

Arizona Department of Administration
Information Technology Services

JLBC: Tyler Palmer
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DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	180.4	180.4	180.4
Personal Services	7,281,200	9,525,200	9,525,200
Employee Related Expenditures	2,158,400	3,229,300	3,230,500
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	3,284,900
Equipment	10,921,300	10,015,100	9,463,100
OPERATING SUBTOTAL	23,871,000	27,337,100	26,777,300
SPECIAL LINE ITEMS			
Statewide Telecommunications Management Contract Lease Payment	0	894,000	851,800
PROGRAM TOTAL	23,871,000	28,231,000	27,629,100

FUND SOURCES			
General Fund	0	894,000	851,800
Other Appropriated Funds			
Automation Operations Fund	21,754,900	24,289,400	23,729,200
Telecommunications Fund	2,116,100	3,047,700	3,048,100
SUBTOTAL - Other Appropriated Funds	23,871,000	27,337,100	26,777,300
SUBTOTAL - Appropriated Funds	23,871,000	28,231,100	27,629,100
Other Non-Appropriated Funds	21,463,300	28,729,900	28,311,700
TOTAL - ALL SOURCES	45,334,300	56,961,000	55,940,800

CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC	
	\$ Change	% Change
General Fund	(42,200)	(4.7%)
Other Appropriated Funds	(559,800)	(2.0%)
Total Appropriated Funds	(602,000)	(2.1%)
Non Appropriated Funds	(418,200)	(1.5%)
Total - All Sources	(1,020,200)	(1.8%)

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. With the signing of the Statewide Telecommunications Management Contract in January 2005, the TPO functionally replaced the Arizona Telecommunications Service (ATS). Laws 2005, Chapter 301 placed this change in statute.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> Customer satisfaction rating for the Wide Area Network (MAGNET) (Scale 1-8) 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. 	7.4	6.3	NA	6.4
<ul style="list-style-type: none"> Customer satisfaction rating for Statewide Telecommunications Management Contract services (Scale 1-8) 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. 	--	NA	NA	7.0
<ul style="list-style-type: none"> Customer satisfaction rating for mainframe services based on annual survey (Scale 1-8) 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. 	7.8	6.2	NA	7.0

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$26,777,300 and 180.4 FTE Positions for the operating budget in FY 2008. This amount consists of:

	FY 2008
Automation Operations Fund	\$23,729,200
Telecommunications Fund	3,048,100

These amounts would fund the following adjustments:

Standard Changes OF (7,800)
The JLBC includes a decrease of \$(7,800) in FY 2008 for standard changes. This amount consists of:

Automation Operations Fund	(8,200)
Telecommunications Fund	400

One-Time Equipment Funding OF (552,000)
The JLBC includes 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 from the Automation Operations Fund 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 from the Automation Operations Fund to reflect one-time funding that completed a 4-year personal computer upgrade project.

Special Line Items

Statewide Telecommunications Management Contract Lease Payment

The JLBC includes \$851,800 from the General Fund for the Statewide Telecommunications Management Contract Lease Payment in FY 2008. This amount would fund the following adjustments:

Lease Payment Decrease OF (42,200)
The JLBC includes 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 \$3.5 million transition from ATS to the new Arizona Network (AZNet). The TPO chose this option in order to reduce the fiscal impact of the contract on agencies in FY 2006.

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FORMAT — Operating Lump Sum with Special Line Items by Fund

FOOTNOTES

Standard Footnotes

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 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.

STATUTORY CHANGES

As permanent law, clarify that statute establishing the Telecommunications Fund appropriates all expenditures, including expenditures from sub-accounts or private accounts established by the agency. This would require appropriation of monies in the infrastructure investment account. (*See Other Issues for Legislative Consideration for more information.*)

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Infrastructure Investment Account

The agency plans on spending approximately \$3.3 million from the infrastructure investment account (IIA) in FY 2007 and \$4.7 million in FY 2008. Money in the IIA is derived from a portion of the per seat (phone) charge paid by agencies for AZNet. Money in the IIA is held in a

private escrow account. For FY 2008 the agency has planned the following projects:

- \$2,231,000 – Replace end-of-life voice equipment (This does not include the estimated \$537,300 to \$1.2 million expenditures required by agencies to upgrade their local area networks.)
- \$1,024,000 – Consolidate circuits
- \$518,000 – Purchase and deploy IPT phones
- \$466,000 – Replace end-of-life equipment (Planned FY 2007 continuation)
- \$328,000 – Replace end-of-life data equipment
- \$147,000 – Contingency reserve

End-of-life equipment refers to a manufacture's decision to no longer provide product support for an aging piece of equipment.

The Telecommunications Fund finances the operations of the Telecommunications Program Office and is subject to appropriation. Legislative intent is that investment expenditures are also subject to appropriation. The JLBC is proposing a statutory change to clarify this intent. The JLBC Baseline may need to be adjusted to include IIA spending.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
