

OFFICE OF THE  
LEGISLATIVE  
FISCAL  
ANALYST

JONATHAN C. BALL  
DIRECTOR

**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Brian Wikle  
**DATE:** May 19, 2015  
**SUBJECT:** Department of Technology Services Federal Reimbursement

The Department of Technology Services (DTS) and the federal government have agreed that DTS will reimburse the federal government a total of \$5.5 million for overcharges to state agencies that received federal funds as follows:

1. \$1.4 million for overcharges to certain state agencies that resulted from DTS charging a fixed rate while it undertook a data center consolidation project from FY 2011 through FY 2013; and
2. \$4.1 million for overcharges to certain state agencies as calculated regarding a rule change around 2011 that concerned the limit of working capital retained earnings for internal service funds.

The Fiscal Analyst recommends that the \$5.5 million reimbursement be paid as soon as possible from DTS operating revenue and that DTS seek an appropriation for such in the 2016 General Session.

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