



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #117

Mainframe Hosting and Disaster Recovery Services to University of Wisconsin-Madison (DOA -- Information Technology)

[LFB 2013-15 Budget Summary: Page 36, #5]

CURRENT LAW

The University of Wisconsin-Madison operates its own mainframe hosting and disaster recovery services relating to information technology.

GOVERNOR

Provide \$5,500,000 PR annually to the Department's information technology and communications services to non-state entities appropriation to develop a web-based self-funded portal, which would provide services and information to state and non-state entities, including individuals.

DISCUSSION POINTS

1. As initially submitted, the Governor's recommendation was for an increase of \$5.5 million in annual expenditure authority for DOA's information technology and communications services to non-state entities appropriation. The administration has subsequently indicated that the authority should instead be provided as: (a) \$4.0 million annually to DOA's information technology and communications services to non-state entities appropriation; and (b) \$1.5 million annually to DOA's printing, mail, communication, and information technology services to state agencies appropriation. Funding would be provided for: (a) hosting mainframe services for the University of Wisconsin-Madison (UW-Madison) (\$1,000,000 annually); and (b) providing disaster recovery information technology services for the UW-Madison (\$500,000 annually).

2. This paper addresses the proposal to provide information technology services to the UW-Madison. A separate LFB issue paper addresses the web-based self-funded portal.

3. The University of Wisconsin-Madison, through its Division of Information Technology (DoIT), operates its own mainframe services at a cost of between \$1.2 million and \$1.3 million annually. The Division of Enterprise Technology, within DOA, estimates that it could provide mainframe hosting services to UW-Madison for \$916,400 annually. The University also maintains its own disaster recovery services relating to information technology. The expenditure authority provided under the bill would establish the state's data center as a backup location from which UW-Madison could operate information technology services and preserve data in the case of a disaster. The estimated cost of disaster recovery services to UW-Madison is \$521,200 in 2013-14 and \$502,300 in 2014-15. The higher cost in 2013-14 (\$18,900) is associated with a one-time set-up fee. Ongoing costs for disaster recovery services would be an additional \$502,300 annually. In total, based on DOA's cost estimates, expenditures for the two initiatives would be \$1,437,600 PR in 2013-14 and \$1,418,700 PR in 2014-15. The administration indicates that the recommended \$1,500,000 PR annually would provide flexibility for DOA in the event that actual costs were higher than anticipated. As with other information technology services provided to state agencies, UW-Madison would pay DOA for the services provided.

4. According to the administration, the mainframe equipment in use by DoIT is older than the equipment in use by DOA. Within the next 24 months, UW-Madison will face a decision to either upgrade its mainframe equipment before vendor support for it sunsets or migrate to other systems. Therefore, UW-Madison requested that its mainframe processing services be merged into the state's data center on Femrite Drive in Madison. Disaster recovery services for the UW System would entail the establishment of a recovery site at the state's data center, which would serve as a backup location for data preservation and information technology services in the case of unanticipated interruption or damage to UW-Madison's primary information technology operations.

5. Given the potential cost savings to UW-Madison that have been identified, the Committee could choose to approve the Governor's recommendation to provide \$1,500,000 PR annually to DOA's printing, mail, communication, and information technology services to state agencies appropriation to provide mainframe and disaster recovery services to the University. [Alternative 1] Alternatively, the Committee could modify the provision to provide \$1,437,600 PR in 2013-14 and \$1,418,700 PR in 2014-15 in accordance with the administration's cost estimate. [Alternative 2]

6. Base funding to DOA's printing, mail, communication, and information technology services to state agencies appropriation is \$103,103,100 PR annually. Historical data relating to expenditure authority and actual expenditures for the appropriation are shown in the table below.

| <u>Fiscal Year</u> | <u>Appropriation</u> | <u>Expended or Encumbered</u> | <u>Unobligated Authority</u> |
|--------------------|----------------------|-------------------------------|------------------------------|
| 2005-06 | \$107,324,900 | \$103,694,800 | \$3,630,100 |
| 2006-07 | 103,898,500 | 92,542,000 | 11,356,500 |
| 2007-08 | 108,746,400 | 87,563,900 | 21,182,500 |
| 2008-09 | 110,444,100 | 102,019,100 | 8,425,000 |
| 2009-10 | 103,157,700 | 88,483,400 | 14,674,300 |
| 2010-11 | 103,157,700 | 82,795,300 | 20,362,400 |
| 2011-12 | 102,652,400 | 87,010,700 | 15,641,700 |

7. As shown in the table, from 2005-06 through 2011-12 statutory expenditure authority for the appropriation has exceeded actual expenditures and encumbrances by more than \$3.6 million annually. Therefore, it could be argued that the expenditure authority of the appropriation is sufficient to fund an increase in expenditures of \$1,500,000 annually.

8. The appropriation from which expenditures would be made appears to have sufficient expenditure authority to fund the UW-Madison initiative. The Committee could, therefore, delete the provision to increase expenditure authority to the appropriation. Under this alternative, DOA could choose to provide mainframe and disaster recovery services to UW-Madison. Any associated increase in expenditures would be addressed within existing resources. [Alternative 3]

9. As noted above, the appropriation from which expenditures would be made has had unobligated expenditure authority, relative to statutory limits, in excess of \$3.6 million annually since as early as 2005-06. It could be argued that DOA can support expenditures for the UW-Madison IT initiatives with lower expenditure authority than it currently has. The Committee could, therefore, delete the provision and, in addition, reduce funding to the appropriation by \$2,130,100 PR annually (the difference between \$3,630,100 and \$1,500,000). As with Alternative 2, DOA could choose to provide mainframe and disaster recovery services to UW-Madison. [Alternative 4]

ALTERNATIVES

1. Approve the Governor's recommendation, as modified by the errata submission, to provide \$1,500,000 PR annually to DOA's printing, mail, communication, and information technology services to state agencies appropriation to provide mainframe and disaster recovery services to UW-Madison.

2. Modify the provision to provide \$1,437,600 PR in 2013-14 and \$1,418,700 PR in 2014-15 for information technology services to UW-Madison, in accordance with the administration's cost estimate.

| | |
|--------------|-----------------------------------|
| ALT 2 | Change to Bill Funding |
| PR | - \$143,700 |

3. Delete provision.

| | |
|--------------|-----------------------------------|
| ALT 3 | Change to Bill Funding |
| PR | - \$3,000,000 |

4. In addition to Alternatives 1, 2, or 3, reduce funding to DOA's printing, mail, communication, and information technology services to state agencies appropriation by \$2,130,100

PR annually. [In combination with Alternative 1, bill funding would be reduced by \$2,130,100 PR annually. In combination with Alternative 2, bill funding would be reduced by \$2,192,500 PR in 2013-14 and \$2,211,400 PR in 2014-15. In combination with Alternative 3, bill funding would be reduced by \$3,630,100 PR annually.]

| ALT 4 | Change to Bill Funding |
|--------------|-----------------------------------|
| PR | - \$4,260,200 |

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