



DEPARTMENT OF TECHNOLOGY SERVICES

INTERNAL SERVICE FUND

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE

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 through rates for services provided.

DTS Internal Service Fund Programs

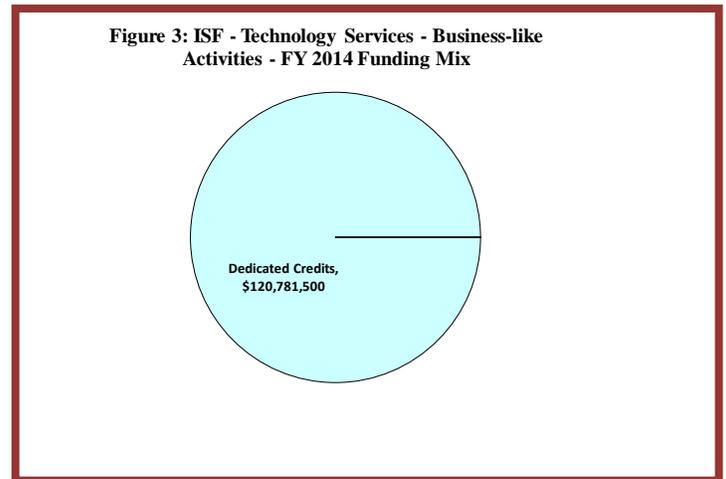
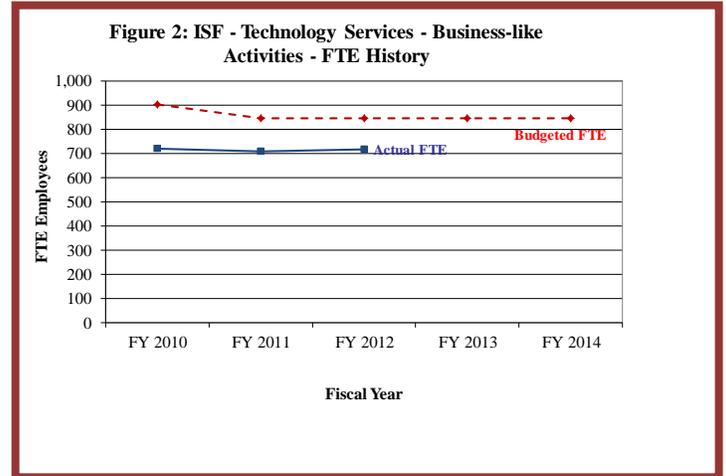
The DTS Internal Service Fund has two programs:

- Agency Services
- Division of Enterprise Services (Now referred to as the Division of Enterprise Technology or DET)

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 functions they previously held within the agencies and billed the agencies for those employee salaries and benefits through the Agency Services program.

The Agency Services 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 (DET)

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 7-25-2012) that 100 percent of the DTS rates were found to be ranked "reasonable to best value".

In FY 2012 (the most recently completed fiscal year) DET had 718 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.

RECOMMENDATION

The Legislature, on recommendation of this Subcommittee passed *Infrastructure and General Government Base Budget* (House Bill 6, 2013 General Session). The budget table on the following page outlines the fiscal information for the DTS Internal Service Fund budget as encapsulated in House Bill 6. The Analyst recommends that the Subcommittee approve this information which includes the FY 2014 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 2013 General Session.

DTS ISF Detail

DTS ISF - FY 2014	Budgeted FTE	Authorized Capital Outlay	Annual Revenue
ISF - Division of Enterprise Technology (DET)	847.0	\$9,415,000	\$120,781,500
Totals	847.0	\$9,415,000	\$120,781,500

DTS ISF FUNDING

ISF - Technology Services - Business-like Activities					
Sources of Finance	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
Dedicated Credits - Intragvt Rev	120,730,400	(319,200)	120,411,200	370,300	120,781,500
Sale of Fixed Assets	0	0	0	0	0
Total	\$120,730,400	(\$319,200)	\$120,411,200	\$370,300	\$120,781,500
Line Items					
ISF - DTS Operations	120,730,400	(319,200)	120,411,200	370,300	120,781,500
Total	\$120,730,400	(\$319,200)	\$120,411,200	\$370,300	\$120,781,500
Categories of Expenditure					
Personnel Services	74,797,200	1,200,700	75,997,900	(1,454,700)	74,543,200
In-state Travel	74,600	35,600	110,200	(1,000)	109,200
Out-of-state Travel	116,800	(7,800)	109,000	4,000	113,000
Current Expense	23,487,000	(1,672,900)	21,814,100	1,665,600	23,479,700
DP Current Expense	15,413,400	(342,100)	15,071,300	745,700	15,817,000
Other Charges/Pass Thru	671,500	(11,700)	659,800	49,700	709,500
Depreciation	6,491,400	157,500	6,648,900	(639,500)	6,009,400
Total	\$121,051,900	(\$640,700)	\$120,411,200	\$369,800	\$120,781,000
Other Data					
Budgeted FTE	847	0	847	0	847
Actual FTE	0	750	750	(750)	0
Authorized Capital Outlay	9,415,000	(3,663,600)	5,751,400	3,663,600	9,415,000
Retained Earnings	6,995,100	(426,100)	6,569,000	500	6,569,500

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