



# 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
<b>Capital Facilities &amp; Government Operations</b>	<b>41,000</b>	<b>(499,200)</b>	<b>(458,200)</b>	<b>(451,900)</b>	<b>(6,300)</b>	<b>(458,200)</b>
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
<b>Commerce &amp; Workforce Services</b>	<b>(97,700)</b>	<b>(1,621,600)</b>	<b>(1,719,300)</b>	<b>(375,300)</b>	<b>(1,344,000)</b>	<b>(1,719,300)</b>
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)
<b>Economic Development and Revenue</b>	<b>(157,200)</b>	<b>(249,000)</b>	<b>(406,200)</b>	<b>(360,200)</b>	<b>(46,000)</b>	<b>(406,200)</b>
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
<b>Executive Offices &amp; Criminal Justice</b>	<b>90,900</b>	<b>(882,700)</b>	<b>(791,800)</b>	<b>(752,700)</b>	<b>(39,100)</b>	<b>(791,800)</b>
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
<b>Health &amp; Human Services</b>	<b>127,000</b>	<b>57,300</b>	<b>184,300</b>	<b>90,300</b>	<b>94,000</b>	<b>184,300</b>
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
<b>Higher Education</b>	<b>300</b>	<b>0</b>	<b>300</b>	<b>300</b>	<b>0</b>	<b>300</b>
Medical Education Council	300		300	300	0	300
<b>Legislature</b>	<b>18,600</b>	<b>0</b>	<b>18,600</b>	<b>18,600</b>	<b>0</b>	<b>18,600</b>
Legislature	18,600		18,600	18,600	0	18,600
<b>Natural Resources</b>	<b>(36,500)</b>	<b>47,800</b>	<b>11,300</b>	<b>(72,500)</b>	<b>83,800</b>	<b>11,300</b>
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
<b>Public Education</b>	<b>14,800</b>	<b>0</b>	<b>14,800</b>	<b>6,000</b>	<b>8,800</b>	<b>14,800</b>
State Board of Education	14,800		14,800	6,000	8,800	14,800
<b>Transportation &amp; Environmental Quality</b>	<b>(91,600)</b>	<b>(25,300)</b>	<b>(116,900)</b>	<b>(23,500)</b>	<b>(93,400)</b>	<b>(116,900)</b>
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
<b>Grand Total</b>	<b>(90,400)</b>	<b>(3,172,700)</b>	<b>(3,263,100)</b>	<b>(1,920,900)</b>	<b>(1,342,200)</b>	<b>(3,263,100)</b>

\* 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.