

|  | FY 2006<br>Actual | FY 2007<br>Estimate | FY 2008<br>Approved            |
|--|-------------------|---------------------|--------------------------------|
| <b>OPERATING BUDGET</b>  |                   |                     |                                |
| Full Time Equivalent Positions                                   | 180.4             | 180.4               | 180.4                          |
| Personal Services  | 7,281,200         | 9,525,200           | 9,834,800                      |
| Employee Related Expenditures                                    | 2,158,400         | 3,229,300           | 3,455,200                      |
| Professional and Outside Services                                | 590,000           | 1,208,100           | 1,208,100                      |
| Travel - In State  | 23,700            | 26,900              | 26,900                         |
| Travel - Out of State  | 7,300             | 38,600              | 38,600                         |
| Other Operating Expenditures                                     | 2,889,100         | 3,293,900           | 3,385,600                      |
| Equipment  | 10,921,300        | 10,015,100          | 9,762,100                      |
| <b>OPERATING SUBTOTAL</b>  | <b>23,871,000</b> | <b>27,337,100</b>   | <b>27,711,300</b>              |
| <b>SPECIAL LINE ITEMS</b>  |                   |                     |                                |
| Statewide Telecommunications Management Contract                 | 0                 | 894,000             | 851,800                        |
| Infrastructure Improvements                                      | 0                 | 0                   | 4,713,700                      |
| <b>PROGRAM TOTAL</b>   | <b>23,871,000</b> | <b>28,231,100</b>   | <b>33,276,800<sup>1/</sup></b> |
| <b>FUND SOURCES</b>  |                   |                     |                                |
| General Fund   | 0                 | 894,000             | 851,800                        |
| <u>Other Appropriated Funds</u>                                  |                   |                     |                                |
| Automation Operations Fund                                       | 21,754,900        | 24,289,400          | 24,529,600 <sup>2/</sup>       |
| Telecommunications Fund  | 2,116,100         | 3,047,700           | 3,181,700                      |
| Telecommunications Fund -<br>Infrastructure Improvements Account | 0                 | 0                   | 4,713,700 <sup>3/</sup>        |
| <b>SUBTOTAL - Other Appropriated Funds</b>                       | <b>23,871,000</b> | <b>27,337,100</b>   | <b>32,425,000</b>              |
| <b>SUBTOTAL - Appropriated Funds</b>                             | <b>23,871,000</b> | <b>28,231,100</b>   | <b>33,276,800</b>              |
| Other Non-Appropriated Funds                                     | 21,463,300        | 28,729,900          | 28,311,700                     |
| <b>TOTAL - ALL SOURCES</b>                                       | <b>45,334,300</b> | <b>56,961,000</b>   | <b>61,588,500</b>              |

**COST CENTER DESCRIPTION** — The Information Technology Services Division includes the Data Center, which provides centralized processing services and information technology (IT) consulting for approximately 70 state agencies. The division also houses the Telecommunications Program Office (TPO), which manages the Statewide Telecommunications Management Contractor's provision of statewide voice and data communications, as well as the statewide distribution of emergency telecommunications equipment. The Automation Operations Fund and the Telecommunications Fund, respectively, derive from charges to agencies utilizing these IT services.

- <sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Fund.
- <sup>2/</sup> The appropriation for the Automation Operations Fund is an estimate representing all monies, including balance forward, revenue and transfers during FY 2008. These monies are appropriated to the Department of Administration for the purposes established in A.R.S. § 41-711. The appropriation shall be adjusted as necessary to reflect receipts credited to the Automation Operations Fund for Automation Operation Center projects. Expenditures for all additional Automation Operation Center projects above the \$24,529,600 appropriation shall be subject to review by the Joint Legislative Budget Committee, following approval of the Government Information Technology Agency. Expenditures for each additional project shall not exceed the specific revenues of that project. (General Appropriation Act footnote, as adjusted for statewide allocations)
- <sup>3/</sup> All Telecommunications Fund Infrastructure Improvements Account monies received by the Department of Administration in excess of \$4,713,700 in FY 2008 are appropriated to the Department of Administration. Before the expenditure of any Telecommunications Fund Infrastructure Improvements Account monies in excess of \$4,713,700 in FY 2008, the Department of Administration shall report the intended use of the monies to the Joint Legislative Budget Committee. The appropriation from the Telecommunications Fund Infrastructure Improvements Account is an estimate representing all monies, including balance forward, revenue and transfers, and is exempt from the provisions A.R.S. § 35-190, relating to lapsing of appropriations through June 30, 2009. (General Appropriations Act footnote)

| <b>PERFORMANCE MEASURES</b>  | FY 2004<br>Actual | FY 2005<br>Actual | FY 2006<br>Actual | FY 2008<br>Approved |
|--|-------------------|-------------------|-------------------|---------------------|
| <ul style="list-style-type: none"> <li>Customer satisfaction rating for the Wide Area Network (MAGNET) (Scale 1-8)<br/>Comments: The agency did not submit information for this measure in FY 2006 as required by the General Appropriation Act. The agency reports that it will resume administering the customer satisfaction survey in FY 2007.</li> </ul>                            | 7.4               | 6.3               | NA                | 6.4                 |
| <ul style="list-style-type: none"> <li>Customer satisfaction rating for Statewide Telecommunications Management Contract services (Scale 1-8)<br/>Comments: The agency did not submit information for this measure in FY 2006 as required by the General Appropriation Act. The agency reports that it will resume administering the customer satisfaction survey in FY 2007.</li> </ul> | --                | NA                | NA                | 7.0                 |
| <ul style="list-style-type: none"> <li>Customer satisfaction rating for mainframe services based on annual survey (Scale 1-8)<br/>Comments: The agency did not submit information for this measure in FY 2006 as required by the General Appropriation Act. The agency reports that it will resume administering the customer satisfaction survey in FY 2007.</li> </ul>                 | 7.8               | 6.2               | NA                | 7.0                 |

### **Operating Budget**

The budget provides \$27,711,300 and 180.4 FTE Positions for the operating budget in FY 2008. This amount consists of:

|                            | <b>FY 2008</b> |
|----------------------------|----------------|
| Automation Operations Fund | \$24,529,600   |
| Telecommunications Fund    | 3,181,700      |

These amounts fund the following adjustments:

#### **Statewide Adjustments**

The budget provides an increase of \$627,200 in FY 2008 for statewide adjustments. This amount consists of:

|                            |         |
|----------------------------|---------|
| Automation Operations Fund | 493,200 |
| Telecommunications Fund    | 134,000 |

*(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

#### **One-Time Equipment Funding**

The budget provides a decrease of \$(552,000) from the Automation Operations Fund in FY 2008 to reflect funding for one-time equipment. This amount consists of:

- \$(250,000) decrease to reflect one-time funding for an enterprise data storage upgrade. This leaves \$250,000 in the budget to complete the project in FY 2008.
- \$(302,000) decrease to reflect one-time funding that completed a 4-year personal computer upgrade project.

#### **IT Security Program**

The budget provides an increase of \$299,000 from the Automation Operations Fund in FY 2008 for one-time IT security program. This funding will improve critical security functions addressed by the Auditor General's

office by developing security policies and conducting risk assessments.

### **Special Line Items**

#### **Statewide Telecommunications Management Contract Lease Payment**

The budget provides \$851,800 from the General Fund for the Statewide Telecommunications Management Contract Lease Payment in FY 2008. This amount funds the following adjustment:

#### **Lease Payment Decrease**

The budget provides a decrease of \$(42,200) from the General Fund in FY 2008 to make the second of 5 annual payments on a 5.5% lease.

The 5-year payment schedule began with a payment of \$894,000 in FY 2007, but decreases to \$851,800 for payments scheduled in FY 2008 through FY 2010, and concludes with a payment of \$425,900 in FY 2011.

This lease financed the \$3,500,000 transition from ATS to the state's new telecommunication system, the Arizona Network (AZNet). The TPO chose this option in order to reduce the fiscal impact of the contract on agencies in FY 2006.

#### **Infrastructure Improvements**

The budget provides \$4,713,700 from the Telecommunications Fund Infrastructure Improvements Account in FY 2008 for a new Infrastructure Improvements Special Line Item. This funding will provide for network upgrades, new features, and services. This account is supported from a portion of the AZNet charges to state agencies.

The Budget Procedures Budget Reconciliation Bill (Laws 2007, Chapter 259) amends A.R.S. § 41-713 to clarify that

all expenditures from the Telecommunications Fund, including expenditures from sub-accounts or private accounts established by the agency, such as the Infrastructure Investment Account, are to be appropriated by the Legislature.