

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

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

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

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 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
Dedicated Credits - Intragvt Rev	54,530,800		54,530,800
Transfers	376,600		376,600
Total	\$54,907,400	\$0	\$54,907,400
Programs			
ISF - ITS Administration and Finance	(100)		(100)
ISF - Network Services	12,116,800		12,116,800
ISF - Telephone Services	15,053,700		15,053,700
ISF - Radio Shop	2,278,800		2,278,800
ISF - Computing	18,647,100		18,647,100
ISF - ITS Support Services	6,440,300		6,440,300
ISF - New Technologies	544,400		544,400
Total	\$55,806,600	\$0	\$55,806,600
Net Income	(\$899,200)	\$0	(\$899,200)
FTE/Other			
Total FTE	248.00		248.00
Authorized Capital Outlay	5,745,800		5,745,800
Retained Earnings	11,577,400		11,577,400

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 Increased Focus upon Customer Service

In the 2001 General Session and during 2001 Rate Committee proceedings, the Analyst was critical of ITS' approach to customer service. Since then, ITS has redoubled its efforts to better serve its customers. The Analyst applauds ITS' work and encourages further growth in this area. (See page 5.)

2.2 Reduction of Operating Expenses through Efficiencies

As part of its FY 2002 Supplemental Action, the Legislature rebated \$1,280,000 from the ITS internal service fund to the General Fund. The Legislature also included intent language directing ITS to adjust its operations in a manner sufficient to generate these savings. The Analyst recommends the State realize these ongoing savings in FY 2003 through ITS rate reductions. (See page 5.)

2.2 Video Conferencing Program

ITS instituted the Video Conferencing cost center as a "new technology" in FY 1999. It has never produced enough revenue to cover its costs. As a result, ITS has withdrawn from the state's video conferencing consortium as suggested by the Analyst during the previous session. (See page 14.)

2.3 AGRC Operating Revenue

Since 1993, the Automated Geographic Reference Center (AGRC) has operated as a pseudo internal service fund, with General Fund appropriations augmenting Federal grants, dedicated credits revenue, and transfers from other Internal Service Funds. The FY 2001 Appropriations Bill included intent language directing the AGRC to study future funding options that would clarify its status as either an internal service fund or an appropriated function. As a result of that study, the Analyst recommended additional appropriations be provided to AGRC to cover its full operating costs in FY 2002. Those appropriations were provided on a one-time basis and do not recur in FY 2003. AGRC's budget request for FY 2003 suggests that these further General Fund appropriations are no longer necessary. (See page 15.)

2.4 Response to Intent Language

The Legislature included intent language in the FY 2002 *Annual Appropriations Act* directing ITS to develop an on-line billing system, allowing it to transfer FTEs from other State agencies, and clarifying the purpose of certain digital mapping funds. Responses to those intent statements are included on pages 7, 8 and 16.

3.0 Programs: Division of Information Technology Services Internal Service Fund

Analyst concerned about customer service

In 2001 General Session subcommittee hearings, the Analyst criticized ITS' approach to customer service, and suggested intent language to strengthen the communication between ITS and its customers (see page 7.) When ITS suggested in Rate Committee proceedings a new rate structure that relied upon growth in the use of ITS services, the Analyst again pointed-out a lack of satisfaction on the part of ITS customers.

Anecdotal evidence supporting the Analyst's observations includes a movement away from ITS services to "in-house" computing. For example, when the Division of Finance began replacing the State's payroll system, it relied upon contractor support and in-house labor rather than ITS to do so.

ITS takes first-steps toward improving relationships

As a result of these and other factors, including, the Analyst assumes, a customer satisfaction survey circulated by ITS last summer, ITS has redoubled its efforts on customer service. It has created a Customer Service section in the office of the Director, and has met with most of its customers to reinforce its new commitment to service.

The Analyst commends these actions, and believes that with continued focus on customers, not only in the Customer Service section, but throughout the organization, ITS can leverage the state's resources to the benefit of agencies and tax payers. As customer confidence in ITS improves, ITS will begin to draw the open systems, web application, and "hot-site" back-up customers it will need as agencies move away from mainframe computing.

Recommendation

In conjunction with ITS' commitment to customer service, the Analyst believes the agency can continue to operate at a lower cost than estimated in FY 2003. The Analyst therefore recommends ITS reduce its rates to reflect cost savings directed by the Legislature through FY 2002 Supplemental action.

Page 12, Item 56 of the Supplemental Appropriations Act (House Bill 1, 2002 General Session) rebates \$1,280,000 from the ITS Internal Service Fund to the General Fund. The line item also includes the following intent language:

It is the intent of the Legislature that the Division of Information Technology Services adjust its operations in a manner sufficient to generate savings equivalent to \$1,280,000 in state funds. The legislature further intends that the Division rebate such savings to the General Fund in FY 2002.

The Analyst expects that the savings directed by the Legislature are ongoing. As such, the Analyst recommends ITS present to the Internal Service Fund Rate Committee and the Legislature a rate reduction reflecting such savings for the 2003 fiscal year. To implement this recommendation, the Analyst suggests the Legislature include the following intent language in the FY 2003 Appropriations Act:

It is the intent of the Legislature that the Division of Information Technology Services adjust its operations in a manner sufficient to generate savings equivalent to \$1,280,000 in state funds.

The Analyst believes that ITS can reach the above goal through a number of means:

- ▶ Reduced expenditure on external personnel;
- ▶ Tightened control over software acquisition;
- ▶ Revised policies on capital depreciation;
- ▶ Increased emphasis on industry-standard technologies;
- ▶ Decreased expenditure on basic research.

The Analyst has confidence in ITS and Department management to make the operational changes necessary to realize the savings suggested above without explicit Legislative mandates on the area, size, and scope of individual reduction.

3.1 Administration & Finance

Recommendation The Analyst recommends FY 2003 expenditures of \$2,104,700 for Administration and Finance, to be distributed proportionally among other functional areas within the Division. The Analyst also recommends twenty-five full time equivalent (FTE) positions for this functional area.

Financing	2001 Actual	2002 Estimated	2003 Analyst	Est/Analyst Difference
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Personal Services	1,452,700	1,437,700	1,442,700	5,000
In-State Travel	400	49,000	49,000	
Out of State Travel	8,400	131,500	131,500	
Current Expense	260,800	254,700	254,700	
DP Current Expense	193,600	229,800	219,800	(10,000)
DP Capital Outlay	8,200	7,700	7,000	(700)
Other Charges/Pass Thru	195,900	(2,110,400)	(2,104,800)	5,600
Total	<u>\$2,120,000</u>	<u>\$0</u>	<u>(\$100)</u>	<u>(\$100)</u>
Net Income	<u>(\$2,120,000)</u>	<u>\$0</u>	<u>\$100</u>	<u>\$100</u>
FTE/Other				
Total FTE	27	25	25	
Authorized Capital Outlay	8,200	7,700		(7,700)
Retained Earnings	925,400	925,400	925,500	100

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

Intent Language The *Appropriations Act* for FY 2002 (House Bill 1, 2001 General Session) includes the following intent language at page 28, Item 68:

It is the intent of the Legislature that the Department of Administrative Services Division of Information Technology Services develop an on-line system for billing its customers. Where possible, the system should replace paper billing and include a mechanism by which customers confirm bill payment and provide feedback about ITS rates and services.

ITS has deployed an on-line phone bill application, available to state managers via the “InnerWeb” at <http://phonebill.innerweb.utah.gov>. ITS is also developing an on-line customer suggestion box that will soon be available at <http://itsweb5/NASApp/SuggestionBox/jsp/index.jsp>.

Intent Language

The FY 2002 *Appropriations Act* (House Bill 1, 2001 General Session) includes the following intent language at page 24, Item 64

It is the intent of the Legislature that the Information Technology Services Internal Service Fund of the Department of Administrative Services be allowed to add FTEs beyond the authorized level if it represents a benefit to the State and a decrease of FTEs in the user agency. The total FTEs within state government shall not change with this shift of FTEs. Agencies transferring FTEs to Internal Service Funds shall report to the Executive Appropriations Committee decreased personal service expenditures and corresponding increased Internal Service Fund charges as a result of the transfer.

Under this authority, the Division transferred 5 employees from the Division of Facilities Construction and Management in FY 2002. The savings generated by this consolidation was reflected in the FY 2002 *Supplemental Appropriations Act* (House Bill 1, 2002 General Session).

3.2 Network Services

Recommendation

The Analyst recommends FY 2003 revenue of \$11,867,400, expenses of \$12,116,800, and capital outlay of \$1,599,600 for Network Services. The Analyst also recommends thirty-four full time equivalent (FTE) positions for this function.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits - Intragvt Rev	11,228,100	11,617,400	11,867,400	250,000
Total	<u>\$11,228,100</u>	<u>\$11,617,400</u>	<u>\$11,867,400</u>	<u>\$250,000</u>
Expenditures				
Personal Services	2,713,900	2,588,400	2,597,200	8,800
In-State Travel	3,300			
Out of State Travel	22,200			
Current Expense	6,186,200	6,186,300	6,186,300	
DP Current Expense	1,200,300	1,193,700	1,193,700	
DP Capital Outlay	1,725,200	1,785,300	1,930,800	145,500
Other Charges/Pass Thru	66,100	136,800	208,800	72,000
Total	<u>\$11,917,200</u>	<u>\$11,890,500</u>	<u>\$12,116,800</u>	<u>\$226,300</u>
Net Income	<u>(\$689,100)</u>	<u>(\$273,100)</u>	<u>(\$249,400)</u>	<u>\$23,700</u>
FTE/Other				
Total FTE	40	34	34	
Authorized Capital Outlay	1,725,200	1,785,300	1,599,600	(185,700)
Retained Earnings	(1,237,100)	(1,510,200)	(1,759,600)	(249,400)

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

3.3 Telephone Services

Recommendation

The Analyst recommends FY 2003 revenues of \$15,486,000, expenses of \$15,053,700, and capital outlay of \$525,000 for Telephone Services. The Analyst also recommends thirty-nine full time equivalent (FTE) positions for this functional area.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits - Intragvt Rev	16,350,800	15,486,100	15,486,000	(100)
Total	<u>\$16,350,800</u>	<u>\$15,486,100</u>	<u>\$15,486,000</u>	<u>(\$100)</u>
Expenditures				
Personal Services	2,585,600	2,431,600	2,440,100	8,500
In-State Travel	12,900			
Out of State Travel	19,300			
Current Expense	9,871,600	9,870,800	9,870,800	
DP Current Expense	164,800	164,900	164,900	
DP Capital Outlay	1,329,600	1,176,100	943,900	(232,200)
Other Charges/Pass Thru	1,414,500	1,589,100	1,634,000	44,900
Total	<u>\$15,398,300</u>	<u>\$15,232,500</u>	<u>\$15,053,700</u>	<u>(\$178,800)</u>
Net Income	<u>\$952,500</u>	<u>\$253,600</u>	<u>\$432,300</u>	<u>\$178,700</u>
FTE/Other				
Total FTE	43	39	39	
Authorized Capital Outlay	1,329,300	1,176,100	525,000	(651,100)
Retained Earnings	(318,500)	(64,900)	367,400	432,300

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

3.4 Radio Shop

Recommendation

The Analyst recommends FY 2003 revenue of \$2,302,000 and expenditures of \$2,278,800 for the Radio Shop. The Analyst also recommends seventeen full time equivalent (FTE) positions for this functional area.

	2001 Actual	2002 Estimated	2003 Analyst	Est/Analyst Difference
Financing				
Dedicated Credits - Intragvt Rev	2,297,100	2,302,800	2,302,000	(800)
Total	<u>\$2,297,100</u>	<u>\$2,302,800</u>	<u>\$2,302,000</u>	<u>(\$800)</u>
Expenditures				
Personal Services	1,075,600	1,111,800	1,115,600	3,800
In-State Travel	15,100			
Out of State Travel	4,800			
Current Expense	847,900	847,900	847,900	
DP Current Expense	8,200	8,200	8,200	
DP Capital Outlay	115,900	117,500	118,400	900
Other Charges/Pass Thru	171,800	190,600	188,700	(1,900)
Total	<u>\$2,239,300</u>	<u>\$2,276,000</u>	<u>\$2,278,800</u>	<u>\$2,800</u>
Net Income	<u>\$57,800</u>	<u>\$26,800</u>	<u>\$23,200</u>	<u>(\$3,600)</u>
FTE/Other				
Total FTE	17	17	17	
Authorized Capital Outlay	115,900	117,500		(117,500)
Retained Earnings	(1,139,200)	(1,112,400)	(1,089,200)	23,200

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 2003 revenue of \$17,805,400, expenses of \$18,647,100, and capital outlay of \$2,945,000 for Computing. The Analyst also recommends eighty-nine full time equivalent (FTE) positions for this functional area.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits - Intragvt Rev	18,387,600	18,315,000	17,805,400	(509,600)
Total	<u>\$18,387,600</u>	<u>\$18,015,100</u>	<u>\$17,805,400</u>	<u>(\$209,700)</u>
Expenditures				
Personal Services	5,751,200	6,245,300	6,266,300	21,000
In-State Travel	2,900			
Out of State Travel	51,700			
Current Expense	762,500	762,500	762,500	
DP Current Expense	5,463,300	5,285,500	5,285,500	
DP Capital Outlay	2,507,100	2,697,000	3,212,500	515,500
Other Charges/Pass Thru	3,092,800	3,028,400	3,120,300	91,900
Total	<u>\$17,631,500</u>	<u>\$18,018,700</u>	<u>\$18,647,100</u>	<u>\$628,400</u>
Net Income	<u>\$756,100</u>	<u>(\$3,600)</u>	<u>(\$841,700)</u>	<u>(\$838,100)</u>
FTE/Other				
Total FTE	80	89	89	
Authorized Capital Outlay	2,507,100	2,697,000	2,945,000	248,000
Retained Earnings	16,836,300	15,552,700	14,711,000	(841,700)

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

3.6 Support Services

Recommendation

The Analyst recommends FY 2003 revenue of \$6,466,000 and expenses of \$6,440,300 for Support Services. The Analyst also recommends thirty-five full time equivalent (FTE) positions for this functional area, an increase of five FTE as a result of transfers from the Division of Facilities Construction and Management.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits - Intragvt Rev	3,643,500	6,441,000	6,466,000	25,000
Total	<u>\$3,643,500</u>	<u>\$6,441,000</u>	<u>\$6,466,000</u>	<u>\$25,000</u>
Expenditures				
Personal Services	2,237,400	2,562,500	2,571,000	8,500
In-State Travel	600			
Out of State Travel	19,700			
Current Expense	1,863,000	4,363,100	4,363,100	
DP Current Expense	1,642,100	1,636,500	1,636,500	
DP Capital Outlay	356,900	457,000	557,200	100,200
Other Charges/Pass Thru	(2,478,000)	(2,506,000)	(2,687,500)	(181,500)
Total	<u>\$3,641,700</u>	<u>\$6,513,100</u>	<u>\$6,440,300</u>	<u>(\$72,800)</u>
Net Income	<u>\$1,800</u>	<u>(\$72,100)</u>	<u>\$25,700</u>	<u>\$97,800</u>
FTE/Other				
Total FTE	25	35	35	
Authorized Capital Outlay	356,900	457,000		(457,000)
Retained Earnings	351,500	279,400	305,100	25,700

Purpose

Support Services provides equipment maintenance, the ITS training center, maintenance of master license agreements, and support for the Ogden and Provo regional centers. 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
- ▶ Training

3.7 New Technologies

Recommendation

The Analyst recommends FY 2003 revenue of \$255,000 and expenses of \$44,400 for New Technologies. The Analyst also recommends \$676,200 in capital outlay for this functional area.

	2001 Actual	2002 Estimated	2003 Analyst	Est/Analyst Difference
Financing				
Dedicated Credits - Intragvt Rev	255,700	255,000	255,000	
Total	<u>255,700</u>	<u>255,000</u>	<u>255,000</u>	<u>\$0</u>
Expenditures				
Current Expense	321,100	321,100	321,100	
DP Current Expense	20,500	20,500	20,500	
DP Capital Outlay	125,200	81,100	37,000	(44,100)
Other Charges/Pass Thru	186,200	188,900	165,800	(23,100)
Total	<u>653,000</u>	<u>611,600</u>	<u>544,400</u>	<u>(\$67,200)</u>
Net Income	<u>(\$397,300)</u>	<u>(\$356,600)</u>	<u>(\$289,400)</u>	<u>\$67,200</u>
FTE/Other				
Authorized Capital Outlay	125,200	81,100	676,200	595,100
Retained Earnings	(758,100)	(1,114,700)	(1,404,100)	(289,400)

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 centers:

- ▶ IP Telephony
- ▶ Web Development
- ▶ Video Conferencing

In the past, ITS has offered two types of video conferencing as a service to its customers. It linked shared "consortium" sites to which access is open, and proprietary sites, like those at prisons, to which access is limited.

In the 2001 General Session, the Analyst pointed out that only 2% of available videoconferencing network time was utilized. The Analyst recommended, and the Legislature authorized, no capital outlay authorization for video conferencing until ITS could demonstrate greater utilization.

Given a continued lack of demand for consortium sites, ITS has withdrawn from the Consortium in the past year.

3.8 Automated Geographic Reference Center

Recommendation The Analyst recommends FY 2003 revenue of \$725,600 and expenses of \$725,600 for the Automated Geographic Reference Center. The Analyst also recommends nine full time equivalent (FTE) positions for this functional area.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits - Intragvt Rev	619,400	349,000	349,000	
Transfers	934,400	876,600	376,600	(500,000)
Total	<u>\$1,553,800</u>	<u>\$1,225,600</u>	<u>\$725,600</u>	<u>(\$500,000)</u>
Expenditures				
Personal Services	635,500	633,600	635,800	2,200
In-State Travel	12,600			
Out of State Travel	7,700			
Current Expense	44,900	44,900	24,100	(20,800)
DP Current Expense	921,400	245,300	27,800	(217,500)
DP Capital Outlay	40,800	40,800	14,900	(25,900)
Other Charges/Pass Thru	58,300	261,000	23,000	(238,000)
Total	<u>\$1,721,200</u>	<u>\$1,225,600</u>	<u>\$725,600</u>	<u>(\$500,000)</u>
Net Income	<u>(\$167,400)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE/Other				
Total FTE	11	9	9	
Authorized Capital Outlay	40,800	40,800		(40,800)
Retained Earnings	(478,700)	(478,700)	(478,700)	

Purpose

The Automated Geographic Reference Center (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). AGRC 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 a number of 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 with \$200,000 in one-time General Funds in the *Supplemental Appropriations Act II* (Senate Bill 3, 2001 General Session), page 6, Item 37:

It is the intent of the Legislature that these funds be used to support rural government efforts to locate or establish survey control corners and enable digital parcel mapping activities. This funding will go directly to rural subdivisions of the state to be used for the protection of citizens' private property rights and public benefit through inclusion in the State Geographic Information Database. Distribution of funds by the Automated Geographic Reference Center will be based on the recommendations developed after consultation with the Rural Partnership Board and the Utah Association of Counties.

AGRC has distributed the funds as follows:

Allcation of FY 2002 Local Mapping Appropriation	
County	Amount
Rich County	\$12,000
Box Elder County	\$8,000
Morgan County	\$8,000
Wayne County	\$8,000
Millard County	\$10,000
Carbon County	\$10,000
Juab County	\$15,000
Uintah County	\$12,000
Sanpete County	\$10,000
Tooele County	\$8,000
Iron County	\$12,000
Piute County	\$6,000
Emery County	\$10,000
Grand County	\$10,000
Beaver County	\$10,000
Summit County	\$15,000
Cache County	\$6,000
Washington County	\$10,000
Daggett County	\$8,000
Wasatch County	\$12,000
Total	<u><u>\$200,000</u></u>

No Need for New Ongoing Funds

In a report AGRC presented to the Information Technology Commission on August 17, 2000 and in writing to the Executive Appropriations Committee, it found that charging AGRC users for data would cost more in reciprocal charges than it earned, and that charging for additional value added services would cause anti-competition problems.

State's return on AGRC investment an order of magnitude

AGRC noted that it currently trades data with local entities and the Federal government on a barter basis or for a reduced fee. Through such reciprocal arrangements, AGRC reported it received more than \$2.2 million worth of Ortho Quarter Quads and Digital Line Graphs for less than \$280,000 – a nearly ten-fold return on investment. AGRC fears that charging its partners for data would jeopardize these benefits.

AGRC further noted that it did not include the sale of value added services in its mission and feared that such sale would directly compete with private sector GIS companies and engineering firms.

GIS framework provides coordination among government agencies

In the past year, AGRC has made great strides in establishing a framework upon which all State geographic data, as well as some federal and local data, will be collected and catalogued. The framework clarifies the roles of various departments and eliminates duplication of effort in data collection, storage, and analysis.

In light of AGRC's report, as well as its emerging role as coordinator of state GIS activities, and recognizing the value of spatial data to the state and its citizens, the Analyst recommended in FY 2002 that additional state appropriations be provided to AGRC. These appropriations were provided on a one-time basis with the understanding that the issue would be revisited in FY 2003.

Both AGRC's initial and revised budget requests for FY 2003 suggest that the center does not need further State funds for operation in the next fiscal year. As shown in the table on page 15, the Center will cover its operating costs through a combination of state funds and dedicated credits revenue.

Faced with tight tax revenue in FY 2003, the Analyst is not recommending further General Fund appropriations for AGRC.

4.0 Additional Information: Division of Information Technology Services Internal Service Fund**4.1 Funding History**

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Federal Funds		150,000			
Dedicated Credits - Intragvt Rev	59,754,900	52,244,400	52,782,200	54,766,300	54,530,800
Transfers	1,341,600	391,600	934,400	576,700	376,600
Total	\$61,096,500	\$52,786,000	\$53,716,600	\$55,343,000	\$54,907,400
Programs					
ISF - Network Services	9,730,000	10,077,700	11,228,100	11,617,400	11,867,400
ISF - Telephone Services	19,276,800	17,129,500	16,350,800	15,486,100	15,486,000
ISF - Radio Shop	1,950,200	2,034,800	2,297,100	2,302,800	2,302,000
ISF - Computing	24,651,600	18,775,900	18,387,600	18,015,100	17,805,400
ISF - ITS Support Services	3,911,500	3,648,400	3,643,500	6,441,000	6,466,000
ISF - New Technologies	101,800	224,800	255,700	255,000	255,000
ISF - Automated Geographic Ref Ctr	1,474,600	894,900	1,553,800	1,225,600	725,600
Total	\$61,096,500	\$52,786,000	\$53,716,600	\$55,343,000	\$54,907,400
Expenditures					
Personal Services	14,838,700	15,459,000	16,451,900	17,010,900	17,068,700
In-State Travel	55,000	49,000	47,800	49,000	49,000
Out of State Travel	139,000	123,600	133,800	131,500	131,500
Current Expense	20,898,700	20,009,800	20,158,000	22,651,300	22,630,500
DP Current Expense	7,629,800	9,389,400	9,614,200	8,784,400	8,556,900
DP Capital Outlay	7,040,600	5,986,400	6,208,900	6,362,500	6,821,700
Other Charges/Pass Thru	729,000	2,984,000	2,707,600	778,400	548,300
Total	\$51,330,800	\$54,001,200	\$55,322,200	\$55,768,000	\$55,806,600
Net Income	\$9,765,700	(\$1,215,200)	(\$1,605,600)	(\$425,000)	(\$899,200)
FTE/Other					
Total FTE	237	237	242	248	248
Authorized Capital Outlay	5,567,672	5,247,100	6,208,600	6,362,500	5,745,800
Retained Earnings	17,002,000	15,786,800	14,181,600	12,476,600	11,577,400