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Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #205

Information Technology (DATCP -- Departmentwide and Resource Management)

[LFB 2001-03 Budget Summary: Page 92, #5]

CURRENT LAW

DATCP maintains an annual PR appropriation for the Department's computer system equipment, staff and services. Revenues are derived from chargebacks to various agency appropriations for information technology expenditures. Base funding in the appropriation is \$1,537,200 annually, which includes 9.23 staff positions.

GOVERNOR

Provide \$665,600 PR in 2001-02 and \$671,600 PR in 2002-03 to reflect chargebacks to various agency appropriations for IT expenditures for supplies and permanent property, and change the IT appropriation from annual to biennial.

DISCUSSION POINTS

1. Additional expenditure authority is provided to match DATCP estimates of biennial funding needs. The majority of funding is requested for converting the Department's computers to Windows 2000 and normal hardware replacement costs. Additional expenditure authority is planned for network hardware purchases, applications development and maintenance contracts and telecommunications costs. Due to replacement schedules, the Department was provided \$500,000 less in 2000-01 than was provided in 1999-00 (\$2,004,400 in 1999-00 and \$1,504,400 in 2000-01). Thus, DATCP officials believe base expenditure authority for their IT costs is inadequate. Under the Governor's recommendation, DATCP IT expenditure authority would rise to \$2,289,600 in 2001-02 and \$2,295,600 in 2002-03 or a biennial increase of over 30% (\$1,076,400).

2. Revenues are derived from chargebacks to various agency appropriations for services received. It is anticipated that these appropriations have adequate funds available to meet IT chargeback costs.

3. The Department estimates that it has 540 employees that use computers on a regular basis, including approximately 110 employees that work in the field. The Department maintains approximately 460 desktop and 120 laptops from its IT appropriation. In addition, some divisions purchase laptops from other appropriations. There are more than 40 computers currently maintained by the Department that are not assigned to knowledge workers. These are used to run specialized software, are used by limited term employees and other employees, or are laptops that are reserved for travel purposes and not used on a daily basis.

4. The Governor's recommendation is based on purchasing 160 laptops over the biennium. The Department's replacement goal for laptops is every two years. Since DATCP has 120 laptops currently, the Committee may wish to provide funding for replacement of 120 laptops over the biennium rather than 160 laptops, which would provide savings of \$58,000 annually. Further, while the Department maintains three high-end printers, funding in 2001-03 is based on purchasing three such printers annually. The Department estimates the average life of these machines at four years. Thus it could be argued that, on average, budgeting for less than one high-end printer purchase per year could be sufficient. Providing funding for two high-end printers rather than six in the biennium would provide savings of \$8,500 annually. In addition, funding under the bill is based on purchasing 480 desktop licenses for network conversion, while the Department has 460 desktop computers. Providing desktop licenses for 460 computers rather than 480 would save \$1,900 over the biennium. If the Committee chose to provide funding based on these estimates, the Department still would receive a biennial increase of nearly 27% (\$941,500).

5. Network conversion costs related to desktop licenses (\$44,000), network and server upgrades (\$250,000) and other conversion costs (\$83,000) could be considered one-time, especially since it is unlikely that a complete upgrade would be needed in the next biennium. However, it is likely that additional conversions will be needed in future biennia. Thus, funding could be left in the Department's base. On the other hand, when future conversions are needed, the Department could request additional funding for the conversions. Providing \$378,000 in 2001-02 rather than \$189,000 annually for these purposes would remove this expenditure authority from the base level of funding for the 2003-05 biennium.

6. The Governor recommends the appropriation be converted to biennial to permit DATCP an additional degree of flexibility in scheduling IT expenditures. A biennial appropriation would allow DATCP to make purchases based on replacement schedules, rather than the annual budgeted amount. However, an annual appropriation allows for greater legislative review and makes it easier to anticipate, control and track program expenditures. A biennial appropriation allows a Department to transfer expenditure authority between fiscal years in the same biennium with Department of Administration approval. However, the Legislature retains authority in setting biennial expenditure authority and thereby limiting expenditures to the amounts appropriated in the biennium, subject to modification after legislative review.

ALTERNATIVES TO BASE

A. IT Funding

1. Approve the Governor's recommendation to provide \$665,600 in 2001-02 and \$671,600 in 2002-03 to reflect chargebacks to various agency appropriations for IT expenditures.

Alternative A1	PR
2001-03 FUNDING (Change to Base) <i>[Change to Bill]</i>	\$1,337,200 \$0

2. Provide \$598,100 in 2001-02 and \$604,100 in 2002-03 to reflect chargebacks to various agency appropriations for IT expenditures as reestimated for desktop licenses, laptops and high-end printers. (Delete \$67,500 annually.)

Alternative A2	PR
2001-03 FUNDING (Change to Base) <i>[Change to Bill]</i>	\$1,202,200 - \$135,000

3. In addition to Alternatives A1 or A2, provide \$189,000 in 2001-02 and delete \$189,000 in 2002-03 to remove one-time network conversion costs from the appropriation's base for the 2003-05 biennium.

B. Appropriation Structure

1. Approve the Governor's recommendation to change the IT appropriation from annual to biennial.

2. Maintain current law (an annual appropriation).

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