

Arizona Department of Administration
Information Technology Services

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	214.0	214.0	180.4
Personal Services	8,014,600	10,274,600	8,666,700
Employee Related Expenditures	2,035,600	2,761,700	2,094,700
Professional and Outside Services	1,697,900	2,193,900	1,659,700
Travel - In State	46,600	59,200	51,900
Travel - Out of State	17,900	49,200	60,900
Other Operating Expenditures	7,703,100	9,727,000	3,049,100
Equipment	10,642,000	10,427,900	8,850,400
PROGRAM TOTAL	30,157,700	35,493,500	24,433,400
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Technology and Telecommunications Fund	30,157,700	35,493,500	24,433,400
SUBTOTAL - Other Appropriated Funds	30,157,700	35,493,500	24,433,400
SUBTOTAL - Appropriated Funds	30,157,700	35,493,500	24,433,400
Other Non-Appropriated Funds	19,479,100	35,283,100	35,357,600
TOTAL - ALL SOURCES	49,636,800	70,776,600	59,791,000

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
Other Appropriated Funds	(11,060,100)	(31.2%)
Total Appropriated Funds	(11,060,100)	(31.2%)
Non Appropriated Funds	74,500	0.2%
Total - All Sources	(10,985,600)	(15.5%)

COST CENTER DESCRIPTION — The Information Technology Services Division includes the Data Center, which provides centralized processing services for approximately 70 state agencies; and the Telecommunications Program Office (TPO), which manages the Statewide Telecommunications Management Contract's provision of statewide voice and data communications. The division also supplies statewide emergency telecommunications equipment, network security, and information technology (IT) consulting. The Technology and Telecommunications Fund derives from charges to agencies utilizing these IT services. With the likely signing of the Statewide Telecommunications Management Contract in January 2005, the TPO will functionally replace the Arizona Telecommunications Service (ATS). Statute does not yet reflect this change.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• Customer satisfaction rating for mainframe services based on annual survey (Scale 1-8)	5.4	7.8	6.5	7.8
• Customer satisfaction rating for the Wide Area Network (Magnet) (Scale 1-8) (NEW)	5.7	7.4	--	7.5
• Customer satisfaction rating for Statewide Telecommunications Management Contract services (Scale 1-8) (NEW)	NA	NA	--	7.0
• Customer satisfaction rating for information technology security services (Scale of 1-8)	4.6	6.3	6.5	--
• Customer satisfaction rating for Finance and Planning services (Scale 1-8)	7.4	NA	7.5	--
• Customer satisfaction rating for Arizona Telecommunications System (ATS) (Scale 1-8)	5.7	NA	7.1	--
• % of Enterprise Application work requests completed by estimated target date	92	98	95	--

Comments: The agency did not submit information for any measure labeled as "NA." Customer satisfaction with mainframe and Wide Area Network (WAN) services significantly improved between FY 2003 and FY 2004. The Information Technology Services Division provides WAN access to almost all state agency sites. The JLBC recommends new performance measures for the WAN and for Statewide Telecommunications Management Contract services.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$24,433,400 from the Technology and Telecommunications Fund for the operating budget in FY 2006. This amount would fund the following adjustments:

Standard Changes **OF** **FY 2006**
\$(47,300)

The JLBC recommends a decrease of \$(47,300) from the Technology and Telecommunications Fund in FY 2006 for standard changes.

Telecommunication Issues

Eliminate ATS **OF** **(12,682,000)**

The JLBC recommends a decrease of \$(12,682,000) and (55.6) FTE Positions from the Technology and Telecommunications Fund in FY 2006 to eliminate the Arizona Telecommunications Service. With the likely signing of the Statewide Telecommunications Management Contract in January 2005, the TPO will functionally replace ATS.

The chart below summarizes the policy issues relating to the replacement of ATS:

<u>JLBC Recommended Policy Issue</u>	<u>Funding</u>	<u>FTE</u>
TPO Operations	\$1,412,100	11.0
Level 1 Help Desk	116,000	2.0
State Switchboard	281,400	7.0
Security Investigation Team	<u>249,700</u>	<u>2.0</u>
Total	\$2,059,200	22.0

TPO Operations **OF** **1,412,100**

The JLBC recommends an increase of \$1,412,100 and 11 FTE Positions from the Technology and Telecommunications Fund in FY 2006 for the Telecommunications Program Office operating budget. The former amount includes \$350,000 for one-time Professional and Outside Services funding and \$9,000 for one-time Equipment funding. With the likely signing of the Statewide Telecommunications Management Contract in January 2005, the TPO will functionally replace ATS.

The recommended 11 FTE Positions encompass 2 administrative positions, 3 engineering positions, 3 contract management positions, 2 project management positions, and 1 communications analysis position. For comparison, the Government Information Technology Agency, responsible for all statewide IT planning, coordinating, oversight, and consulting, operates with an appropriation of \$2.5 million and 21 FTE Positions.

By including \$350,000 in one-time monies for consulting services, the JLBC recommendation provides the flexibility to address unmet needs. With a year of actual experience, the TPO Operations appropriation can be fine-tuned for FY 2007.

Level 1 Help Desk **OF** **116,000**

The JLBC recommends an increase of \$116,000 and 2 FTE Positions from the Technology and Telecommunications Fund in FY 2006 for the Level 1 Help Desk. The Level 1 Help Desk would receive initial support calls from agencies, document the calls, and pass the information to the Statewide Telecommunications Management Contractor's Help Desk for resolution.

ATS had 1.5 filled FTE Positions for its help desk and the JLBC recommends transferring those employees to the new help desk. If this function requires additional staffing, the FTE Positions and budgets of other state agencies' internal help desks could be consolidated into the TPO.

State Switchboard OF 281,400

The JLBC recommends an increase of \$281,400 and 7 FTE Positions from the Technology and Telecommunications Fund in FY 2006 for the State Switchboard. The switchboard routes calls from state agency employees and the public to other state agency employees, as well as facilitates conference calls.

ATS had 9.8 filled FTE Positions staffing the State Switchboard. The JLBC estimates, based on call volumes, that the switchboard was overstaffed at that time, with enough FTE hours to spend, on average, nearly 6 minutes answering every regular call and over 17 minutes setting up every conference call.

If all Executive Branch agencies convert to the new telecommunications system, user volume will triple, but call volumes are unlikely to increase so significantly. The State Switchboard under ATS was already available to all employees. Furthermore, the new statewide telecommunications system will provide increased functionality to route calls electronically. The technological improvements should more than offset any call volume increases.

Security Investigation Team OF 249,700

The JLBC recommends an increase of \$249,700 and 2 FTE Positions from the Technology and Telecommunications Fund in FY 2006 for the Security Investigation Team. The security team would investigate toll fraud, inappropriate internet use, and other such telecommunication crimes.

Other IT Issues

Replacement Equipment OF (283,000)

The JLBC recommends a decrease of \$(283,000) from the Technology and Telecommunications Fund in FY 2006 for one-time equipment replacement. This amount represents the elimination of one-time \$(493,700) for completed data center projects and the one-time addition of \$210,700 for the division's personal computer upgrade project.

Data Center Maintenance Savings OF (107,000)

The JLBC recommends a decrease of \$(107,000) from the Technology and Telecommunications Fund in FY 2006 for savings generated by the division's new data storage contract. The vendor waived maintenance charges through FY 2007.

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JLBC RECOMMENDED FORMAT — Lump Sum by Fund

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The appropriation for the Technology and Telecommunications Fund is an estimate representing all monies, including balance forward, revenue and transfers during FY 2006. These monies are appropriated to the Department of Administration for the purposes established in A.R.S. § 41-713. The appropriation shall be adjusted as necessary to reflect receipts credited to the Technology and Telecommunications Fund for ~~Arizona Telecommunications System~~ TELECOMMUNICATIONS PROGRAM OFFICE and data center projects. Of the appropriation, \$2,059,200 in FY 2006 is for the ~~Arizona Telecommunications System~~ TELECOMMUNICATIONS PROGRAM OFFICE and \$22,374,200 in FY 2006 is for all other information technology services expenditures. Expenditures for all additional ~~Arizona Telecommunications System~~ TELECOMMUNICATIONS PROGRAM OFFICE and data center projects shall be subject to review by the Joint Legislative Budget Committee, following approval of the Government Information Technology Agency, and shall not exceed the revenues for these projects. *(With the likely signing of the Statewide Telecommunications Management Contract in January 2005, the TPO will functionally replace ATS.)*

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Telecommunications Contractor and Carrier Fees

A new special line item may be necessary to separate fees, paid by agencies to the Statewide Telecommunications Management Contractor and related carriers, from the operating budget. However, the TPO has not yet established a billing process and may choose not to act as intermediary, but to have agencies directly pay such fees.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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