Information Technology (IT) Initiative
Business Case Instructions for BYs 2003 & 2004

This document collects business case information for all "significant" information technology (IT) initiatives, including automated information systems. The Department Investment Review Board will use this information to determine which IT initiatives to undertake, in accordance with the Clinger-Cohen Act, and for monitoring initiative progress.

Please answer each question. Responses should be concise, and prepared at a level of detail commensurate with the initiative lifecycle phase, size/criticality, and type. Initiatives that have not been implemented or deployed will require more detailed information than an initiative in maintenance. We will use the information collected to create a baseline for the initiative.

Please type your responses in the white answer blocks of the Business Case Responses document and return the electronic copy of that document to Treva Lutes. Please do not modify the shaded rows of the table. These rows contain special codes that we will use to populate a database automatically.

Depending on where the initiative is in its lifecycle, such as initial concept, you may not have an answer to each question. This is completely acceptable. Answer each question as completely as possible.

Information Technology means any equipment or interconnected system or subsystem of equipment that is used in the automatic, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For purposes of this definition, equipment is "used" by an agency whether the agency uses the equipment directly or it is used by a contractor under a contract with the agency which (1) requires the use of such equipment or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. Information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. It does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

Automated Information System means a discrete set of *information technology*, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information.

1.0 General Background

1.1 Initiative Name

Provide the name of the initiative.

1.2 Initiative Description

Briefly describe the initiative in a concise, non-technical, management-oriented manner (two paragraphs maximum please).

1.3 Initiative Type

Select the initiative type:

Business Process Support System*:
This is a system that directly supports a business process for the collection, processing, maintenance, transmission, or dissemination of information. GPAS, GAPS, and PAYPERS are examples of business process support systems.

Program Delivery System*:
Any automated system used to deliver program services, including evaluation and research. ED Pubs is an example of a program delivery system.

IT Infrastructure:
The operations and parts of a network are included under IT Infrastructure. This includes network-related hardware, software, telecommunications, and services. Examples are anti-virus screening software, and network services and software.

IT Services:
Encompasses IT related special projects such as the development of a new security program in accordance with the Government Information Security Reform Act and IT investment management support.

General Office Automation:
This includes hardware, software and telecommunications equipment that doesn't directly support one of the other IT initiative types. Periodic technology refreshment is an example.

<u>* If the initiative type is a business process support system or a program delivery system, please indicate whether this is a financial management system using the definitions supplied below.</u>

Financial management systems are financial systems and the financial portion of mixed systems that support the interrelationships and interdependencies between budget, cost and management functions, and the information associated with business activities.

Financial systems are comprised of one or more applications that are used for any of the following:

- Collecting, processing, maintaining, transmitting, and reporting data about financial events;
- Supporting financial planning or budgeting activities;
- Accumulating and reporting cost information; or
- Supporting the preparation of financial statements.

A financial system supports the processes necessary to record the financial consequences of events that occur as a result of business activities. Such events include information related to the receipt of appropriations or resources; acquisition of goods or services; payment or collections; recognition of guarantees, benefits to be provided, or other potential liabilities or other reportable activities.

1.4 Contact Information

List the name, Principal Office, and phone number of the project manager, program manager, project sponsor, contracting officer, and contracting officer's representative.

The **Project Sponsor** is the senior management leader from the business unit supported by the IT initiative. The sponsor is ultimately responsible for the IT initiative and works with the program manager to keep the appropriate IT Investment Management decision makers fully informed of the initiative's status.

The **Program Manager** is the management representative responsible for the IT initiative as well as the supported business process.

Project Managers are the day-to-day leaders of an IT initiative. They are accountable for ensuring that the IT initiative meets cost, schedule and performance goals.

2.0 Business Process

2.1 Business Process Support

(1) Select the lines of business or organizational functions supported by this initiative and (2) describe the business processes the initiative will support. If you have selected "other" for (1), please also identify the line of business or organizational function.

2.2 Business Problem or Opportunity and Causing Conditions

Briefly describe the business problem or opportunity that the initiative addresses, as well as the conditions that created, or significantly contributed to, the problem or opportunity.

Typically, a **Business Problem or Opportunity** relates to the need to (1) Provide necessary services more efficiently or effectively, or new services mandated by law; (2) Obtain required information that is currently not available; (3) Reduce the costs of business operations; and (4) Avoid unnecessary increases in a business unit's budget. For example, "our business unit is required to distribute grant payments by the end of the fiscal year's first quarter. With our current system, we are able to meet the deadline for only 65% of the grantees.

Conditions can include new legislation or regulations, staff reductions, workload increases, and limitations in the current IT resources.

2.3 Existing Systems

Describe, in general terms, what is currently in place to address the business problem or opportunity. Include any manual systems, automated systems, and the other significant resources (e.g., personnel and equipment) that support the existing capability.

2.4 Solution Impact

(If this is an implemented initiative with no enhancements, then address item (3) only)

(1) What will be the impact of the initiative on lines of business and business processes? Please describe in terms of the functions and processes identified in 2.1 and other departmental functions and processes. (2) What is the impact of the IT initiative on other IT initiatives? (3) Identify the direct beneficiaries, customers, users, and any additional stakeholders of the initiative. (4) Describe how the direct beneficiaries, customers, users, and additional stakeholders are involved with the planning, development, and operation of the initiative. (5) What are the major organization restructuring, training, and change management projects that will be required?

2.5 Business Process Reengineering
(Applies only to new Business Process Support and Program Delivery Systems)

If this is a new initiative, how will you simplify, improve, or otherwise redesign the associated business process to reduce costs, improve effectiveness, etc., before technology is applied to support the process? What are the major process simplification/re-engineering/design projects that are required? If already completed, briefly describe the results. If not completed, then please provide the expected reengineering completion date.

2.6 Mandatory Requirement

Is this initiative, or the business process it supports, required by legislation or other guidance? If so, please (1) cite the law or regulation, and (2) explain the extent of the requirement (e.g., suggests or mandates).

2.7 Consequence of Not Funding the Initiative

Describe the adverse impacts on business operations or future costs if the initiative is not funded.

The business case is improved when an operation or business process is highly dependent on the initiative or delaying the initiative will result in significantly higher costs in the future.

3.0 Strategic Alignment

3.1 OMB E-Government Initiative Alignment

Please select the E-Government initiative the project aligns with. If the project aligns with more than one initiative, please indicate so.

- **Consolidated Health Information** - Unify and simplify the sharing and reusing of medical record information among government agencies and their private healthcare providers and insurers.
- **Disaster Assistance and Crisis Response** - A public, one-stop portal containing information from applicable public and private organizations involved in disaster preparedness, response, recovery and mitigation; a single point of application for all disaster assistance programs.
- **E-Authentication -** Establish a method for satisfactorily establishing 'identity' and serve as the common interoperable authentication solutions for all of the E- Government initiatives.
- **E-Grants** - Create an electronic grants portal for grant recipients and the grant- making agencies that will streamline, simplify and provide an electronic option for grants management across the government.
- **E-Payroll/HR** - Simplify and unify elements of the Payroll/HR process in order to consolidate and integrate HR and payroll systems across government.
- **E-Training** - Provide a repository of government-owned courseware.
- **E-Travel -** Agencies will use a common travel management system throughout the federal government; existing travel management resources will be consolidated.
- **E-Vital**- Expand the existing vital records online data exchange efforts between federal agencies and state governments. Aims to detect fraud and reduce erroneous payments.
- **Electronic Records Management** - Provide guidance on e-records management and tools for agencies to transfer e-records to National Archives and Records Administration.
- **Eligibility Assistance Online** - Through a common Internet portal, citizens (with a focus on high-need demographic groups) will have an online tool for identifying government benefit programs from which they may be eligible to receive assistance.
- **Expanding Electronic Tax Products for Businesses**- Aims to decrease the number of tax-related forms that an employer must file and to provide timely and accurate tax information to employers.
- **EZ Tax Filing** - Make it easier for citizens to file taxes in a Web-enabled environment.
- **Federal Asset Sales** - Prospective customers will be able to find assets that they are interested in and be able to bid and/or make purchases electronically for financial, real and disposable assets.
- **Federal Enterprise Architecture** - Map business lines to develop information, data and application interface standards to eliminate redundancies and yield improved operating efficiency and effectiveness.
- **Geospatial Information One Stop** - Provide access to the federal government's spatial data assets in a single location and help make state and local spatial data assets more accessible.
- **International Trade Process Streamlining** - A single customer-focused site for new or existing exporters.
- **Integrated Acquisition Environment** - Agencies will begin sharing common data elements to enable other agencies to make more informed procurement, logistical, payment and performance assessment decisions.
- **Integrated Human Resources/e-Clearance**- Eliminate the need for paper employee records; enable strategic decisions regarding the use of human capital and financial resources to improve agency performance and address emerging needs; reduce time required to conduct security clearances.
- **One Stop Business Compliance Information** - Provide information on laws and regulations to help users understand compliance information.
- **Online Access for Loans** - Allow citizens and businesses to find the loan programs that meet their needs.
- **Online Rulemaking Management** - Provide access to the rulemaking process for citizens anytime, anywhere. An existing "e-Docket" system would be expanded and enhanced to serve as a government-wide system for agency dockets.
- **Recreation One Stop** - Provide a one-stop, searchable database of recreation areas nationwide
- **Recruitment One Stop** - Improve the federal hiring process by providing job seekers with streamlined resume submission, online feedback about their status in the employment process and integration with automated assessment tools.
- **USA Services**- Use best practices in customer relationship management to enable citizens to quickly obtain service online, while improving responsiveness and consistency across government agencies.
- **Wireless Public Safety Interoperable Communications – Project SAFECOM** - Address the Nation's critical shortcomings in efforts by public safety agencies to achieve interoperability and eliminate redundant wireless communications infrastructures.

3.2 Mission Alignment

Select the Strategic Plan Objectives the initiative directly supports. If the initiative supports more than one objective, please indicate so.

3.3 Strategic Plan Strategies Supported

List the Strategic Plan Strategies the initiative supports and any currently active action items.

Examples:
- Objective 6.1 Strategy: Update and Integrate Financial Systems
- Objective 6.3 Strategy: Ensure Security of the IT Infrastructure

3.4 Quality Indicators

List the Quality Indicators, measures and performance targets, you will use to quantitatively or qualitatively determine the success of the initiative. These indicators should assess the initiative's contributions to the Strategic Plan Goals, Objectives, and Strategies.

4.0 Technology Initiative

4.1 Initiation Date

Provide the initiation date.

This is the date the initiative first expended funds or Department FTEs were first applied to it.

4.2 Initiative Deployment / Implementation Date

Provide the date the initiative will be deployed or implemented.

4.3 Initiative Phase

Select the current lifecycle phase of the initiative.

4.4 Initiative Scope

Please describe the major work products and services that are in the initiative's scope.

4.5 Assumptions, Constraints, and Dependencies

(1) What are the assumptions you have made about this initiative and why? (2) What are the constraints that stand in the way of successful implementation of this initiative and how will you manage/mitigate them? (3) Upon what other initiatives (IT or non-IT) is this initiative dependent?

4.6 Outstanding Issues

Please describe any significant outstanding issues related to this initiative that require senior management attention.

4.7 Benefits

Please describe the benefits associated with the initiative, including how the investment reduces costs or improves efficiencies.

Benefits are the advantages or gains the initiative produces for customers, the public, or the Department. Benefits can include increased efficiencies, improved customer satisfaction, reduction in costs, increase in revenue, or improved public access to ED information.

4.8 Crosscutting Initiative

Indicate which Principal Offices the initiative supports. If the initiative supports the entire Department, then simply select that item. If the initiative supports entities outside of the Department, then in addition to selecting "Entities outside of the Department," please identify the agencies and organizations affected by this initiative in your response to question **2.4 Solution Impact item 3**.

4.9 Audit Finding

Does the initiative close an audit recommendation? If so, please describe the recommendation and note the audit name or number.

4.10 Alternatives Analysis

(This applies only to initiatives under development or being implemented.)

Discuss the alternatives to this IT initiative and summarize the description, total life cycle costs, benefits, and drawbacks of each alternative using the table provided. Potential alternatives include replacement of the current system with a new system, modification/enhancement/upgrade of the existing system, or outsourcing the business function. You should identify at least two other alternatives appropriate to your IT initiative and indicate why the selected alternative was chosen.

5.0 Enterprise Architecture

5.1 Use of COTS/GOTS

Please indicate the amount of COTS/GOTS components used.

NOTE: If the percentage of COTS/GOTS is below 25%, then address in 6.1 Risk Management.

Since custom applications are a major source of risk, initiatives based on COTS/GOTS solutions are desirable. However, modifications to these components can introduce risk.

5.2 Consistency with Product Support Plan

Identify the hardware and software associated with the initiative supported as Primary or Secondary Products under the Product Support Plan in the attached Appendix A. If there are products you are using that are not listed, please list them in your response in Section 5.2. If this is a new initiative, you may not know which products you will use. This is fine – simply indicate that please.

The Department's Product Support Plan can be found at the following URL:
http://connected/invoke.cfm?oid=DC22C231-6A32-4448-986E41FF8A2191CC&method=displayFull

5.3 Section 508 Compliance (Accessibility)

(1) Has the Assistive Technology Team reviewed the hardware and software that comprise the initiative and deemed it Section 508 compliant? (2) If they deemed it inaccessible, did the Project Sponsor make a non-availability determination and is the appropriate documentation on file? (3) If your response to both numbers one and two above is no, then please describe how you will address Section 508 compliance.

The Department's Accessibility Guidelines can be found at the following URL:
http://connected.ed.gov/policies/index.cfm?navID=71C6D478-E6E0-4C0E-B9D1324CFF996047&menuItem=2&subMenuItem=1.

The Voluntary Product Accessibility Template (VPAT), a voluntary tool to be used or modified to provide information regarding particular product characteristics, can be found at the following URL:
http://www.itic.org/policy/access_0106.htm.

5.4 Government Paperwork Elimination Act (GPEA)
(Business Process Support and Program Delivery Systems only)

Does this project implement electronic transactions or record keeping that is covered by the Government Paperwork Elimination Act (GPEA)? If so:
(1) Briefly describe the transaction or record-keeping functions,
(2) Explain how the initiative relates to the Department's GPEA plan or indicate if it already provides an electronic option, and
(3) Identify the number of respondents per transaction, and the OMB Paperwork Reduction Act (PRA) control numbers from information collections that are tied to this investment.

U.S. Department of Education GPEA information:
http://connected/invoke.cfm?oid=0405704D-FB58-48D6-A356E5611AB07B17&method=displayFull&navID=64C89239-9A43-4438-B922287001C3E7CE

5.5 Information Management (Business Process Support and Program Delivery Systems only)
If this initiative involves the collection of information from respondents external to the Department, then please indicate: (1) The types of respondents (e.g., all state education agencies), (2) The timetable for the collection, and (3) Whether (a) OMB Form 83-I and Supporting Statement for Paperwork Reduction Act Submissions have been completed for the data collection, and (b) the data collection has been certified as per the Paperwork Reduction Act. If you answered "no" to either (a) or (b), please explain. U.S. Department of Education Paperwork Reduction Act information: http://connected/policies/index.cfm?navID=64C89239-9A43-4438-B922287001C3E7CE

5.6 Privacy	
(1) Does, or will, this initiative collect and maintain personally identifiable information, such as names, social security numbers, home addresses, or other unique identifiers? (2) If yes, has a Privacy Act Notice (Notice of Privacy Act System of Records) been prepared and published in the **Federal Register**, as required by law? Please provide the system name used for the Privacy Act Notice.	

5.7 Security
(This question applies if the initiative meets the definition of major application or general support system as defined in OMB Circular A-130.)

Please address each part below. If you have not completed a security component, then please respond with the answer N/C (not completed).

Part 1 – (a) Please provide the date you completed/updated a General Support System & Major Application Inventory Submission Form. (b) If not complete, please provide an estimated date for completion and (c) explain.

Part 2 - (a) Provide the date you completed an IT Security Risk Assessment. (b) If not completed, please provide an estimated date for completion and (c) explain.

Part 3 – (a) Provide the date you completed/updated a System Security Plan, including Configuration Management Plan and Disaster Recovery Plan? (b) If not completed, please provide an estimated date for completion. (c) If you will not meet the Department deadline of June 15th, please explain.

Part 4 – (a) Please provide the date you completed/updated a NIST Self-Assessment based on the final System Security Plan, Configuration Management Plan, and Disaster Recovery Plan. (b) If not completed, please provide an estimated date for completion. (c) If you will you not meet the Department deadline of June 30th, please explain.

Part 5 – (a) Please provide the date you completed/updated the remaining Certification and Accreditation documentation, which includes a system security testing and evaluation plan, and a system security authorization agreement. (b) If not completed, please provide an estimated date for completion. (c) If you will you not meet the Department deadline of September 30th, please explain.

Part 6 – (a) Please provide the date the Principal Office Designated Approving Authority provided official accreditation. (b) If not completed, please provide an estimated date for completion. (c) If you will not meet the Department deadline of December 31st, please explain.

A **major application** means an application that requires special attention to security due to the risk and magnitude of the harm resulting from the loss, misuse, or unauthorized access to or modification of the information in the application.

A **general support system** means an interconnected set of information resources under the same direct management control, which shares common functionality. A system normally includes hardware, software, information, data, applications, communications, and people.

Please reference the Department's GSS and MA Inventory Guide for further guidance:
http://connected/invoke.cfm?oid=BACA66D1-0A00-4F79-9A699649D44432E6&method=displayFull&navID=E6B468A1-B8A1-4711-AFF9680FA7743F90

6.0 Risk and Project Management

6.1 Risk Management

For each risk category identify risks that require management. Provide a description of the risk, the probability of occurrence (high, medium, or low), the impact of the risk if nothing is done to manage it, and how it will be managed/mitigated. Ensure that each risk category is addressed.

By asking a few simple questions, you can identify risks. For example, what are the major concerns about the: technology being used; personnel and/or resources available to do the work; initiative schedule; initiative budget; security; or information and data that support the business process?

6.2 Operational Performance Measures

(1) List the performance measures you will use to evaluate the initiative during operation, and (2) include the dates you will know the initiative's technical performance for the operational performance measures.

An **operational performance measure** is a financial or non-financial indicator of whether the initiative is achieving the identified outcomes or results during operation. Examples of operational performance measures include: system is fully available over 98% of the time; decrease in processing cost by 25% per unit; or twenty trainees passing the Project Management Institute's certification test.

6.3 General Acquisition Strategy

If there is an existing contract please address the following:

(1) Do you use a single contract or several contracts to accomplish this initiative? If multiple contracts are planned, explain how they are related to each other, and how each supports the initiative's operational performance measures.
(2) What type of contract(s) do you use (e.g. cost reimbursement, fixed price, etc.)?
(3) Will you use financial incentives or other performance based contracting components to motivate contractor performance (e.g. incentive fee, award fee, etc.)? If so, please discuss the contract's performance components and measurable contract performance objectives.
(4) When does the contract(s) expire?
(5) Provide the contract name and number.

If you are replacing or modifying an existing contract, or if this is a new acquisition, then please also address the following to the extent known:

(6) Briefly describe the results of your market research.
(7) Briefly describe how you will use competition to select vendors for the initiative.
(8) Will you use a single contract or several contracts to accomplish this initiative? If multiple contracts are planned, explain how they will be related to each other, and how each will support the initiative's operational performance measures.
(9) What type of contract(s) will you use (e.g. cost reimbursement, fixed price, etc.)?
(10) Will you use financial incentives or other performance based contracting components to motivate contractor performance (e.g. incentive fee, award fee)? If so, please discuss the contract's performance components and measurable contract performance objectives.

Performance-based contracting means structuring all aspects of an acquisition around the purpose and outcomes of the work to be performed. In general, the components of performance-based contracting include: (1) a contract statement of work, including performance requirements and measurable performance standards; (2) a quality assurance plan; and (3) positive and negative performance incentives. A quality assurance plan is a plan for evaluating overall initiative performance on a regular basis to provide confidence that the initiative will satisfy the relevant quality standards.

7.0 Life Cycle Costs

7.1 Lifecycle Cost Estimates

Complete the attached Excel workbook using the instructions that follow on the next page.

FY 2003-04 Select Phase Cost Estimation Instructions

Each Project Manager (PM) shall complete a Cost Estimation Workbook for his/her respective IT initiative(s). The purpose of these instructions is to assist PMs in completing the workbook accurately and effectively as part of the FY 2003/2004 IT Investment Management Process Select Phase. Please enter data only in the white cells of the spreadsheet. Cells that are shaded gray are protected and contain macros that will calculate values automatically.

Worksheet 1 – Cost and Schedule of Milestones:

Please begin by entering the name of the initiative in the box indicated at the top of the page. The initiative name will appear automatically at the top of the remaining worksheets.

The Cost and Schedule of Milestones worksheet requires you to compare planned development and maintenance costs to actual costs, thereby incorporating the concept of earned value. Earned value is the value of the work actually accomplished at a particular point in time based on the original budget allocated for each milestone and/or period of maintenance. The cost estimates you provide should be considered an aggregate of all useful segments anticipated for your initiative and should **not** include Department FTE costs.

The cost and schedule of milestones for those initiatives already part of the IT Investment Management process should begin no earlier than April 1, 2001 and span the time period through September 30, 2004. If this is your first time completing this worksheet, then please begin your schedule as of October 1, 2001. If you have provided to the Department's Investment Review Board (IRB) this worksheet previously, then please continue your schedule.

The cost and schedule of milestones worksheet is divi ded into two parts, i.e., a development part and a maintenance part. Please complete each part as appropriate given your IT initiative.

Development Cost and Schedule of Milestones:

1. Milestones – Identify the high level milestones for the initiative by typing over the milestone descriptions in the placeholders provided. If you find it necessary to identify more than fifteen development milestones, please contact Treva Lutes immediately for an updated template that will accommodate additional milestones. Milestones should map directly to or roll up to useful segments. A useful segment is a module of the initiative that when completed has utility independent of other development modules. Development milestones should cover all non-maintenance costs through the end of FY 2004.

2. Planned Start Date – For each milestone, indicate the planned start date.

3. Planned Completion Date – For each milestone, identify the anticipated date of completion.

4. Total Milestone Cost – This is the total planned cost for the milestone. It is also called the planned value or the budgeted cost of work scheduled for the milestone. Please enter the total planned value for each milestone. The cost estimates for these milestones must capture all foreseeable development costs expected for your initiative. Total development costs are calculated automatically at the bottom of the column.

5. Planned Percentage of Milestone Completed – The percentage figure is calculated automatically through a formula using the cutoff analysis date of March 31, 2002. Based on the start and end dates you provide, this column calculates the percentage of work that should be completed as of the analysis date, assuming that the costs of the milestone are incurred uniformly. If the costs are not incurred uniformly, then you should break down the milestone into smaller milestones. We use these values to calculate the schedule variance.

6. Planned Value of Work Scheduled – This value is calculated automatically through a formula. It is the product of the "total milestone cost" and "planned percentage of milestone completed." It indicates the value of each milestone that should have been completed from the start date through the analysis date.

7. Actual Percentage of Milestone Completed – Provide an estimated completion percentage for each milestone. This percentage will be used to determine cost variances, so please be as accurate as possible with your estimates.

8. Actual Cost of Work Performed - Enter the actual costs incurred to date for each milestone. The worksheet will use this value to determine the cost variance for the project. In other words, it will indicate the extent to which budgetary disciplines are maintained. A negative variance will mean cost overruns while a positive variance will denote that the expenditure is under budget.

9. Earned Value – Budgeted Cost of Work Performed, or Earned Value, will be calculated automatically by a worksheet formula. Earned value is the value of work actually accomplished based on the original budget, and is the product of the "Actual Percentage of Milestone Completed" and the "Total Milestone Cost."

Maintenance Cost and Schedule of Milestones:

1. Time-periods – If you have completed this worksheet previously, then maintenance costs for the years 2001, 2002, 2003 and 2004 will be taken into account for calculating earned value and the cost and schedule variances. If this is your first time completing the worksheet, then please exclude fiscal year 2001 maintenance costs. For fiscal years 2002 and 2003, each year will be further subdivided into quarters.

2. Planned Start Date – This date is provided for each time period.

3. Planned Completion Date – This date is provided for each time period.

4. Total Maintenance Cost – This is the total planned maintenance cost for the initiative for this period. It is also called the planned value or the budgeted cost of work scheduled. Please provide the total planned costs of maintenance activities for each time period indicated. The cost estimates you provide for each maintenance period must capture all operational and non-development costs associated with the initiative. Total maintenance costs are calculated automatically at the bottom of the column.

5. Planned Percentage of Milestone Completed – The percentage figure is calculated automatically through a formula as described above.

6. Planned Value of Work Scheduled – This value is calculated automatically through a formula as described above. It indicates the value of each milestone that should have been completed from the start date through the analysis date.

7. Actual Percentage of Milestone Completed – Provide an estimated completion percentage for each time period of maintenance. This percentage will be used to determine cost variances, so please be as accurate as possible with your estimates.

8. Actual Cost of Work Performed - Enter the actual cost of maintenance incurred during each indicated time period.

9. Earned Value – Budgeted Cost of Work Performed, or Earned Value, will be calculated automatically for maintenance activities through a worksheet formula.

We will use the predetermined analysis date of March 31, 2002 for calculating cost and schedule variances. The worksheet will calculate these automatically. Provide any comments in the space provided if you would like to elaborate upon your initiative's costs and schedule. If your initiative has a negative cost or schedule variance of at least 7%, please provide a reason for the variance and planned corrective actions.

Worksheet 2 – Project Funding Plan:

The project funding plan worksheet is based on the total costs, excluding Department FTE costs, of your initiative. It reflects the funding requirements needed for implementing and operating your initiative as developed in the cost and schedule of milestones worksheet. Moreover, it indicates how you intend to acquire these funds, and what necessary budget actions are anticipated.

In the project funding plan worksheet, and the remainder of our worksheets, we shift our thinking from when expenses are incurred to funding available for obligation. Milestone costs in the current fiscal year can be satisfied by current or previous fiscal year obligations. You must keep this in mind when preparing your funding requests. In the remaining four worksheets, we will consider and note obligations.

Please complete the table using the definitions and comments below.

1. Budget Level – For FY2002, the entry is the amount of the initial allocation. For FY2003, the entry is the funding level for this initiative in the FY2003 President's budget. For FY2004 through FY2007, the entries represent the amount of funding you will request for this initiative through Budget Service. For FY2004 - FY2007, do not include Funding from Other Sources, as defined below.

2. Redirections – Changes to the FY 2002 initial allocation.

3. Funding Change Request – Funding change request to the FY2003 President's Budget that you are requesting through Budget Service for this initiative.

4. Funding from Other Sources – Dollar amounts that will be provided from entities outside of the Department, such as interagency transfers, or other business units in the Department. Please do not include any amounts that were incorporated as part of Budget Level for FY2002 and FY2003.

5. Total Initiative Funding – Sum of the four elements described above.

Please note:

- The total of FY 2003 Budget Level plus FY 2003 Funding Change Request must equal your funding requests to Budget Service for FY 2003.

- The entry for FY 2004 Budget Level must equal your funding request to Budget Service for FY 2004.

6. Provide any comments, if necessary.

7. Please note that if you are requesting a funding increase for fiscal year 2003 that is greater than 10 percent of the total funding amount (a) received during fiscal year 2002 or (b) the fiscal year 2003 President's budget, then please provide an explanation for the increase.

   If you are requesting a funding increase for fiscal year 2004 that is greater than 10% of the total funding amount of your revised request for fiscal year 2003, then please provide an explanation for the increase.

8. The Project Funding Plan Assistance table is provided as a reference tool to aid in the estimation of total initiative funding requirements through FY 2004. The information provided reflects your input on the previous Cost and Schedule of Milestones worksheet. The numbers provided depict the actual fiscal year that expenses will be incurred, regardless of when the funds were obligated. This information should be used to determine your funding requirements. Data captured from the Cost and Schedule of Milestones worksheet is only available through FY 2004. However, having this information available through FY 2004 should also allow for more accurate funding plans for FY 2005 and beyond.

Worksheet 3 – IRB Summary:

The IRB Summary is designed to clearly illustrate how funding required each year will be used to:

1. Maintain the operation of your initiative at the current service level,
2. Refresh the technology by acquiring and incorporating recent versions of software and hardware to remain current with the latest vendor releases, and
3. Extend the functions or capabilities provided by the initiative through additional development.

Begin by entering the number of Department FTEs contributing to your IT initiative on a fiscal year basis. These are the Department personnel who manage or contribute to the system, such as the project manager, contracting officer's representative, system administrator, but not the Department personnel who use the system. When making your entries, please do not over-write any of the cells in the row marked "Fully Burdened FTE Rate." The worksheet will automatically calculate the annual Department FTE costs and populate the summary information below.

Maintenance expenses:

1. Minimum to Sustain – Please provide the minimum amount of funding required each year to maintain your initiative at its current service level or capability, without losing or adding functionality. This may be only a fraction of the lifecycle costs for each outlying year if you intend to enhance or develop the initiative over time.

2. Technology Refresh – Please provide estimates for "Technology Refresh" for each fiscal year.

Development expenses:

1. Development expenses should be separated into planning expenses and other development expenses. You should separate the other development expenses into each useful segment (or module) of the initiative.

2. Planning – These are the portions of the development costs of the useful segments related to planning and can include feasibility studies and the development of project and risk management plans.

3. Useful Segments – You may have plans to develop one or more useful segments for an initiative. Cost estimates for the development of each useful segment should be provided separately and indicated on an annual basis. Note that your initiative may not have any planned development activities, or could potentially have more planned useful segments than there are placeholders in the template. Should your initiative have more than five potential useful segments, please contact Treva Lutes immediately for an updated template that will accommodate the number of segments that you anticipate. A one or two word description of each segment should be typed over the "Useful Segment" placeholders in the first column.

4. This part of the IRB Summary worksheet will automatically enter the annual Department FTE costs from the entries you completed at the top of the worksheet.

5. The worksheet will calculate automatically the subtotals of development and maintenance expenses and the total expenses.

Breakout of FTEs:

1. Please separate the Department FTE costs into maintenance and development costs by fiscal year. You should further breakdown the development FTE costs into planning and useful segment support costs by fiscal year. Consider the number of FTEs allocated to this initiative by fiscal year as identified above. Breakdown total FTE costs into maintenance and development FTE expenditures by entering the percentage of time spent in each activity. The percentages for development costs should be further separated into planning and useful segment support costs. The total FTE percentages for each year must equal 100%.

2. The formulas built into the spreadsheet will calculate the dollar value corresponding to the percentages in the appropriate cells. Once complete, you will have allocated all costs to maintenance and development phases. Moreover, you will have allocated the development costs to planning and useful segments support activities.

General comments

1. Comments – Please provide additional comments in the box provided, if necessary.

2. Once this worksheet and the lifecycle cost estimate worksheet are completed, the subtotal of expenses, Department FTEs, and total expenses including FTEs should match those on the Lifecycle Cost Estimate worksheet. Furthermore, each of these should be consistent throughout all the templates and can be verified with the Validation sheet. For more information, see the Validation sheet section below.

Worksheet 4 – Lifecycle Cost Estimate:

In this worksheet you will develop an estimate of the lifecycle costs of the initiative and allocate these costs into a handful of cost categories, e.g., hardware, software, contractor services.

1. Please complete the remainder of the spreadsheet using the definitions and comments below. The worksheet cells with the gray pattern are protected and will calculate automatically.

2. Savings – are reductions in cost. They can be achieved in a number of ways, including through the replacement of legacy systems, and through reductions in the cost to support business operations.

3. Hardware – the purchase and lease expenditures for servers, client computers (e.g., desktops and laptops), peripherals, and network components.

4. Software – acquisition and maintenance expenditures for software. Include in this category all system software packages, off-the-shelf software, and custom software.

5. Contractor Services – the total cost of contractor labor hours associated with the initiative. These include development, testing, maintenance and administration costs, as well as feasibility studies, independent verification and validation, etc. These costs do **not** include contractor support provided for training and IT security efforts. Contractor support costs associated with training and IT security should be captured in those line items.

6. Training – the training costs associated with the investment or undertaking. Include in this category the costs of developing the training materials, as well as the cost of providing the training.

7. Security – security costs include the costs of IT security planning and mitigation for the initiative.

8. Other – include any other IT costs directly related to the initiative, but not captured in one of the above categories.

9. Department FTE costs are calculated using the information you provided in the IRB Summary.

10. Total expenses are calculated automatically. The lifecycle cost totals do **not** include FY 2001 costs in order to properly account for discount factors. However, FY 2001 costs are included in the lifecycle cost totals on the validation sheet for comparison to the data provided on the IRB summary.

11. Net Savings – is equal to savings minus total expenses. Typically, in the public sector this value will be negative as performance improvements are the main advantages to be gained by undertaking IT initiatives. These values are calculated automatically.

12. Discount Factor – is specified by the OMB Circular A-94 and is used to determine the present value of a cash flow, e.g., savings, hardware expense, software expense. These values are provided.

13. Net Present Value – is an investment return measure that considers the time value of money. Multiplying the net savings by the discount factor for each fiscal year and then summing each result calculates the net present value. These values are calculated automatically.

14. Other Contract Cost Estimates - If this initiative is part of a larger contract that supports an information process, then please provide the additional contract costs for fiscal years 2001 through 2007. These costs are the non-IT costs associated with the business process or information process that the initiative supports. In these cases, the total contract costs will exceed the IT costs.

15. Provide comments to explain these items, if necessary.

Sheet 5 – Validation:

The Validation table is provided as a means for you to validate your cost estimates, but requires no input from you. The table reflects your input from each previous worksheet and compares Departmental FTE costs, as well as total expenses both with and without FTE costs. **For each year, the numbers from each worksheet for each of the three subcategories should be the same.** If the numbers in any set vary, this is an indication that one or more of the worksheets contain an error.

Exhibit 53 information – The Executive Office will use this information as input to the Department's Budget Formulation Database to prepare the OMB Exhibit 53.

(1) Select the **one** IT Goal that best relates to the IT initiative. Enter the letter and number, if applicable, of the goal. Note that of the ten IT Goals to select from, six of them – A2, A3, A4, A5, A6 and A7 – are part of the Department's Strategic Plan. The four other selections – A1, B, C, and D – are Goals defined by OMB and are unique to IT initiatives. Refer to your answers in Sections 1.3 and 3.2. Even though you may have specified a Strategic Plan Goal in Section 3.2, please use one of the four other selections if more applicable.

Please use the goal definitions below to classify your IT initiative.

A1 – Financial Management (Refer to section 1.3 for a definition.) Systems that **predominantly** support financial functions should be included in this first mission area.
A2 –Goal 1 - Create a Culture of Achievement
A3 –Goal 2 - Improve Student Achievement
A4 –Goal 3 - Develop Safe Schools and Strong Character
A5 –Goal 4 - Transform Education into an Evidence-Based Field
A6 –Goal 5 - Enhance the Quality of and Access to Postsecondary and Adult Education
A7 –Goal 6 - Establish Management Excellence
B – IT Infrastructure and Office Automation - These are common user systems, communications, and computing infrastructure expenditures that usually involve multiple mission areas (e.g., general LAN/WAN, desktops, data centers, and cross-cutting issues such as shared IT Security and telecommunications).
C – IT Architecture and Planning - These are initiatives that support strategic management of IT operations (e.g., IT architecture development, IT investment management, and IT policy development and implementation).
D – Grants Management - These are initiatives that represent planning, developing, enhancing or implementing a grants management system or portion thereof. Note: If a Grants Management initiative is **predominantly** a financial management system, then classify as A1 – Financial Management.

(2) Indicate the estimated percentage of the IT initiative expenditures, including IT amount and IT FTE, that relates to Financial Management for Budget Year 2004. The percentage for Financial Management may be zero. (Refer to section 1.3 for a definition.)