

**ARIZONA DEPARTMENT OF ADMINISTRATION -
INFORMATION SERVICES**

A.R.S. § 41-711

Technology and Telecommunications Fund	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	211.3	211.3	215.3	215.3
Personal Services	6,426,000	7,791,800	8,205,800	8,369,900
Employee Related Expenditures	1,325,900	1,652,000	1,685,300	1,758,600
Professional and Outside Services	449,700	697,000	1,247,000	1,749,100
Travel - In State	21,900	23,700	24,700	24,700
Travel - Out of State	46,200	38,100	45,100	45,100
Other Operating Expenditures	6,688,300	7,613,700	8,309,600	8,757,400
Equipment	2,138,800	0	0	0
Operating Subtotal	17,096,800	17,816,300	19,517,500	20,704,800
Automation Equipment	3,448,700	3,553,800	3,672,000	5,134,400
Software and Licenses	313,400	2,030,500	2,083,800	2,175,000
Maintenance and Repair	676,200	1,033,300	1,183,700	1,663,600
Federal Reimbursement	2,076,900	0	0	0
Total Appropriations	23,612,000	24,433,900	26,457,000 ^{1/2/}	29,677,800 ^{1/2/}

Program Description – *The Information Services Division operates the Data Center, which provides centralized computer services for approximately 70 state agencies, statewide emergency telecommunications services, and state agency telecommunications services.*

Technical Issues — The appropriated amount includes a reduction of \$(44,000) beginning in FY 2000 for Other Operating Expenditures to reflect the agency’s actual costs. The agency anticipates decreased costs for supplies and miscellaneous other items, mainly because new software has provided clients the ability to print materials in-house.

Disaster Recovery Plan — The appropriated FY 2000 amount includes an increase of \$408,000 for a recovery plan needed to ensure normal telecommunication operations in case of a disaster. This amount is continued in FY 2001. Two phases of the plan, impact analysis and strategy development, are scheduled to be completed in FY 1999. The approved funds provide for the final phase, which is strategy implementation. This phase of the plan requires hiring consultants for input into documenting business processes, developing a written plan of action to restore identified business functions to normal operation, and testing of the plan at a selected site. The \$408,000 appropriation for each fiscal year includes \$150,000 for Professional and Outside Services, \$8,000 for travel costs, and \$250,000 for Other Operating Expenditures.

The Government Information Technology Agency (GITA) must approve the final phase of the project before the agency can proceed.

Arizona Telecommunications System (ATS) Project — The appropriated FY 2000 amount reflects an increase of \$2,000,000 for implementing the ATS project. The total amount for the project in FY 2000 is \$4,000,000, including \$2,000,000 that was reallocated from existing resources. The approved FY 2001 amount includes a further increase of \$2,000,000, for a total of \$6,000,000 for the project. The appropriation includes \$1,146,300 in FY 2000 and \$2,097,500 in FY 2001 in the operating budget for 4 new FTE Positions and contractual costs associated with the project. The remaining funds of \$2,853,700 in FY 2000 and \$3,902,500 in FY 2001 are reflected in 3 existing Special Line Items for equipment, software and maintenance expenditures. The ATS project requires approval from GITA before the agency can proceed. The purpose of the project is to establish a centralized data transmittal and telecommunication system that is used by all state agencies for a reduction in the unit costs of delivering services. Historically, some state agencies have built their own system or independently leased telephone lines, rather than using the Arizona Department of

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Fund.

^{2/} The Department of Administration shall provide a report to the Joint Legislative Budget Committee Staff on the Arizona Telecommunications System by August 1, 1999 and by August 1, 2000. This report shall include a description of the project, an estimate of the cost in its entirety, per fiscal year, and the impact that the project will have on the telecommunications charges to state agencies. Before upgrading services or adding an agency to the Arizona Telecommunications System, the department shall obtain approval from the Government Information Technology Agency. (General Appropriation Act footnote)

ARIZONA DEPARTMENT OF ADMINISTRATION - INFORMATION SERVICES (Cont'd)

Administration (ADOA) services. The department is in the process of gathering information from state agencies to calculate the cost savings that would be generated by the project. The department estimates that the cost of the project over a 5-year period will be \$83,643,000, but will result in net savings to the state because of cost avoidance.

Because the ATS project may impact the cost of services for state agencies, a new footnote was added that requires ADOA to submit reports to the JLBC Staff on the project. The reports are to include an evaluation of the impact that it will have on telecommunication charges to state agencies. The first report is due August 1, 1999 and the second report is due August 1, 2000. ADOA also must obtain approval from GITA prior to upgrading or adding an agency to the system.

Automation Equipment — This Special Line Item contains funding for the purchase and lease-purchase of automation equipment and improvements. The appropriated amount includes \$1,022,000 in FY 2000 and \$2,006,700 in FY 2001 for Data Center and state telecommunications equipment, including lease costs and replacement equipment. The FY 2000 amount is a reduction of \$(531,800) from FY 1999 due to the elimination of one-time equipment costs. The FY 2001 amount reflects an increase of \$984,700 for upgrading or replacing a mainframe computer, replacing personal computers, and upgrading telephone equipment at the Capitol Mall. ADOA uses its equipment to provide services to other state agencies on a cost recovery basis. The remaining amounts in this Special Line Item of \$2,650,000 in FY 2000 and \$3,127,700 in FY 2001 are for costs associated with the ATS project discussed above.

Software and Licenses — This Special Line Item contains funding for computer software licensing and vendor support costs. The approved FY 2000 amount of \$2,083,800 includes an increase of \$53,300 for the ATS project. The approved FY 2001 amount of \$2,175,000 includes a further increase of \$91,200 for the ATS project.

Maintenance and Repair — This Special Line Item contains funding for computer maintenance and repair costs, which consist primarily of outside maintenance contracts. The approved FY 2000 amount of \$1,183,700 includes an increase of \$150,400 for the ATS project. The approved FY 2001 amount of \$1,663,600 includes a further increase of \$479,900 for the ATS project.

Federal Reimbursement — This Special Line Item reflects expenditures of \$2,076,900 in FY 1998 to reimburse the federal government for FY 1996 and FY 1997 payments in excess of the allowable amounts.

Excess Balance Transfers: Technology and Telecommunications Fund — Laws 1999, Chapter 6, 1st Special Session transfers \$500,000 from the Technology and Telecommunications Fund to the General Fund in FY 1999. The monies in the fund are from charges to state agencies for data processing and telecommunication equipment and services. The fund is used for operating costs associated with providing information technology services; for acquiring, operating, and maintaining a central telecommunications system; and for paying costs incurred for long-distance services. The FY 1998 ending fund balance was \$16,876,700, including \$6,077,100 in accumulated assets.