation is sought to purchase such a system, as well as a continuing appropriation for maintenance of it.

PERFORMANCE MEASURES TO QUANTIFY SUCCESS OF SOLUTION:

- Ability of Division administration to make content and configuration changes as necessary;
- Creation of public web portal for filing applications and remitting payments;
- Integration of document management system and controls;

AGENCY NAME & AFIS CODE:	ARIZONA CORPORATION COMMISSION CCA
COST CENTER/PROGRAM:	SECURITIES DIVISION

BUDGET JUSTIFICATION

ISSUE: UPGRADE TO COMPUTER SYSTEMS

- Integration of current enforcement and registration databases into unified system allowing staff to access available information;
- Decreased staff time for receipting of securities filings;
- Application integration with common office automation applications such as Microsoft Word, Microsoft Word, calendaring and email;
- Diminished learning curve for all staff; and
- Improvement of electronic work queue to reflect statutory requirements.

ALTERNATIVES AND REASONS FOR REJECTION:

Alternative 1: Acquire a custom-built system from a vendor. A system custom built by a vendor for the Division has the advantage of being designed to fulfill all statutory obligations. However, this solution is the most expensive, both initially and in order to maintain and modify. It is also potentially the most inflexible due to hard coding by the vendor, which would require significant vendor modification if future needs change.

Alternative 2: Use Division IT resources to develop an in-house solution. Similar to Alternative 1, this system would be designed to fulfill all Division statutory obligations. However, it could require many years to develop, given the competing demands for IT resources. Additionally, creating a unique program would be more costly than the current proposal along with significant potential for cost and time overruns.

Alternative 3: Another alternative is to maintain the status quo. There would be no current cost for this alternative but the Division would be unable to modify its programs if required by law and potentially faces a loss of ability to function that would significantly impair its ability to handle receipting, registration and enforcement functions as required by law if its databases do not function properly.

IMPACT OF NOT FUNDING IN FY 2015:

Given the age of the legacy systems relied upon by the Division, the longer the delay in upgrading the databases the more potential there is that the Division would be unable to modify its programs if required by law. Given the age and limited utility of the programs, the Division will be required to upgrade them at some point. Not funding the upgrade in FY15 simply puts off funding to a later date. Additionally, there is no reason to believe the cost of COTS systems would not increase in the future, thereby making the upgrade more costly.

STATUTORY REFERENCE: A.R.S. Title 44, Chapters 12 and 13.

COST SUMMARY (in thousands): $750 (FY14); $100 (continuing appropriation)