



# DEPARTMENT OF TECHNOLOGY SERVICES (INTERNAL SERVICE FUND)

INFRASTRUCTURE & GENERAL GOVERNMENT  
STAFF: GARY K. RICKS

BUDGET BRIEF

**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 agencies 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

**Agency Services**

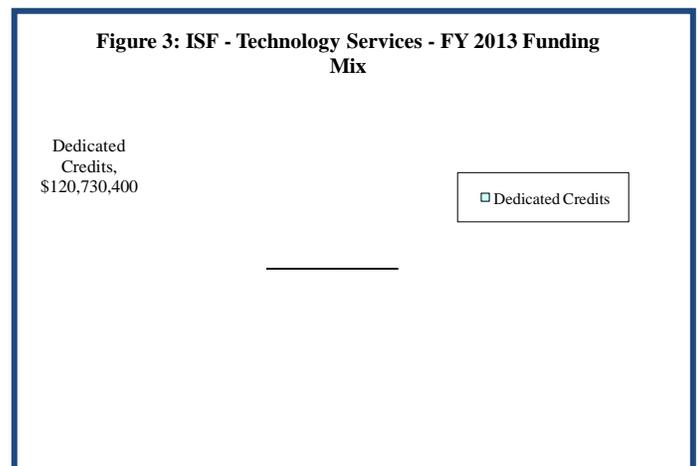
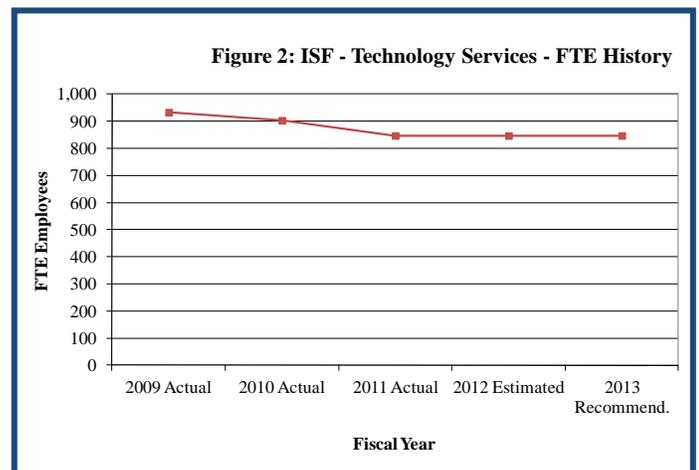
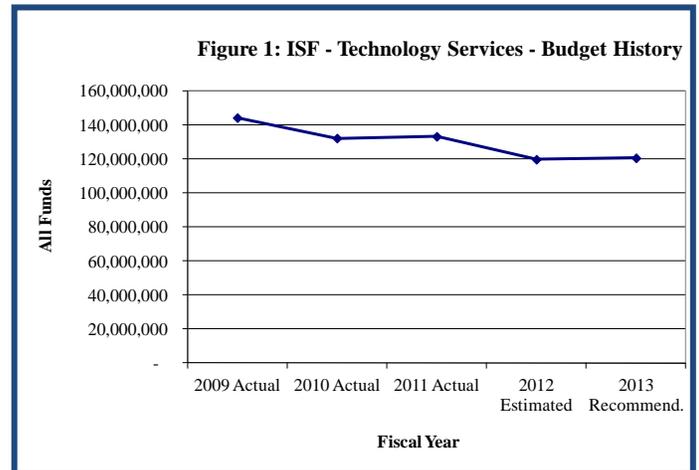
House Bill 109 (2005 GS) facilitated a consolidation of IT employees from state agencies into the Department of Technology Services. To ease the transition, DTS kept the IT employees in the same function they previously held within the agencies and billed the agencies for those employee salaries and 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 transferred the remaining 69 employees from Agency Services to Enterprise Services and incorporated them into the cost structure. Currently, the Agency Services division is used to buy cost effective IT products and services on behalf of state agencies.

**Division of Enterprise Technology**

The Division of Enterprise Technology (DET) is the single largest line item within DTS in terms of funding, FTE count and operations activity. DET is an Internal Service Fund (ISF) and is funded through subscription rates charged for services provided to 22 executive branch agencies and other statutorily approved entities.

Statute requires DTS rates to be equitable and to be set using zero based, full cost accounting of activities necessary to provide each service. Each rate multiplied by the projected consumption of the service must not recover more or less than the full cost of each service.

The CIO submits the proposed rates and cost analysis to the Information Technology Rate Committee for its



approval and then must obtain the approval of the Governor and the Legislature prior to charging the rates. Exception is given for new services and attendant rates created during the interim, which then require approval by the Legislature during the next annual general session.

As part of the rates approval process, the CIO is required to periodically conduct a market analysis of the department's rates with a comparison of the rates of other public or private sector providers where comparable services and rates are reasonably available. The CIO contracts annually with Science Applications International Corporation (SAIC) to provide this market comparison. SAIC determined in its most recent report (dated 8-8-2011) that 100 percent of the DTS rates were found to be ranked "reasonable to best value".

In FY 2011 (the most recently completed fiscal year) DET had 719 FTE. DET is principally divided into three groups:

A. The Chief Operating Officer (COO) oversees Solutions Delivery which includes agencies application development, central application and central database functions. The COO also oversees Infrastructure which is comprised of the desktop/helpdesk functions, network/radio/labor microwave/telecommunications operations, hosting/print/datacenters, and enterprise security. The Public Information Officer also reports to the COO.

B. The IT Directors work with the executive management teams of the 22 executive branch agencies in identifying and implementing IT solutions to enhance efficiencies and lower operating costs. The IT Directors answer directly to the ED/CIO and the COO.

C. The Executive Director's Office provides leadership and administrative support including finance and accounting, human resources, and chief information security. The office also provides the central enterprise architecture standards as established by the Architectural Review Board (ARB) under the chief technology officer and other members of the ARB. The Board members are the chief technology officer (leader of the board), the CIO, and the COO.

**RECOMMENDATIONS**

The Legislature, on recommendation of this Subcommittee passed, *Infrastructure and General Government Base Budget* (Senate Bill 6, 2012 General Session). The budget tables on the following page outline the fiscal information for the DTS Internal Service Fund budget as encapsulated in Senate Bill 6. The Analyst recommends that the Subcommittee approve this information which includes the FY 2013 Budgeted FTE level, Authorized Capital Outlay and Annual Revenue for the Department of Technology Services Internal Service Funds. The Legislature may make additional adjustments to the DTS budget during the remainder of the 2012 General Session.

**DTS ISF Detail**

DTS ISF	Budgeted FTE	Authorized Capital Outlay	Annual Revenue
Dept. of Technology Services	847.0	\$9,415,000	\$120,730,400
Totals	847.0	\$9,415,000	\$120,730,400

**DTS ISF Budget Detail**

ISF - Technology Services						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Dedicated Credits - Intragvt Rev	133,389,100	124,125,400	(4,239,800)	119,885,600	844,800	120,730,400
<b>Total</b>	<b>\$133,389,100</b>	<b>\$124,125,400</b>	<b>(\$4,239,800)</b>	<b>\$119,885,600</b>	<b>\$844,800</b>	<b>\$120,730,400</b>
<b>Line Items</b>						
ISF - DTS Operations	133,389,100	124,125,400	(4,239,800)	119,885,600	844,800	120,730,400
<b>Total</b>	<b>\$133,389,100</b>	<b>\$124,125,400</b>	<b>(\$4,239,800)</b>	<b>\$119,885,600</b>	<b>\$844,800</b>	<b>\$120,730,400</b>
<b>Categories of Expenditure</b>						
Personnel Services	74,790,700	75,828,500	(1,042,400)	74,786,100	11,100	74,797,200
In-state Travel	73,900	132,300	(57,700)	74,600	0	74,600
Out-of-state Travel	68,000	92,400	24,400	116,800	0	116,800
Current Expense	17,799,800	24,799,500	(111,500)	24,688,000	(1,201,000)	23,487,000
DP Current Expense	26,025,500	18,054,900	(3,014,700)	15,040,200	373,200	15,413,400
DP Capital Outlay	6,645,300	0	0	0	0	0
Capital Outlay	12,300	0	0	0	0	0
Other Charges/Pass Thru	754,100	654,100	17,700	671,800	(300)	671,500
Depreciation	5,941,000	6,263,000	98,900	6,361,900	129,500	6,491,400
<b>Total</b>	<b>\$132,110,600</b>	<b>\$125,824,700</b>	<b>(\$4,085,300)</b>	<b>\$121,739,400</b>	<b>(\$687,500)</b>	<b>\$121,051,900</b>
<b>Other Data</b>						
Budgeted FTE	847.0	847.0	0.0	847.0	0.0	847.0
Authorized Capital Outlay	6,073,900	9,415,000	0	9,415,000	0	9,415,000
Retained Earnings	9,169,700	7,997,200	(680,800)	7,316,400	(321,300)	6,995,100
Vehicles	34.0	34.0	0.0	34.0	0.0	34.0

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