

Budget Brief: DTS Appropriated Budgets Summary

CAPITAL FACILITIES AND GOVERNMENT OPERATIONS

FY 2010

SUMMARY

The Department of Technology Services (DTS) manages information technology (IT) programs and resources statewide. It acts as the Executive Branch's lead agency on IT, working with all other state agencies to ensure efficient and effective investment in and operation of IT. It responds first and foremost to the business needs of its customers – other agencies in the state.

Information Technology Governance Amendments (House Bill 109, 2005 General Session) created DTS. The bill immediately moved the Office of the Chief Information Officer and the Automated Geographic Reference Center into DTS as appropriated budget items. Subsequent appropriations acts added Technology Acquisition projects as appropriated items.

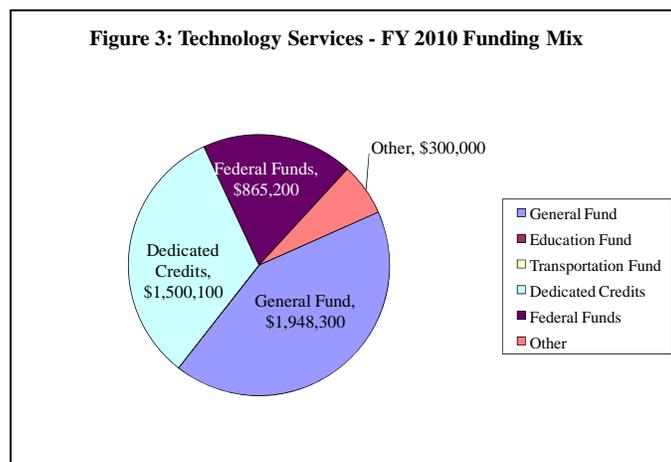
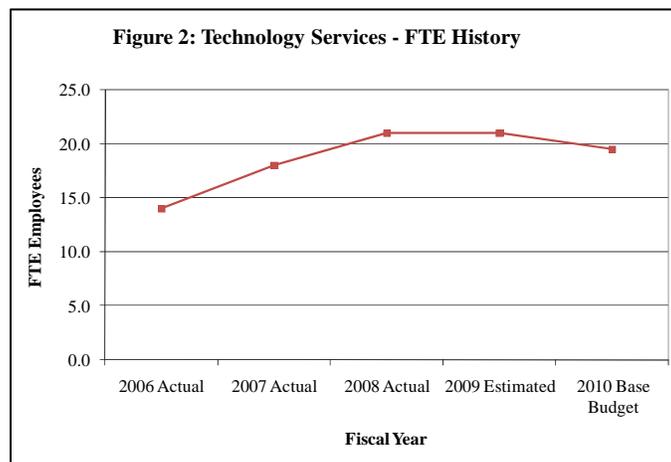
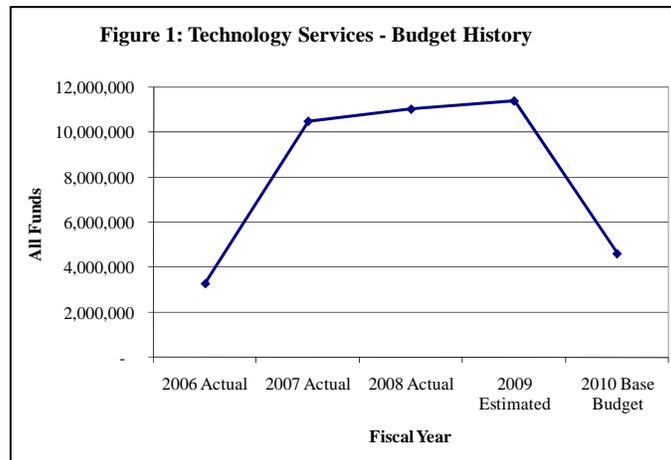
House Bill 109 also provided mechanisms through which the governor consolidated the Division of Information Technology Services (ITS) and all agency information technology functions into DTS before July 1, 2006. The internal service fund portion of DTS, including what was formerly known as ITS, will be addressed in Budget Brief *Department of Technology Services (ISF)*.

DTS Appropriated Budget Line Items

Appropriated budget line items in the Department of Technology Service include:

- Chief Information Officer (CIO)
- Integrated Technology
- Technology Acquisitions Projects

Specific issues and recommendations relating to these line items will be discussed in their respective Budget Briefs.



BUDGET DETAIL

The “appropriated” side of the Department of Technology Services’ budget comes directly from tax revenue, federal funds, and associated collections. Appropriated entities are controlled by the size of their budget. They can only spend what is appropriated, with an exception for federal funds (that they can spend all that they collect) and dedicated credits (that they can spend 125% of what is collected).

Technology Services						
Sources of Finance	FY 2008 Actual	FY 2009 Appropriated	Changes	FY 2009 Revised	Changes	FY 2010* Base Budget
General Fund	2,159,800	2,112,200	(163,900)	1,948,300	0	1,948,300
General Fund, One-time	112,800	402,000	33,100	435,100	(435,100)	0
Federal Funds	451,200	815,200	88,000	903,200	(38,000)	865,200
Dedicated Credits Revenue	5,177,100	19,650,100	(12,150,000)	7,500,100	(6,000,000)	1,500,100
GFR - E-911 Emergency Services	300,000	300,000	0	300,000	0	300,000
State Debt Collection Fund	500,000	0	0	0	0	0
Beginning Nonlapsing	2,621,400	30,000	293,100	323,100	(323,100)	0
Beginning Nonlapsing - DHRM Flex B	10,200	0	0	0	0	0
Beginning Nonlapsing - Retirement	77,000	0	0	0	0	0
Closing Nonlapsing	(323,100)	0	0	0	0	0
Lapsing Balance	(40,400)	0	0	0	0	0
Total	\$11,046,000	\$23,309,500	(\$11,899,700)	\$11,409,800	(\$6,796,200)	\$4,613,600
Line Items						
Chief Information Officer	631,100	750,800	(7,400)	743,400	(58,000)	685,400
Integrated Technology	5,310,000	4,408,700	257,700	4,666,400	(738,200)	3,928,200
Technology Acquisition Projects	5,104,900	18,150,000	(12,150,000)	6,000,000	(6,000,000)	0
Total	\$11,046,000	\$23,309,500	(\$11,899,700)	\$11,409,800	(\$6,796,200)	\$4,613,600
Categories of Expenditure						
Personal Services	1,987,400	2,177,700	121,000	2,298,700	(83,100)	2,215,600
In-State Travel	72,000	57,500	18,500	76,000	0	76,000
Out of State Travel	36,200	42,000	5,000	47,000	0	47,000
Current Expense	2,410,100	1,105,500	(102,800)	1,002,700	13,500	1,016,200
DP Current Expense	335,500	1,026,800	(669,900)	356,900	(48,000)	308,900
DP Capital Outlay	5,388,500	18,300,000	(11,746,000)	6,554,000	(6,400,000)	154,000
Other Charges/Pass Thru	816,300	600,000	474,500	1,074,500	(278,600)	795,900
Total	\$11,046,000	\$23,309,500	(\$11,899,700)	\$11,409,800	(\$6,796,200)	\$4,613,600
Other Data						
Budgeted FTE	21.0	22.0	(1.0)	21.0	(1.5)	19.5
Actual FTE	22.7	0.0	0.0	0.0	0.0	0.0
Vehicles	2	0	0	0	0	0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.



Budget Brief: DTS Chief Information Officer

SUMMARY

By statute, the Executive Director of the Department of Technology Services serves as the State’s Chief Information Officer (CIO). In addition to administering the Department, the CIO provides policy direction and strategic vision for state information technology endeavors. The CIO reports directly to the governor, as well as to the Utah Technology Commission and Public Utilities and Technology Interim Committee. He or she has a seven member advisory board from which to seek input.

ISSUES AND RECOMMENDATIONS

Narrowband Radio Interoperability

The Federal Communications Commission (FCC) mandated that all public safety communications must narrowband by 2012. Narrowbanding refers to the reduction in the range of frequencies used for a communications channel in the VHF spectrum. This federal mandate will require all state agencies using radio communications to either migrate to 800 megahertz radios or upgrade their current VHF radios to narrowband capable radios. The estimated costs to replace radios in state agencies are as follows:

- Public Safety \$2,516,310
- Transportation \$ 902,530
- Health \$ 345,700
- Corrections \$ 180,600
- Natural Resources \$ 99,909
- Human Services \$ 30,700
- Tax \$ 29,754

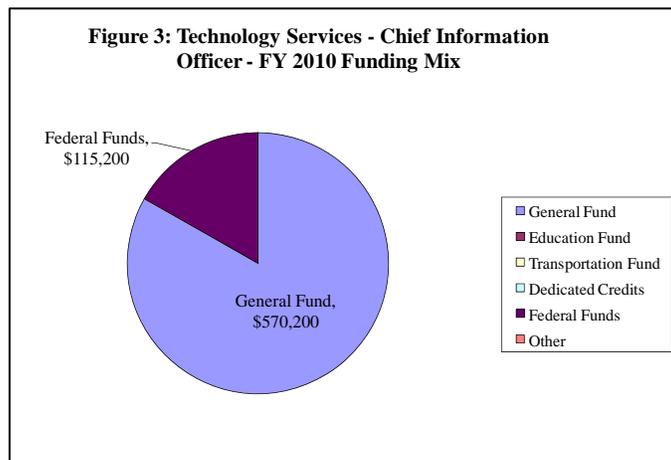
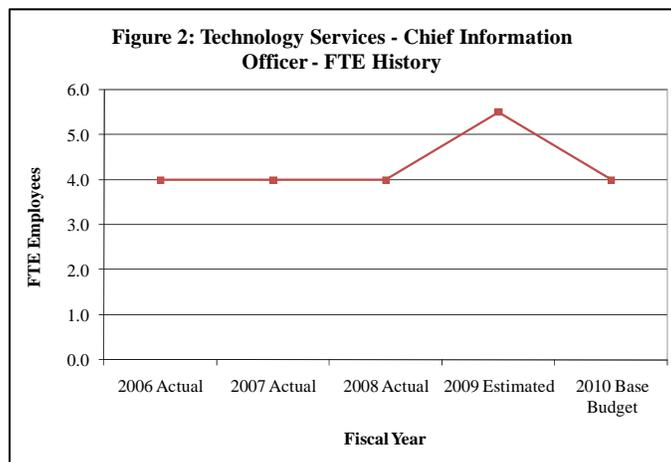
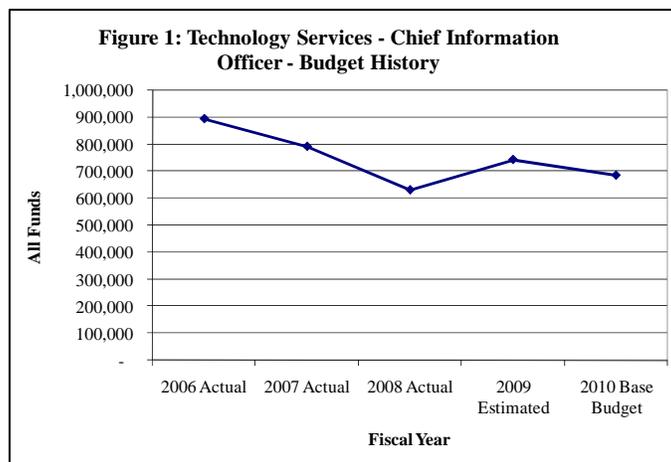
The Analyst recommends that each agency be responsible for funding their own radio upgrades, which will allow cost sharing with funds other than General Fund.

BUDGET DETAIL

In FY 2009 the Legislature appropriated federal funds (from a federal Homeland Security grant) for an interoperability coordinator FTE to coordinate public safety communications. This position will be cut when the federal grant funds discontinue.

Nonlapsing Balance

The CIO requests that \$45,000 not lapse at the end of FY 2009. These funds will be used for data center consolidation and optimization planning and for a rate comparison study:



- \$30,000 for consulting on a statewide data center consolidation and for optimizing the data center
- \$15,000 for consulting services for a market comparability and benchmarking analysis of DTS ISF rates

Intent Language

The Analyst recommends the Legislature adopt the following intent language for FY 2009:

Under Section 63J-1-402(3) of the Utah Code the Legislature intends that funds provided in Item 57 of Chapter 2 and Item 44 of Chapter 392, Laws of Utah 2008 for the Department of Technology Services - Chief Information Officer shall not lapse at the close of fiscal year 2009. Expenditure of these funds is limited to consulting projects for the data center consolidation and rate comparison studies - \$45,000.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A total FY 2009 base appropriation of \$685,400 for the Chief Information Officer line item.
2. Intent language making the FY 2009 appropriation nonlapsing.

BUDGET DETAIL TABLE

Technology Services - Chief Information Officer						
	FY 2008	FY 2009		FY 2009		FY 2010*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	640,100	627,600	(57,400)	570,200	0	570,200
General Fund, One-time	0	8,000	0	8,000	(8,000)	0
Federal Funds	0	115,200	0	115,200	0	115,200
Beginning Nonlapsing	81,400	0	50,000	50,000	(50,000)	0
Closing Nonlapsing	(50,000)	0	0	0	0	0
Lapsing Balance	(40,400)	0	0	0	0	0
Total	\$631,100	\$750,800	(\$7,400)	\$743,400	(\$58,000)	\$685,400
Programs						
Chief Information Officer	631,100	750,800	(7,400)	743,400	(58,000)	685,400
Total	\$631,100	\$750,800	(\$7,400)	\$743,400	(\$58,000)	\$685,400
Categories of Expenditure						
Personal Services	500,400	644,000	(4,000)	640,000	(55,500)	584,500
In-State Travel	1,000	2,500	(1,500)	1,000	0	1,000
Out of State Travel	14,700	15,000	5,000	20,000	0	20,000
Current Expense	86,000	76,200	(57,100)	19,100	45,500	64,600
DP Current Expense	15,100	13,100	45,800	58,900	(48,000)	10,900
DP Capital Outlay	1,600	0	0	0	0	0
Other Charges/Pass Thru	12,300	0	4,400	4,400	0	4,400
Total	\$631,100	\$750,800	(\$7,400)	\$743,400	(\$58,000)	\$685,400
Other Data						
Budgeted FTE	4.0	5.0	0.5	5.5	(1.5)	4.0
Actual FTE	3.9	0.0	0.0	0.0	0.0	0.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Budget Brief: DTS Integrated Technology

SUMMARY

The division of Integrated Technology coordinates application development and project management for agencies and programs that share common needs. As opposed to the division of Enterprise Technology, which oversees the information technology that affects all state agencies, the division of Integrated Technology oversees the information technology that affects multiple, but not all, agencies.

The largest component of the division is the Automated Geographic Reference Center (AGRC) which maintains and operates Utah's State Geographic Information Database (SGID). The AGRC works with state agencies to collect and retain geospatial data and assists agencies in culling information from that data using computer applications. Examples of its work include a collection of high-resolution geographically correct images, mapping of rural RS-2477 roads, and depiction of legislative district boundaries. Prior to FY 2006, the AGRC resided within the Department of Administrative Services (DAS). In FY 2006 the AGRC became a part of the new Department of Technology Services.

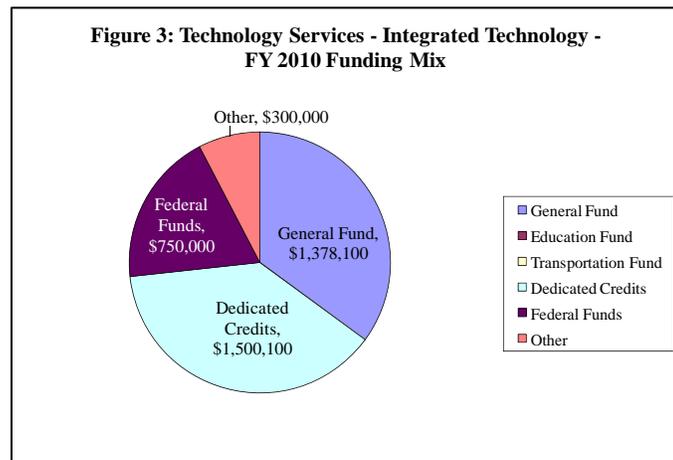
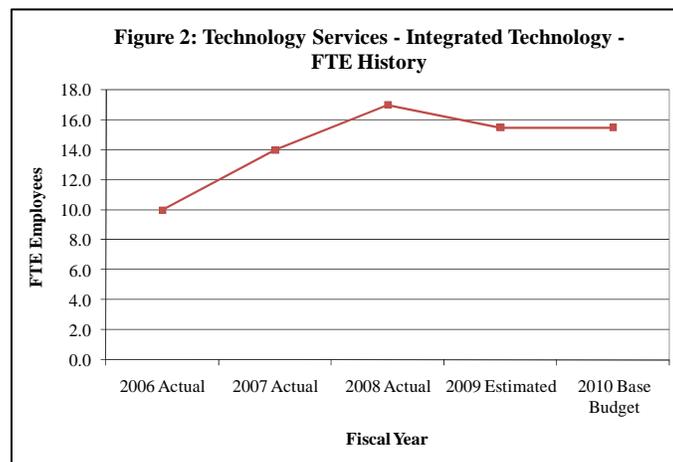
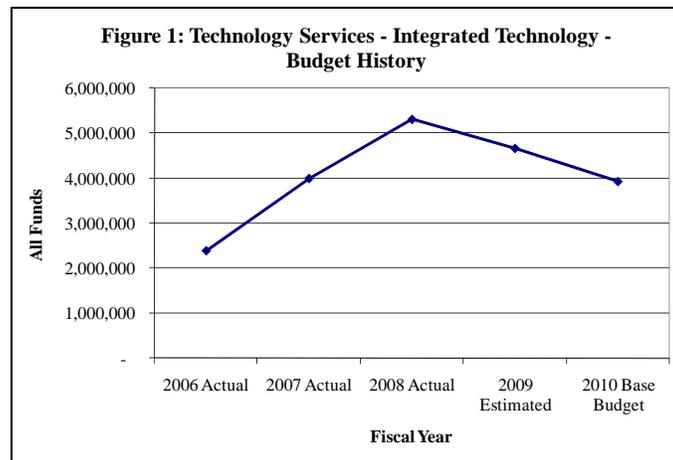
ISSUES AND RECOMMENDATIONS

AGRC Cadastral (Ownership) Data

Government Boundary Changes (H.B. 113, 2005 G.S.) required the AGRC to work with local governments to create a parcel database. To accomplish this task the AGRC has created the State Geographic Information Database into which it posts local government parcel information describing ownership and boundaries. The AGRC has received \$400,000 in FY 2007 and FY 2008 to pass through to local governments to enable them to collect parcel boundary and corner information regarding the land in their area.

Short-term Lease of a Vehicle

Several years ago the Division of Fleet Operations agreed to lease a vehicle to the AGRC in order to allow them to acquire geospatial data around the state. Fleet typically only grants this authority for one year. As this short-term lease agreement has continued for over two years, the AGRC must request an additional vehicle of the Subcommittee or pay daily pool (rental) rates, which are significantly higher. The AGRC, therefore requests to purchase a vehicle using \$23,000 from existing funds that will not be replaced.



BUDGET DETAIL

Nonlapsing Balance

The AGRC requests that \$571,000 not lapse at the end of FY 2009. These funds will be used for the following special mapping projects:

- \$300,000 from a federal grant for high resolution imagery data acquisition
- \$15,000 from a federal grant to improve geographic feature names database for the national Geographic Names Information System and the State Geographic Information Database
- \$50,000 from an EPA grant to the Department of Natural Resources for a special project for database and application development for the Division of Wildlife
- \$156,000 from BLM funds to Utah counties for a special project for parcel and section corner data

Intent Language

The Analyst recommends the Legislature adopt the following intent language for FY 2009:

Under Section 63J-1-402(3) of the Utah Code the Legislature intends that funds provided in Item 58 of Chapter 2 and Item 45 of Chapter 392, Laws of Utah 2008 for the Department of Technology Services - Integrated Technology Division shall not lapse at the close of fiscal year 2009. Expenditure of these funds is limited to: Automated Geographic Reference Center projects - \$571,000.

The Analyst also recommends the Legislature consider the following intent language for FY 2010:

Automated Geographic Reference Center is authorized to purchase one vehicle to enable geospatial data acquisition using \$23,000 from existing funds. This vehicle is not to be replaced.

Fees

In accordance with UCA 63J-1-303, the following fees are proposed for the Department of Technology Services Automated Geographic Reference Center program in FY 2010:

	FY 2009 Current	FY 2010 Proposed	Difference	FY 2009 # Units	Revenue Change
GIT Materials					
Regular Plots (per foot)	6.00	6.00	0.00	0	0
Mylar Plots (per foot)	8.00	8.00	0.00	0	0
Utah Reference Network GPS Service Rate (per year)	300.00	300.00	0.00	0	0
GIT Training (per person, per day)	175.00	175.00	0.00	0	0
GIT Professional Labor (per hour)	73.00	73.00	0.00	0	0
GIT Data Support (per hour)	36.00	36.00	0.00	0	0

Federal Funds Approval

The following Federal grants and awards are submitted to the Subcommittee for their approval for the Automated Geographic Reference Center for FY 2009:

- USGS - Imagery of \$332,800 with a \$50,000 General Fund match
- BLM Assistance Award of \$156,000 with no State match
- EPA Project of \$200,000 with no State match
- USGS - Structures of \$75,000 with a \$25,000 General Fund match
- USGS – Geographic Names of \$25,000 with a \$25,000 General Fund match

The following Federal grants and awards are submitted to the Subcommittee for their approval for the Automated Geographic Reference Center for FY 2010:

- FGDC Grant of \$100,000 with a \$25,000 General Fund match
- BLM Assistance Award of \$200,000 with no State match
- EPA Project of \$200,000 with a \$25,000 General Fund match
- USGS Partnership of \$250,000 with a \$50,000 General Fund match

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A total base appropriation of \$3,928,200 for the Integrated Technology line item.
2. Intent language making the FY 2009 appropriation nonlapsing but limited to uses specified in the language.
3. Intent language for FY 2010 authorizing the addition of one vehicle.
4. Federal grants and awards approval of \$788,800 for FY 2009 with \$100,000 of General Fund match.
5. Federal grants and awards approval of \$750,000 for FY 2010 with \$100,000 of General Fund match.

BUDGET DETAIL TABLE

Technology Services - Integrated Technology						
Sources of Finance	FY 2008 Actual	FY 2009 Appropriated	Changes	FY 2009 Revised	Changes	FY 2010* Base Budget
General Fund	1,519,700	1,484,600	(106,500)	1,378,100	0	1,378,100
General Fund, One-time	112,800	394,000	33,100	427,100	(427,100)	0
Federal Funds	451,200	700,000	88,000	788,000	(38,000)	750,000
Dedicated Credits Revenue	1,472,200	1,500,100	0	1,500,100	0	1,500,100
GFR - E-911 Emergency Services	300,000	300,000	0	300,000	0	300,000
State Debt Collection Fund	500,000	0	0	0	0	0
Beginning Nonlapsing	1,140,000	30,000	243,100	273,100	(273,100)	0
Beginning Nonlapsing - DHRM Flex F	10,200	0	0	0	0	0
Beginning Nonlapsing - Retirement	77,000	0	0	0	0	0
Closing Nonlapsing	(273,100)	0	0	0	0	0
Total	\$5,310,000	\$4,408,700	\$257,700	\$4,666,400	(\$738,200)	\$3,928,200
Programs						
Automated Geographic Reference Cer	4,660,000	3,758,700	257,700	4,016,400	(738,200)	3,278,200
Statewide Interoperable Communicati	650,000	650,000	0	650,000	0	650,000
Total	\$5,310,000	\$4,408,700	\$257,700	\$4,666,400	(\$738,200)	\$3,928,200
Categories of Expenditure						
Personal Services	1,487,000	1,533,700	125,000	1,658,700	(27,600)	1,631,100
In-State Travel	71,000	55,000	20,000	75,000	0	75,000
Out of State Travel	21,500	27,000	0	27,000	0	27,000
Current Expense	2,321,600	1,029,300	(45,700)	983,600	(32,000)	951,600
DP Current Expense	296,000	763,700	(465,700)	298,000	0	298,000
DP Capital Outlay	308,900	400,000	154,000	554,000	(400,000)	154,000
Other Charges/Pass Thru	804,000	600,000	470,100	1,070,100	(278,600)	791,500
Total	\$5,310,000	\$4,408,700	\$257,700	\$4,666,400	(\$738,200)	\$3,928,200
Other Data						
Budgeted FTE	17.0	17.0	(1.5)	15.5	0.0	15.5
Actual FTE	18.9	0.0	0.0	0.0	0.0	0.0
Vehicles	2.0	0.0	0.0	0.0	0.0	0.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Budget Brief: Department of Technology Services (ISF)

SUMMARY

The Department of Technology Services (DTS) acts as Utah's central service provider for information technology (IT) related activities. DTS was created by *Information Technology Governance Amendments* (H.B. 109, 2005 GS) which consolidated the Division of Information Technology Services and all agency IT functions into DTS. The internal service fund (ISF) portion of DTS is financed by billing customer agencies for services provided.

The DTS Internal Service Funds has two programs:

- Agency Services
- Enterprise Services

ISSUES AND RECOMMENDATIONS

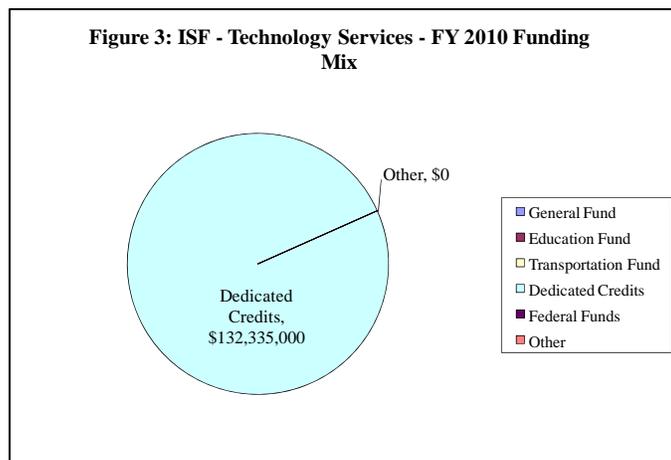
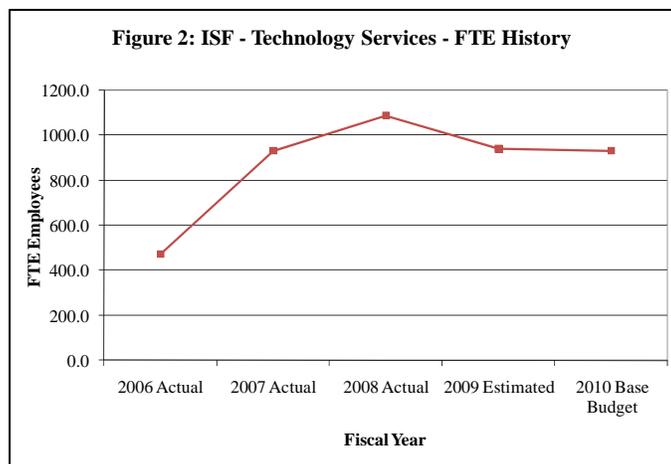
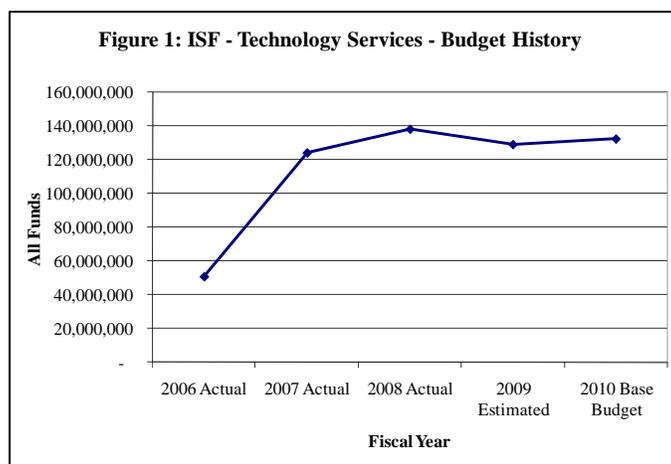
DTS Rate Structure

House Bill 109 (2005 GS) facilitated a consolidation of IT employees from state agencies into the Department of Technology Services. To ease the transition, DTS kept the IT employees in the same function they previously held within the agencies and billed the agencies for those employee salaries and benefits through the Agency Services program.

The Agency Service program was only intended to serve as a transition program to allow the Department time to analyze how the functions of those employees relate to IT products it provides to the agencies. FY 2007 and 2008 were the transitional period and in FY 2009 the Department transferred all but 69 IT directors and administrative staff (of approximately 700 employees) out of the billed Agency Services program and into the rate-based Enterprise Services program. In FY 2010 DTS will transfer the remaining 69 employees from Agency Services to Enterprise Services and incorporate them into the cost structure.

The Department identified five major functions the Agency Services employees provide to agencies that can now be charged as rates instead of billing for employees: Desktop Support, Security, Server Administration, Application Maintenance, and Service Desk.

Since 2007, the Department has successfully created a new rate structure within the Enterprise Services program that eliminates cross-subsidies. The rates reflect the full cost of providing IT products to state agencies. These more accurate price signals will help DTS customers make better decisions when contemplating information technology.



FY 2010 Rate Changes and Budget Reductions

The Department of Technology Services presented a request to the DTS Rate Committee for rate increases totaling \$3.7 million in FY 2010 to cover the cost of employee Cost-of-Living-Adjustments and benefit increases approved in FY 2009. While the Legislature funds employee compensation increases in appropriated agencies; internal service funds are required to pay for the compensation increases themselves by increasing rates (or finding efficiencies) in the subsequent fiscal year.

While the DTS Rate Committee approved the DTS rates to increase by \$3.7 million, the Department of Technology Services was asked by the Governor's Office and the Fiscal Analyst to identify internal cost-savings to offset this increase. The Department came up with approximately a 3% overall budget reduction that would include discretionary budget cuts in operations; employee reductions through attrition (not replacing individuals who leave or retire) of approximately 20 positions; and employee reductions in force equating to approximately 10 positions in administration, application development, and infrastructure. The approximate savings of these reductions equates to \$3.97 million and would offset the request for increased rates.

As mentioned previously, the FY 2010 Enterprise rates also include the final consolidation of Agency Services. In FY 2009, approximately 69 IT directors and administrative staff were left in the Agency Services program and were billed out as direct costs by DTS. In order to completely cost-recover for state IT services, the Fiscal Analyst requested that DTS build the remaining Agency Services personnel into the Enterprise rates and terminate the Agency Services program. This results in an approximately \$7.2 million shift from Agency Services direct-billing to Enterprise Services rates-for-services.

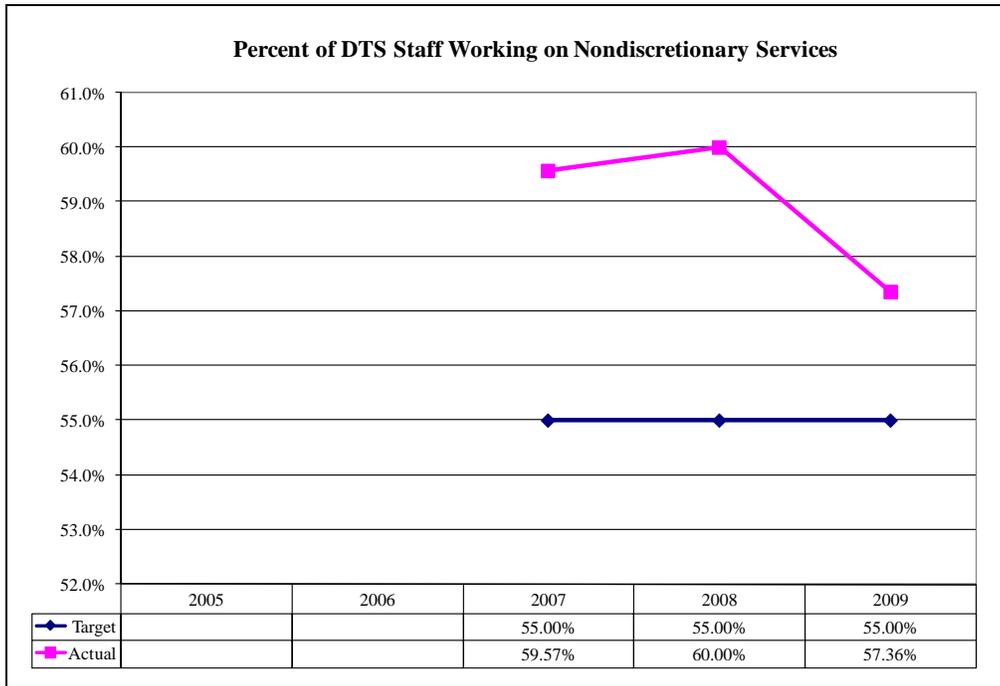
The Analyst recommends adoption of new DTS rates based on the budget reductions detailed above and included in Issue Brief *DTS ISF Rate Impacts*.

Data Center Consolidation

In addition to the reductions mentioned above, the Analyst requested that DTS examine other ways to further reduce rates for FY 2010. One area of potential savings is in data center and server consolidation. Many agencies currently house their own servers in-house and have on-site DTS (formerly agency) staff available to maintain those servers. In most cases the capacity of the servers are not being fully utilized. Consolidating all the servers state-wide into one data center would allow DTS to efficiently allocate agency applications to servers based on space needs rather than on which server belongs to which entity. Furthermore, such a consolidation would enable DTS to more effectively allocate staff to server maintenance in one location and reduce utility costs. Agencies would benefit from more space for their operations and lower server administration costs. DTS projects that such a consolidation would result in savings of approximately \$4 million. If the Legislature were to require such a consolidation, the Department requests at least a year to implement it. The Analyst recommends that the Legislature move forward with a data center consolidation by reducing agency server expenses ongoing in FY 2010 by the amount of the savings and adding back in the same amount one-time in FY 2010 in order to give DTS the necessary time to implement the consolidation.

ACCOUNTABILITY DETAIL***Percent of DTS Staff Working on Nondiscretionary Services***

As a service agency, DTS must be responsive to customer (agency) needs. The ISF divides its responsibilities into two main areas: discretionary services and nondiscretionary services. Nondiscretionary services are areas that DTS must provide such as infrastructure and contains the overhead costs of the agency. Discretionary services are services requested by user agencies for DTS to perform such as application development. The goal of DTS is to reduce the time IT staff spend working on nondiscretionary areas to 55% or less.



BUDGET DETAIL

The size and scope of internal service funds are controlled by rates charged to other agencies, full-time employment levels (which for and ISF are binding), and capital outlay authorization. The decrease in revenue and expenditures from FY 2008 to FY 2009 is a result of excluding pass-through charges for equipment paid for and owned by the agencies, but purchased by DTS.

Capital Outlay Authority

Technology Services requests \$7,000,000 of capital outlay authority for FY 2010 as follows:

- Wide Area Network upgrades \$1,270,000
- Local Area Network upgrades \$ 500,000
- Internet Content Filtering, Security, and Email Archiving \$ 935,000
- Microwave paths \$ 557,083
- Microwave maintenance and Communication Site Upgrades \$ 515,230
- Storage \$ 666,000
- Server and other equipment replacement \$ 618,800
- Telephone PBX upgrades, voicemail and switch upgrades \$1,240,000
- Other Assets \$ 697,887

In addition, DTS will need up to \$4,000,000 in capital outlay authority in FY 2010 to effectuate the data center consolidation to purchase servers and equipment.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. FY 2010 estimated revenues of \$132,335,000 for the Department of Technology Services ISF
2. Rates as presented in the accompanying Issue Brief
3. 903.0 FTE
4. Authorized Capital Outlay of \$11,000,000 as detailed above

BUDGET DETAIL TABLE

ISF - Technology Services						
	FY 2008	FY 2009		FY 2009		FY 2010*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
Dedicated Credits - Intrag	138,053,700	117,032,700	12,019,500	129,052,200	3,282,800	132,335,000
Sale of Fixed Assets	61,800	0	0	0	0	0
Total	\$138,115,500	\$117,032,700	\$12,019,500	\$129,052,200	\$3,282,800	\$132,335,000
Line Items						
ISF - DTS Operations	138,115,500	117,032,700	12,019,500	129,052,200	3,282,800	132,335,000
Total	\$138,115,500	\$117,032,700	\$12,019,500	\$129,052,200	\$3,282,800	\$132,335,000
Categories of Expenditure						
Personal Services	81,531,500	83,324,900	3,570,100	86,895,000	(2,060,900)	84,834,100
In-State Travel	96,400	173,100	76,800	249,900	0	249,900
Out of State Travel	188,500	408,100	(166,400)	241,700	1,900	243,600
Current Expense	19,457,800	16,819,400	7,042,600	23,862,000	43,200	23,905,200
DP Current Expense	31,303,400	9,519,600	7,536,400	17,056,000	325,700	17,381,700
DP Capital Outlay	5,134,900	0	0	0	0	0
Capital Outlay	0	0	2,400	2,400	(2,400)	0
Other Charges/Pass Thru	677,900	1,395,100	(760,300)	634,800	179,600	814,400
Depreciation	4,088,000	5,392,500	(69,900)	5,322,600	(192,600)	5,130,000
Total	\$142,478,400	\$117,032,700	\$17,231,700	\$134,264,400	(\$1,705,500)	\$132,558,900
Other Data						
Budgeted FTE	1089.0	933.0	0.0	933.0	(30.0)	903.0
Actual FTE	804.2	0.0	0.0	0.0	0.0	0.0
Authorized Capital Outlay	3,907,400	7,961,000	0	7,961,000	(961,000)	7,000,000
Retained Earnings	2,790,900	4,543,300	(6,062,900)	(1,519,600)	(1,125,700)	(2,645,300)
Vehicles	23.0	23.0	9.0	32.0	(1.0)	31.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.



Issue Brief: DTS Internal Service Fund Rate Impacts

CAPITAL FACILITIES AND GOVERNMENT OPERATIONS

BB: DTS ISF SUMMARY

SUMMARY

The following table shows the estimated impact of the recommended Internal Service Fund (ISF) rate changes for the Department of Technology Services (DTS) on state agencies. Please see page two for a summary of changes.

	DTS Rate Adjustments	Server Consolidation	Grand Total	State Funds	Other Funds	Grand Total
Capital Facilities & Government Operations	41,000	(499,200)	(458,200)	(451,900)	(6,300)	(458,200)
Administrative Services	79,700	(494,200)	(414,500)	(407,400)	(7,100)	(414,500)
Capitol Preservation Board	2,700		2,700	1,900	800	2,700
Career Service Review Board	100		100	100	0	100
Human Resource Management	(46,500)	(5,000)	(51,500)	(51,500)	0	(51,500)
Technology Services	5,000		5,000	5,000	0	5,000
Commerce & Workforce Services	(97,700)	(1,621,600)	(1,719,300)	(375,300)	(1,344,000)	(1,719,300)
Alcoholic Beverage Control	(89,000)	(80,600)	(169,600)		(169,600)	(169,600)
Department of Commerce	(78,500)	(35,300)	(113,800)		(113,800)	(113,800)
Financial Institutions	(124,800)		(124,800)		(124,800)	(124,800)
Insurance	(103,300)	21,500	(81,800)	(104,300)	22,500	(81,800)
Labor Commission	(32,600)	3,300	(29,300)	(31,700)	2,400	(29,300)
Public Service Commission	2,100	(1,500)	600		600	600
State Board of Education	58,300		58,300	19,400	38,900	58,300
Workforce Services	270,100	(1,529,000)	(1,258,900)	(258,700)	(1,000,200)	(1,258,900)
Economic Development and Revenue	(157,200)	(249,000)	(406,200)	(360,200)	(46,000)	(406,200)
Community and Culture	(175,500)	10,100	(165,400)	(167,900)	2,500	(165,400)
Economic Development	11,100	(200)	10,900	10,900	0	10,900
Sports Authority	100		100	100	0	100
Tax Commission	3,400	(258,900)	(255,500)	(207,000)	(48,500)	(255,500)
USTAR	3,700		3,700	3,700	0	3,700
Executive Offices & Criminal Justice	90,900	(882,700)	(791,800)	(752,700)	(39,100)	(791,800)
Attorney General	33,400		33,400	25,900	7,500	33,400
Board of Pardons and Parole	42,000	(7,500)	34,500	34,500	0	34,500
Corrections	(70,300)	(316,500)	(386,800)	(380,800)	(6,000)	(386,800)
Courts	77,300		77,300	74,600	2,700	77,300
Governor's Office	16,400	(2,600)	13,800	7,200	6,600	13,800
Juvenile Justice Services	78,400	(8,800)	69,600	68,200	1,400	69,600
Public Safety	(90,600)	(547,300)	(637,900)	(583,800)	(54,100)	(637,900)
State Auditor	900		900	700	200	900
State Treasurer	3,400		3,400	800	2,600	3,400
Health & Human Services	127,000	57,300	184,300	90,300	94,000	184,300
Health	(99,400)	120,500	21,100	(45,800)	66,900	21,100
Human Services	226,400	(63,200)	163,200	136,100	27,100	163,200
Higher Education	300	0	300	300	0	300
Medical Education Council	300		300	300	0	300
Legislature	18,600	0	18,600	18,600	0	18,600
Legislature	18,600		18,600	18,600	0	18,600
Natural Resources	(36,500)	47,800	11,300	(72,500)	83,800	11,300
Agriculture	(96,400)	1,900	(94,500)	(75,900)	(18,600)	(94,500)
Natural Resources	44,100	45,900	90,000	2,400	87,600	90,000
Public Lands Office	4,000		4,000	1,000	3,000	4,000
School & Institutional Trust Lands	11,800		11,800		11,800	11,800
Public Education	14,800	0	14,800	6,000	8,800	14,800
State Board of Education	14,800		14,800	6,000	8,800	14,800
Transportation & Environmental Quality	(91,600)	(25,300)	(116,900)	(23,500)	(93,400)	(116,900)
Environmental Quality	8,700	(16,300)	(7,600)	(25,700)	18,100	(7,600)
National Guard	1,300		1,300	200	1,100	1,300
Transportation	(102,500)	(9,000)	(111,500)	1,100	(112,600)	(111,500)
Veterans' Affairs	900		900	900	0	900
Grand Total	(90,400)	(3,172,700)	(3,263,100)	(1,920,900)	(1,342,200)	(3,263,100)

* These rate impacts are estimates. Actual rate impacts will be included in a Supplemental FY 2010 Appropriations Bill.

SUMMARY OF CHANGES***Division of Enterprise Services Rate Changes***

While the DTS Rate Committee approved the DTS rates to increase by \$3.7 million, the Department of Technology Services was asked by the Governor's Office and the Fiscal Analyst to identify internal cost-savings to offset this increase. The Department came up with approximately a 3% overall budget reduction that would include discretionary budget cuts in incentive awards and administrative salary increases; employee reductions through attrition (not replacing individuals who leave or retire) of approximately 10 positions; and employee reductions in force equating to approximately 20 positions in administration, application development, and overhead. The approximate savings of these reductions equates to \$3.97 million and would offset the request for increased rates.

The FY 2010 Enterprise rates also include the final consolidation of Agency Services. In FY 2009, approximately 69 IT directors and administrative staff were left in the Agency Services program and were billed out as direct costs by DTS. In order to completely cost-recover for state IT services, the Fiscal Analyst requested that DTS build the remaining Agency Services personnel into the Enterprise rates and terminate the Agency Services program. This results in an approximately \$7.2 million shift from Agency Services direct-billing to Enterprise Services rates-for-services.

Data Center Consolidation

The Analyst requested that DTS examine ways to reduce rates for FY 2010. One area of potential savings is in data center and server consolidation. Many agencies currently house their own servers in-house and have on-site DTS (formerly agency) staff available to maintain those servers. In most cases the capacity of the servers are not being fully utilized. Consolidating all the servers state-wide into one data center would allow DTS to efficiently allocate agency applications to servers based on space needs rather than on which server belongs to which entity. Furthermore, such a consolidation would enable DTS to more effectively allocate staff to server maintenance in one location and reduce utility costs. Agencies would benefit from more space for their operations and lower server administration costs. DTS projects that such a consolidation would result in savings of approximately \$4 million. If the Legislature were to require such a consolidation, the Department requests at least a year to implement it. The Analyst recommends that the Legislature move forward with a data center consolidation by reducing DTS rates ongoing in FY 2010 by the amount of the savings and adding back in the same amount one-time in FY 2010 in order to give DTS the necessary time to implement the consolidation.



Issue Brief:
 Dept. of Technology Services – Enterprise Rates

CAPITAL FACILITIES AND GOVERNMENT OPERATIONS

BB: DTS ISF

SUMMARY

In accordance with UCA 63J-1-306, the following fees are proposed for the services of the Department of Technology Services in FY 2010. These rates are recommended by the Analyst.

	FY 2009 Current	FY 2010 Proposed	Difference	FY 2010 # Units	Revenue Change
Enterprise Technology Division:					
Wide Area Network (WAN)					
Network Services	44.00	46.00	2.00	282,144	\$564,288
Security	8.00	10.00	2.00	282,144	\$564,288
WAN Remote Access (ISDN)	247.00	247.00	0.00	0	0
Remote Access Cost Charge (ISDN) = Direct Cost + 8%	0.00	0.00	0.00	0	0
Wiring Consulting Labor	85.00	85.00	0.00	0	0
Wiring Materials Charge = Direct Cost + 10%	0.00	0.00	0.00	0	0
WAN Remote Access (DSL)	90.00	90.00	0.00	0	0
Remote Access Cost Charge (DSL) = Direct Cost + 8%	0.00	0.00	0.00	0	0
Desktop Management					
Equip.Maintenance Costs (EIS) = Direct Cost + 10%	0.00	0.00	0.00	0	0
Software Resale (MLA) = Direct Cost + 6%	0.00	0.00	0.00	0	0
Desktop / Service Desk	63.00	63.00	0.00	0	0
Desktop shared Equipment (Capital, PRC, ORC)	20.00	N/A	N/A	N/A	N/A
PDA GroupWise Synchronization	11.00	11.00	0.00	0	0
Telecommunications					
Phone Tech Labor - Telephone	55.00	75.00	20.00	6,312.73	\$126,255
Phone Tech Labor - Network	110.00	75.00	-35.00	4,565.91	(\$159,807)
Voice Monthly Service	24.50	27.00	2.50	340,452	\$851,130
Other Voice Services = Direct Cost + 8%	0.00	0.00	0.00	0	0
Voice Mail	3.00	3.00	0.00	0	0
Auto Attendant = Direct Cost plus 8%	N/A	N/A	N/A	N/A	N/A
Call Management System = Direct Cost + 8%	0.00	0.00	0.00	0	0
Long Distance Service	0.04	0.05	0.01	13,438,164	\$134,381
Internat'l /Credit Card Long Dist. = Direct Cost +10%	0.00	0.00	0.00	0	0
Long Distance Service Access Charge	1.00	1.00	0.00	0	0
1-800 Service - Advanced Features = Direct Cost + 10%	0.00	0.00	0.00	0	0
1-800 Service per Minute	0.04	0.06	0.02	5,309,374	\$106,187
Video Conference IP Connection Charge - SBA	0.00	0.00	0.00	0	0
Video Conference Room Set up Charge - SBA	0.00	0.00	0.00	0	0
Video Conference ISDN Charge – SBA	0.00	0.00	0.00	0	0
Video Conference Bridge Charge – SBA	0.00	0.00	0.00	0	0
Video Conferencing Other - SBA	0.00	0.00	0.00	0	0
Print					
High Speed Laser Printing	0.033	0.037	0.004	26,040,598	\$104,162
Other Print Services = Direct Cost + 10%	0.00	0.00	0.00	0	0

	FY2009 Current	FY 2010 Proposed	Difference	FY 2010 # Units	Revenue Change
Hosting					
Application Hosting on DTS Provided Equip. Hosting	300.00	180.00	-120.00	1,224	(\$146,880)
Data Center Rack Space	380.00	420.00	40.00	1,240	\$49,600
Actuate Reporting	0.17	0.17	0.00	0	0
Managed Web Hosting - Static	30.00	30.00	0.00	0	0
Managed Application Hosting - Open Source	59.00	59.00	0.00	0	0
Server Management	275.00	335.00	60.00	21,504	\$1,290,240
Database Services					
Database Hosting Consulting Charge	70.00	72.00	2.00	See Applic.	Mainten.
Database Hosting Oracle Shared (Linux) - 0 to 2 GB	200.00	200.00	0.00	0	0
DB Hosting Oracle Shared (Linux) - Each add'l 2 GB	160.00	140.00	-20.00	8,180	(\$163,600)
Shared Citrix Services = SBA	0.00	0.00	0.00	0	0
MS SQL Server - 0 to 2 GB now 0 to 1 GB	100.00	125.00	25.00	0	\$4,500
MS SQL Server -Each additional 2 GB now 1 GB	75.00	50.00	-25.00	0	\$1,500
Mainframe Computing					
Mainframe Charges = Subscription	0.00	0.00	0.00	0	(\$449,658)
Mainframe Consulting Charge	70.00	72.00	2.00	See Applic.	Mainten.
Storage Services					
Qualified Dedicated Storage Storage Services	0.00030	0.00030	0.00	0	0
Disk Storage - Mainframe	0.00700	0.00700	0.00	0	0
Mainframe Tape	0.00150	0.00120	-0.0003	317,245,941	(\$95,174)
Backup & Restore Services	0.00050	0.00030	-0.0002	867,334,512	(\$173,467)
Open Systems Storage	0.00052	0.00040	-0.00012	151,132,765	(\$18,136)
Open Systems Storage High Availability	0.00060	0.00040	-0.0002	403,733,493	(\$80,746)
Training					
Training Room Rental - per day Training	100.00	100.00	0.00	0	0
Half Day Training (per seat)	35.00	N/A	N/A	N/A	N/A
Full day Training (per seat)	70.00	N/A	N/A	N/A	N/A
Custom course development (per hour)	50.00	N/A	N/A	N/A	N/A
Online Course (per class)	20.00	N/A	N/A	N/A	N/A
Online Training (per license) Training	695.00	N/A	N/A	N/A	N/A
Admin. Training Scheduling (per day per student)	2.00	N/A	N/A	N/A	N/A
Project Management					
DTS Project Management Project Management	95.00	95.00	0.00	0	0
DTS Consulting Charge	75.00	75.00	0.00	0	0
Business Consulting = SBA	0.00	0.00	0.00	0	0
Application Development					
Application Maintenance Application Development	70.00	72.00	2.00	0649,065	\$1,298,130
Engineering and Innovation	70.00	N/A	N/A	N/A	N/A
Wireless Services					
Microwave Maintenance Labor	90.00	90.00	0.00	0	0
Tower Labor	100.00	N/A	N/A	N/A	N/A
Radio Repair Labor	70.00	70.00	0.00	0	0
Install Bay Labor	50.00	50.00	0.00	0	0
Contract Maintenance Console	8.00	8.00	0.00	0	0
Parts = Direct Cost	0.00	0.00	0.00	0	0
Misc. Data Circuits = Direct Cost + 10%	0.00	0.00	0.00	0	0
Mobile Data Network Monthly Connection	15.00	N/A	N/A	N/A	N/A
Mobile Data Network Mthly Connect. w/vehicle equip.	50.00	N/A	N/A	N/A	N/A
State Radio Connection (LES and SRS)	14.69	14.69	0.00	0	0

	FY 2009 Current	FY 2010 Proposed	Difference	FY 2010 # Units	Revenue Change
Communication Sites = SBA	0.00	0.00	0.00	0	0
Microwave Services					
T1 - per mile	11.37	11.37	0.00	0	0
Tail Circuits = Direct Cost + 10%	0.00	0.00	0.00	0	0
T1 Installation - per tail circuit	1,263.88	1,263.88	0.00	0	0
Two Wire Analog - per card	31.60	31.60	0.00	0	0
Two Wire Analog - per mile	0.76	0.76	0.00	0	0
Two Wire Analog - per segment bridge	12.64	12.64	0.00	0	0
Four Wire Analog - per card	63.19	63.19	0.00	0	0
Four Wire Analog - per mile	0.76	0.76	0.00	0	0
Four Wire Analog - per segment bridge	12.64	12.64	0.00	0	0
56K Data Circuit - per card	63.19	63.19	0.00	0	0
56K Data Circuit - per mile	0.76	0.76	0.00	0	0
112K Data Circuit - per card	63.19	63.19	0.00	0	0
112K Data Circuit - per mile	0.76	0.76	0.00	0	0
Microwave Circuit Installation Charge	631.94	631.94	0.00	0	0
Total FY 2010 DTS Enterprise Services Rates					\$3,795,275
Agency Services	7,179,470	0	(7,179,470)	1	(\$7,179,470)
eRep Application Maintenance					\$3,071,365
Total FY 2010 DTS Rate Impact					(\$312,831)