

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Utah Department of Administrative Services
Division of Information Technology Services
Internal Service Fund

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1.0 Summary: Division of Information Technology Services Internal Service Fund

The Division of Information Technology Services (ITS) within the Department of Administrative Services is required to provide cost effective and reliable data processing and communication service to all agencies of state government as well as various local entities.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
Dedicated Credits	\$50,577,000	(\$833,300)	\$49,743,700
Federal Funds	75,000		75,000
Transfers	391,600		391,600
Total	<u>\$51,043,600</u>	<u>(\$833,300)</u>	<u>\$50,210,300</u>
Programs			
ISF - Network Services	10,246,000		\$10,246,000
<i>Turn-over Savings</i>		(135,300)	(135,300)
ISF - Telephone Services	15,872,000		15,872,000
<i>Increased Telecom Usage</i>		131,200	131,200
ISF - Radio Shop	2,178,200		2,178,200
<i>Increased Network Usage</i>		4,200	4,200
ISF - Computing	14,873,800		14,873,800
<i>Facilities O&M Costs</i>		5,300	5,300
ISF - ITS Support Services	4,032,600		4,032,600
<i>Depreciation Expense</i>		50,300	50,300
ISF - New Technologies	165,400		165,400
<i>Depreciation Expense</i>		37,100	37,100
ISF - Automated Geographic Ref Ctr	1,293,400		1,293,400
<i>Federal Pass-thru/Inflation</i>		85,200	85,200
Total	<u>\$48,661,400</u>	<u>\$178,000</u>	<u>\$48,839,400</u>
Net Operating Income	<u>\$2,382,200</u>	<u>(\$1,011,300)</u>	<u>\$1,370,900</u>
FTE	242.0		242.0
Authorized Capital Outlay	\$0	\$6,243,600	\$6,243,600
Retained Earnings	\$21,369,600	(\$1,011,300)	\$20,358,300

ITS' data processing services include software licensing and development, central computing, wide area network connectivity, and consultation. Its telecommunications services include negotiating the purchase, lease or rental of private or public telecommunications services, and operating the State's network of microwave sites. ITS has authority to establish rates and collect fees for these services.

2.0 Issues: Division of Information Technology Services Internal Service Fund

2.1 Elimination of Cross-subsidy

In previous years, the Analyst has expressed concern over ongoing losses in certain ITS cost centers. The concern is that cross-subsidies from other costs centers to cover these losses mask the true cost of services and therefore send customers false price signals. The Analyst recommends ITS perform a comparison of full-cost recovery rates for specified services with private sector rates for similar services as detailed in draft intent language found on page 7.

2.2 Potential for Further Rate Reductions

The Division of Information Technology Services has extended a rate reduction to its customers, savings from which are reflected in base budget calculations. However, given greater economies of scale in the Computing functional area, the Analyst believes further rate reductions are possible. To address this issue, the Analyst recommends intent language found on page 12.

2.3 AGRC General Fund Subsidy

Since its inception, the Automated Geographic Reference Center has received an appropriation from the General Fund to cover operating expenses. However, the AGRC has authority to charge for its services, and does so for certain value added items. The Analyst recognizes the value of geographic information, including base data, to end-users. As such, the Analyst recommends AGRC study the feasibility of operating solely as an internal service fund, as described in draft intent language on page 17.

2.4 Capital Outlay Recommendation

The Analyst recommends authorization of \$6,243,600 in capital outlay division-wide for FY 2001. Capital expenditures are detailed in each of the corresponding 3.0 sections that follow.

3.0 Programs: Division of Information Technology Services Internal Service Fund

3.1 Administration & Finance

Recommendation

The Analyst recommends FY 2001 expenses of \$2,234,200 (-2.2% from FY 2000 Estimated) for Administration and Finance, to be distributed proportionally among other functional areas within the Division. The Analyst also recommends thirty full time equivalent (FTE) positions for this functional area, an increase of one FTE from FY 2000 Authorized.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
ISF Overhead Allocation	\$2,077,900	\$2,283,800	\$2,234,200	(\$49,600)
Total	\$2,077,900	\$2,283,800	\$2,234,200	(\$49,600)
Expenditures				
Personal Services	\$1,580,200	\$1,532,000	\$1,485,100	(\$46,900)
In-State Travel	300	100,000	100,000	
Out of State Travel	16,300	160,000	160,000	
Current Expenses	374,100	385,800	392,800	7,000
DP Current Expenses	82,900	88,900	92,200	3,300
DP Capital Outlay	24,100	17,100	4,100	(13,000)
Total	\$2,077,900	\$2,283,800	\$2,234,200	(\$49,600)
Net Operating Income	\$0	\$0	\$0	\$0
FTE	29.0	30.0	30.0	

For FY 2001, authorization of one additional FTE for this functional area is requested by the Agency. This change is a result of transfer among ITS functional areas or transfer from another agency that does not impact the State's total FTE count, as allowable under Legislative intent language. In FY 2000, ITS received one FTE from Workforce Services and four FTE from the Department of Human Services.

Purpose

ITS' Administration and Finance functional area provides direction, prepares budgets, develops rates, tracks finances, manages billing systems and contracts, performs technical writing, and produces the State directory for ITS. It includes the following activities:

- ▶ Director's Office
- ▶ Administration & Finance
- ▶ Accounting
- ▶ Budgets & Rates
- ▶ Internal Financial Systems
- ▶ Management Services
- ▶ Office Supplies & Miscellaneous

3.2 Network Services

Recommendation

The Analyst recommends FY 2001 revenue of \$9,811,100, expenses of \$10,110,700 (-1.6% from FY 2000 Estimated), and capital outlay of \$2,425,500 for Network Services. The Analyst also recommends thirty seven full time equivalent (FTE) positions for this function, and increase of three FTE from FY 2000 Authorized.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$9,730,000	\$9,783,900	\$9,811,100	\$27,200
Total	\$9,730,000	\$9,783,900	\$9,811,100	\$27,200
Expenditures				
Personal Services	\$3,061,400	\$2,775,900	\$2,616,700	(\$159,200)
In-State Travel	5,300			
Out of State Travel	27,300			
Current Expenses	3,755,500	3,956,200	4,002,000	45,800
DP Current Expenses	1,765,500	1,788,400	1,798,500	10,100
DP Capital Outlay	1,397,400	1,870,900	1,816,400	(54,500)
Other Charges/Pass Thru	(79,100)	(115,100)	(122,900)	(7,800)
Total	\$9,933,300	\$10,276,300	\$10,110,700	(\$165,600)
Net Operating Income	(\$203,300)	(\$492,400)	(\$299,600)	\$192,800
FTE	34.0	37.0	37.0	
Authorized Capital Outlay			\$2,425,500	\$2,425,500

For FY 2001, authorization of three additional FTE for this functional area is requested by the Agency. This change is a result of transfer among ITS functional areas or transfer from another agency that does not impact the State's total FTE count, as allowable under Legislative intent language. In FY 2000, ITS received one FTE from Workforce Services and four FTE from the Department of Human Services.

Purpose

The Network Services functional area performs wide area network design, installation, and maintenance; mainframe network support; local area network support; E-mail services; wiring design; systems drawing and site floor planning; PC hardware and software installation and support; and high-speed circuit/satellite leasing. It includes the following cost centers:

- ▶ Data Communications Administration
- ▶ External LAN Support
- ▶ ISDN
- ▶ Radio/Microwave Sites
- ▶ TOC Network Control Center
- ▶ UNIX
- ▶ Wide Area Network
- ▶ Network Wire

Operating Deficit a Concern

As is demonstrated by its negative Net Operating Income, this functional area continues to operate in a deficit position. The Analyst’s expense recommendation has been adjusted to reduce the size of the deficit. However, as is demonstrated in the following table, the External Local Area Network Support, Network Wire, and Radio/Microwave Sites cost centers still will not recover their full costs. In fact, these cost centers have operated in the red for almost all of the past five years.

Net Income (Loss) by Fiscal Year					
Cost Centers	FY95	FY96	FY97	FY98	FY99
External LAN	\$5,860	(\$290,947)	(\$227,674)	(\$352,158)	(\$355,808)
Network Wire	(\$371,790)	(\$302,461)	(\$262,286)	(\$218,942)	(\$355,018)
Radio/Microwave Sites	(\$23,749)	(\$145,770)	(\$252,272)	(\$360,817)	(\$243,282)
Total	<u>(\$389,679)</u>	<u>(\$739,178)</u>	<u>(\$742,232)</u>	<u>(\$931,917)</u>	<u>(\$954,108)</u>

The Analyst believes ITS should either raise rates to recover the full cost of these services, or privatize the services if private rates are more economical. The Analyst commends ITS for similar actions they have taken regarding cellular phones, pagers, and Personal Communication Services (PCS). In anticipation of such a change for Network Services cost centers, the Analyst recommends ITS undertake a study comparing full-cost recovery rates for cost centers operating in a deficit with rates for similar services in the private sector.

Intent Language

The Analyst recommends the following intent language for inclusion in the FY 2001 Appropriations Act:

It is the intent of the Legislature that the Department of Administrative Services Division of Information Technology Services (ITS), under the direction of the State’s Chief Information Officer, compare full-cost-recovery rates for the External LAN Support, Network Wire, and Radio/Microwave Sites cost centers with rates for similar activities in the private sector. ITS shall report the result of such comparison to the Office of the Legislative Fiscal Analyst prior to any future Internal Service Fund rate hearing.

Capital Outlay

The Analyst’s recommendation includes authorization for the following capital outlay items:

Capital Outlay Category	Estimated Cost
LAN, File Server Hardware/Software	\$475,300
Microwave & Other Telecom	\$1,432,200
UNIX Hardware/Software	<u>\$518,000</u>
Total	<u><u>\$2,425,500</u></u>

3.3 Telephone Services

Recommendation

The Analyst recommends FY 2001 revenues of \$16,685,900, expenses of \$16,003,200 (+0.6% from FY 2000 Estimated), and capital outlay of \$777,600 for Telephone Services. The Analyst also recommends forty-three full time equivalent (FTE) positions for this functional area, an increase of five FTE positions from FY 2000 Authorized.

	FY 1999 Actual	FY 2000 Estimated	FY 2001 Analyst	Est/Analyst Difference
Financing				
Dedicated Credits	\$19,261,800	\$16,641,100	\$16,685,900	\$44,800
Transfers	15,000	15,000	15,000	
Total	<u>\$19,276,800</u>	<u>\$16,656,100</u>	<u>\$16,700,900</u>	<u>\$44,800</u>
Expenditures				
Personal Services	\$2,351,600	\$2,500,800	\$2,436,900	(\$63,900)
In-State Travel	10,500			
Out of State Travel	12,000			
Current Expenses	13,094,100	10,353,100	10,600,500	247,400
DP Current Expenses	412,000	385,500	386,200	700
DP Capital Outlay	2,169,900	1,532,900	1,465,600	(67,300)
Other Charges/Pass Thru	1,055,600	1,130,500	1,114,000	(16,500)
Total	<u>\$19,105,700</u>	<u>\$15,902,800</u>	<u>\$16,003,200</u>	<u>\$100,400</u>
Net Operating Income	<u>\$171,100</u>	<u>\$753,300</u>	<u>\$697,700</u>	<u>(\$55,600)</u>
FTE	38.0	43.0	43.0	
Authorized Capital Outlay			\$777,600	\$777,600

For FY 2001, authorization of five additional FTE for this functional area is requested by the Agency. This change is a result of transfer among ITS functional areas or transfer from another agency that does not impact the State’s total FTE count as allowable under Legislative intent language. In FY 2000, ITS received one FTE from Workforce Services and four FTE from the Department of Human Services.

The Analyst’s FY 2001 recommendation includes an increase of about \$100,000 in expenses when compared with FY 2000 Estimated. This increase is largely due to anticipated telephone use by customer agencies, and is offset by projected revenue increases.

Purpose

This functional area provides customer consulting for telephones, switches, and other voice services; telephone switch design and configuration; as well as analysis and planning for voice facilities. It includes the following cost centers:

- ▶ Auto Attendant
- ▶ Call Management Systems
- ▶ Cellular Hardware
- ▶ Cellular Usage
- ▶ Directory Services
- ▶ FCC Frequency Sales
- ▶ In-Wats
- ▶ Interactive Voice Response
- ▶ Interstate Long Distance
- ▶ Intrastate Long Distance
- ▶ International Long Distance
- ▶ Network Voice
- ▶ Pagers
- ▶ Personal Communications Systems (PCS)
- ▶ Universal Rate
- ▶ Voice/Data Circuits
- ▶ Voice Common
- ▶ Voice Mail
- ▶ Voice Maintenance
- ▶ Voice Station

Capital Outlay

The Analyst’s recommendation includes authorization for the following capital outlay items:

Capital Outlay Category	Estimated Cost
Telephone Systems	\$473,500
Voice Mail	\$274,100
WAN, Web, Other Hardware/Software	<u>\$30,000</u>
Total	<u><u>\$777,600</u></u>

3.4 Radio Shop

Recommendation

The Analyst recommends FY 2001 revenue of \$1,966,200 and expenditures of \$2,182,400 (-0.3% from FY 2000 Estimated) for the Radio Shop. The Analyst also recommends seventeen full time equivalent (FTE) positions for this functional area, a decrease of one FTE from FY 2001 Authorized.

	FY 1999	FY 2000	FY 2001	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits	\$1,950,200	\$1,958,200	\$1,966,200	\$8,000
Total	<u>\$1,950,200</u>	<u>\$1,958,200</u>	<u>\$1,966,200</u>	<u>\$8,000</u>
Expenditures				
Personal Services	\$954,300	\$964,200	\$955,700	(\$8,500)
In-State Travel	19,300			
Out of State Travel	4,900			
Current Expenses	979,000	989,700	1,000,200	10,500
DP Current Expenses	1,600	3,200	3,200	
DP Capital Outlay	148,100	140,100	133,700	(6,400)
Other Charges/Pass Thru	86,000	91,200	89,600	(1,600)
Total	<u>\$2,193,200</u>	<u>\$2,188,400</u>	<u>\$2,182,400</u>	<u>(\$6,000)</u>
Net Operating Income	<u>(\$243,000)</u>	<u>(\$230,200)</u>	<u>(\$216,200)</u>	<u>\$14,000</u>
FTE	18.0	17.0	17.0	

Purpose

This functional area provides maintenance of microwave and mobile radios; installation and maintenance of microwave towers, buildings, and power; support for Public Safety wireless communications and dispatch facilities; installation and support of radar guns, video cameras, sirens, and light bars. It includes the following cost centers:

- ▶ 800 MHz Radio
- ▶ Contracted Services
- ▶ Law Enforcement System
- ▶ Microwave Site Maintenance
- ▶ Microwave Maintenance
- ▶ Radio/Microwave Appropriation
- ▶ Radio Installs
- ▶ Radio Maintenance, Parts, etc.
- ▶ Radio Technician Service
- ▶ State Repeater System

3.5 Computing

Recommendation

The Analyst recommends FY 2001 revenue of \$16,784,200, expenses of \$14,879,100 (-0.4% from FY 2000 Estimated), and capital outlay of \$2,150,000 for Computing. The Analyst also recommends eighty full time equivalent (FTE) positions for this functional area, a decrease of fifteen FTE from FY 2000 Authorized.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$24,651,600	\$17,785,100	\$16,784,200	(\$1,000,900)
Total	\$24,651,600	\$17,785,100	\$16,784,200	(\$1,000,900)
Expenditures				
Personal Services	\$5,096,700	\$5,306,000	\$5,190,500	(\$115,500)
In-State Travel	6,200			
Out of State Travel	47,800			
Current Expenses	734,200	752,500	768,500	16,000
DP Current Expenses	3,992,500	4,097,800	4,256,300	158,500
DP Capital Outlay	3,146,700	2,614,500	2,518,200	(96,300)
Other Charges/Pass Thru	1,977,700	2,164,000	2,145,600	(18,400)
Total	\$15,001,800	\$14,934,800	\$14,879,100	(\$55,700)
Net Operating Income	\$9,649,800	\$2,850,300	\$1,905,100	(\$945,200)
FTE	95.0	80.0	80.0	
Authorized Capital Outlay			\$2,150,000	\$2,150,000

Purpose

The Computing functional area provides mainframe computing, disk storage, tape storage and vault services, microfiche services, customer consulting for special forms design, job scheduling, Capitol operators, customer service/help desk, ITS order desk, and statewide network monitoring. It includes the following cost centers:

- ▶ CICS
- ▶ CIMS
- ▶ Computing - Mainframe
- ▶ COTS Consulting
- ▶ Database Administration
- ▶ Disk Storage
- ▶ Operations Administration
- ▶ Operations Support
- ▶ Print Local
- ▶ Production Support
- ▶ Reports
- ▶ Security
- ▶ Software Management and Support
- ▶ Software Support Administration
- ▶ Tape Storage

*Proposed rate cuts
don't go far enough*

In each of the past two fiscal years, ITS has instituted rate decreases for central computing and storage services. Again for FY 2001, the Division proposes a 25% rate reduction for central processing unit charges, a 37% reduction for ADABAS commands, a 33% reduction for disk input/output, and a 30% cut for disk storage. ITS has seen an increase in the quantity of these services demanded due to agency efforts to automate processes. The Division notes that the increase in quantity demanded largely accounts for the decrease in price of these services

Even given lower rates, the Computing functional area is projected to return almost two million dollars in excess revenue for FY 2001. These returns will occur largely in the Disk Storage and Mainframe Computing cost centers. The factor driving these excesses, increased demand for service, will likely only escalate given the Administration's efforts to move government on-line.

The Analyst does not believe ITS rate cuts have gone far enough. The Analyst, therefore, recommends the following intent language for FY 2001:

It is the intent of the Legislature that the Department of Administrative Services Division of Information Technology Services (ITS) develop rates for the Disk Storage and Mainframe Computing cost centers that more closely reflect the actual costs of services provided by those cost centers. ITS shall report those rates to the Office of the Legislative Fiscal Analyst prior to any future Internal Service Fund rate hearing.

Capital Outlay

The Analyst's recommendation includes authorization for the following capital outlay items:

Capital Outlay Category	Estimated Cost
Mainframe Disk & Tape Storage	\$1,700,000
Mainframe Software	<u>\$450,000</u>
Total	<u><u>\$2,150,000</u></u>

3.6 Support Services

Recommendation

The Analyst recommends FY 2001 revenue of \$4,050,400, expenses of \$4,082,900, and capital outlay of \$520,000 for Support Services. The Analyst also recommends twenty-four and one-half full time equivalent (FTE) positions for this functional area, an increase of eight and one-half FTE from FY 2000 Authorized.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$3,911,500	\$3,972,100	\$4,050,400	\$78,300
Total	\$3,911,500	\$3,972,100	\$4,050,400	\$78,300
Expenditures				
Personal Services	\$1,173,200	\$1,660,900	\$1,599,700	(\$61,200)
In-State Travel	800			
Out of State Travel	16,100			
Current Expenses	1,814,100	1,727,400	1,728,800	1,400
DP Current Expenses	892,200	889,100	895,500	6,400
DP Capital Outlay	49,500	112,900	202,800	89,900
Other Charges/Pass Thru	(304,700)	(339,200)	(343,900)	(4,700)
Total	\$3,641,200	\$4,051,100	\$4,082,900	\$31,800
Net Operating Income	\$270,300	(\$79,000)	(\$32,500)	\$46,500
FTE	16.0	24.5	24.5	
Authorized Capital Outlay			\$520,000	\$520,000

For FY 2001, authorization of eight and one-half additional FTE for this functional area is requested by the Agency. This change is a result of transfer among ITS functional areas or transfer from another agency that does not impact the State’s total FTE count as allowable under Legislative intent language. In FY 2000, ITS received one FTE from Workforce Services and four FTE from the Department of Human Services.

The Analyst’s FY 2001 recommendation includes an increase of about \$30,000 in expenses when compared with FY 2000 Estimated. This increase is largely due to increased depreciation of fixed assets purchased in the previous fiscal year.

Purpose

Support Services provides equipment maintenance, the ITS training center, maintenance of master license agreements, support for the Ogden and Provo regional centers, and Y2K testing. It includes the following cost centers:

- ▶ Equipment Maintenance
- ▶ Ogden Regional Center Administration
- ▶ Ogden Regional Center Operations
- ▶ Provo Regional Center Administration
- ▶ Provo Regional Center Operations

- ▶ Software and Document Library
- ▶ Technology 2000
- ▶ Training
- ▶ Year 2000

Capital Outlay

The Analyst’s recommendation includes authorization for the following capital outlay items:

Capital Outlay Category	Estimated Cost
WAN, Web, Other Hardware/Software	<u>\$520,000</u>
Total	<u><u>\$520,000</u></u>

3.7 New Technologies

Recommendation

The Analyst recommends FY 2001 revenue of \$101,300, expenses of \$202,500 (+22.4%), and capital outlay of \$215,500 for New Technologies.

	FY 1999 Actual	FY 2000 Estimated	FY 2001 Analyst	Est/Analyst Difference
Financing				
Dedicated Credits	\$101,800	\$92,000	\$101,300	\$9,300
Total	<u>\$101,800</u>	<u>\$92,000</u>	<u>\$101,300</u>	<u>\$9,300</u>
Expenditures				
Personal Services				
Current Expenses	53,000	55,000	58,000	3,000
DP Current Expenses	14,000	14,000	14,000	
DP Capital Outlay	69,000	90,800	124,900	34,100
Other Charges/Pass Thru	5,200	5,600	5,600	
Total	<u>\$141,200</u>	<u>\$165,400</u>	<u>\$202,500</u>	<u>\$37,100</u>
Net Operating Income	<u>(\$39,400)</u>	<u>(\$73,400)</u>	<u>(\$101,200)</u>	<u>(\$27,800)</u>
Authorized Capital Outlay			\$215,500	\$215,500

The Analyst’s FY 2001 recommendation includes an increase of \$37,100 in expenses when compared with FY 2000 Estimated. This increase is largely due to increased depreciation of fixed assets purchased in the previous fiscal year.

Purpose

ITS’ service development account, New Technologies, tests cutting-edge applications before they are offered statewide. As technologies become available for statewide use, these activities will migrate into one of the above ITS functional areas. Currently, this account includes the following cost center:

- ▶ Video Conferencing

ITS has instituted a new rate of \$30 per hour for the use of its video conferencing bridge. As the use of this service increases, the Video Conferencing cost center is expected to fully recover its cost.

Capital Outlay

The Analyst’s recommendation includes authorization for the following capital outlay items:

Capital Outlay Category	Estimated Cost
Video Conferencing	<u>\$215,500</u>
Total	<u><u>\$215,500</u></u>

3.8 Automated Geographic Reference Center

Recommendation

The Analyst recommends FY 2001 revenue of \$419,600, expenses of \$1,378,600, (-21.2% from FY 2000 Estimated) and capital outlay of \$155,000 for the Automated Geographic Reference Center. The Analyst also recommends ten and one-half full time equivalent (FTE) positions for this functional area, an increase of three and one-half FTE from FY 2000 Authorized.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$148,000	\$480,000	\$344,600	(\$135,400)
Federal Funds		150,000	75,000	(75,000)
Transfers	<u>1,326,600</u>	<u>376,600</u>	<u>376,600</u>	
Total	<u><u>\$1,474,600</u></u>	<u><u>\$1,006,600</u></u>	<u><u>\$796,200</u></u>	<u><u>(\$210,400)</u></u>
Expenditures				
Personal Services	\$621,300	\$620,400	\$592,600	(\$27,800)
In-State Travel	12,600			
Out of State Travel	14,600			
Current Expenses	94,700	99,600	175,100	75,500
DP Current Expenses	469,100	911,000	465,600	(445,400)
DP Capital Outlay	35,900	54,100	81,000	26,900
Other Charges/Pass Thru	<u>66,200</u>	<u>64,600</u>	<u>64,300</u>	<u>(300)</u>
Total	<u><u>\$1,314,400</u></u>	<u><u>\$1,749,700</u></u>	<u><u>\$1,378,600</u></u>	<u><u>(\$371,100)</u></u>
Net Operating Income	<u><u>\$160,200</u></u>	<u><u>(\$743,100)</u></u>	<u><u>(\$582,400)</u></u>	<u><u>\$160,700</u></u>
FTE	7.0	10.5	10.5	
Authorized Capital Outlay			\$155,000	\$155,000

For FY 2001, authorization of three and one-half additional FTE for this functional area is requested by the Agency. This change is a result of transfer among ITS functional areas or transfer from another agency that does not impact the State's total FTE count as allowable under Legislative intent language. In FY 2000, ITS received one FTE from Workforce Services and four FTE from the Department of Human Services.

The Analyst's recommendation reflects a reduction for one-time expenses of \$450,000. These expenses are associated with the mapping of rural roads authorized by the *Mapping and Documentation of RS 2477 Rights-of-Way and Other Structures* act (House Bill 334, 1999 General Session). Correcting for these one-time expenses, the Analyst's recommendation reflects a 6.1% increase in operating expenses over FY 2000 Estimated. This increase is due in large part to Federal projects managed by the AGRC, the costs of which are wholly offset by Federal funding.

Purpose

The Automated Geographic Reference Center (AGRC) manages the State Geographic Information Database, acquires geographic data, provides Geographic Information System support to Federal, State, and local agencies, and offers training on GIS-related hardware and software. It includes the following cost centers:

- ▶ AGRC Administration
- ▶ Framework Data Acquisition
- ▶ Rural Government Grants
- ▶ Right of Way Grants
- ▶ Sales & Services
- ▶ SGID & Coordination
- ▶ Thematic Data Acquisition

AGRC was formally created as an operating unit of the Division of Information Technology Services (ITS) by the *Recodification of Department of Administrative Services* act (House Bill 88, 1993 General Session, Section 63A-6-202 Utah Code Annotated). It is mandated to provide geographic information system services to State agencies, the federal government, municipalities, and private persons through utilizing a standardized and integrated State Geographic Information Database (SGID). The Center has received a direct appropriation since 1984, but is authorized, through ITS, to set fees for its services.

Geographic information is useful in numerous government applications, including natural resource management, infrastructure development and maintenance, and the establishment of political boundaries. It is also valuable in the private sector for activities such as commercial and residential development, marketing, and delivery/distribution.

A Geographic Information System (GIS) uses computers to integrate like geographic information “horizontally” across large areas – in the case of the AGRC, across the State of Utah. GIS also integrates data “vertically” allowing users to cross-reference multiple sets of data for a given geographic region – for instance, allowing a user to easily identify the roads, hospitals, convenience stores, and elected officials for his or her neighborhood. The integration of geographic information increases its value exponentially.

The AGRC continues to collect and integrate geographic information from numerous sources into a common GIS, the State Geographic Information Database. SGID is available on-line at <http://www.its.state.ut.us/agrc/>.

Intent Language

The Legislature included the following intent language in Item 65 of the *Annual Appropriations Act* (H.B. 1, 1999 General Session):

It is the intent of the Legislature that the Department of Administrative Services Division of Information Technology Services use \$300,000 from operating revenue to fund acquisition and integration activities of the Automated Geographic Reference Center.

In response to the language, revenue generated by the operation of other functions within the Division of Information Technology Services offset costs associated with the AGRC.

General Fund Subsidy Elimination

The Analyst recognizes the value of accurate geographic information for a vast number of applications. The Analyst thus encourages AGRC to pursue federal funds, increased dedicated credits as authorized by Utah Code 63A-6-202(3)(b), and other innovative financing arrangements to fulfill its mission. The Analyst believes that demand for geographic information is sufficient to cover the operating expenses of the AGRC, including personnel and base data costs. The Analyst thus recommends the following intent language:

It is the intent of the Legislature that the Department of Administrative Services Division of Information Technology Services prepare a plan, including proposed rate increases and potentially impacted customers, that would eliminate General Fund subsidy of the Automated Geographic Reference Center. The Division shall present this plan to the Office of the Legislative Fiscal Analyst before September 1, 2000.

Capital Outlay

The Analyst's recommendation includes authorization for the following capital outlay items:

Capital Outlay Category	Estimated Cost
Other (AGRC, Systems, and Security)	\$115,000
WAN, Web, Other Hardware/Software	<u>\$40,000</u>
Total	<u><u>\$155,000</u></u>

4.0 Additional Information

4.1 Funding History

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Dedicated Credits	\$51,392,500	\$57,267,200	\$59,754,900	\$50,712,400	\$49,743,700
Federal Funds	228,100	207,100		150,000	75,000
Transfers	737,000	521,900	1,341,600	391,600	391,600
Total	\$52,357,600	\$57,996,200	\$61,096,500	\$51,254,000	\$50,210,300
% Change		10.8%	5.3%	-16.1%	-2.0%
Programs					
ISF - ITS Administration and Finance	\$52,074,600				
ISF - Network Services		9,534,800	9,933,300	10,276,300	10,110,700
ISF - Telephone Services		20,897,000	19,105,700	15,902,800	16,003,200
ISF - Radio Shop		3,096,000	2,193,200	2,188,400	2,182,400
ISF - Computing		15,255,400	15,001,800	14,934,800	14,879,100
ISF - ITS Support Services		3,965,600	3,641,200	4,051,100	4,082,900
ISF - New Technologies		24,900	141,200	165,400	202,500
ISF - Automated Geographic Ref Ctr	1,061,600	1,032,000	1,314,400	1,749,700	1,378,600
Total	\$53,136,200	\$53,805,700	\$51,330,800	\$49,268,500	\$48,839,400
Expenditures					
Personal Services	\$13,492,000	\$14,173,600	\$14,838,700	\$15,360,200	\$14,877,200
In-State Travel	71,200	47,800	55,000	100,000	100,000
Out of State Travel	133,200	152,600	139,000	160,000	160,000
Current Expenses	22,731,800	24,150,900	20,898,700	18,319,300	18,725,900
DP Current Expenses	8,043,800	6,614,800	7,629,800	8,177,900	7,911,500
DP Capital Outlay	8,664,200	8,666,000	7,040,600	6,433,300	6,346,700
Other Charges/Pass Thru			729,000	717,800	718,100
Total	\$53,136,200	\$53,805,700	\$51,330,800	\$49,268,500	\$48,839,400
Net Operating Income	(\$778,600)	\$4,190,500	\$9,765,700	\$1,985,500	\$1,370,900
FTE	234.0	237.0	237.0	242.0	242.0
Authorized Capital Outlay	\$11,201,700	\$3,968,578	\$5,567,672	\$6,164,000	\$6,243,600
Retained Earnings	\$3,045,837	\$7,236,300	\$17,001,900	\$18,987,400	\$20,358,300