

MEMORANDUM

TO: Joint Budget Committee

FROM: Craig Harper (303-866-3481)

SUBJECT: Department of Law IT Asset Maintenance Request

DATE: March 14, 2014

During figure setting for the Department of Law on February 13, 2014, the Committee tabled request R1 (Asset Maintenance) based on a need to analyze additional information provided by the Department. The November 1, 2013, request included a net increase of \$116,484 total funds (including an increase of \$162,097 General Fund) to support the Department's replacement schedule for information technology (IT) infrastructure. The Department's request seeks to: (1) add funding for information technology replacement; (2) consolidate related expenditures in a single line item (the current appropriation splits the funding between two line items); and (3) align the fund sources supporting IT infrastructure with the fund sources supporting the Department's staff.

Based on revised information from the Department, staff recommends that the Committee approve a net increase of \$74,399 total funds (including \$152,909 General Fund). The recommendation: (1) increases funding for the Information Technology Asset Maintenance line item by \$199,399 total funds (including \$152,909 General fund) to support IT replacement costs; (2) consolidates IT replacement funding within a single line item and eliminates related funding from the Litigation, Management, and Technology line item; and (3) aligns the fund sources supporting IT replacement with the fund sources supporting the Department's staff. The following table shows the components of the staff recommendation.

R1 - Asset Maintenance Department Request and Staff Recommendation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<u>Administration: Information Technology Asset Maintenance</u>					
FY 2013-14 Appropriation	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381
R1 - Asset Maintenance	<u>199,399</u>	<u>152,909</u>	<u>11,992</u>	<u>17,663</u>	<u>16,835</u>
Total /Recommendation	\$645,206	\$174,663	\$75,291	\$377,036	\$18,216
<u>Special Purpose: Litigation, Management, and Technology</u>					
FY 2013-14 Appropriation	\$325,000	\$0	\$325,000	\$0	\$0
R1 - Asset Maintenance	<u>(125,000)</u>	<u>0</u>	<u>(125,000)</u>	<u>0</u>	<u>0</u>
Total Recommendation	\$200,000	\$0	\$200,000	\$0	\$0
<u>Total for Associated Line Items</u>					
FY 2013-14 Appropriation	\$770,807	\$21,754	\$388,299	\$359,373	\$1,381
R1 - Asset Maintenance	<u>74,399</u>	<u>152,909</u>	<u>(113,008)</u>	<u>17,663</u>	<u>16,835</u>
Total Recommendation	\$845,206	\$174,663	\$275,291	\$377,036	\$18,216

As shown in the following table, the Department’s revised information indicates a need for \$645,206 in annual funding for planned IT infrastructure replacement and maintenance.

Revised Annual IT Infrastructure Replacement Funding				
Equipment/Software	Current Quantity	Price per Unit	Lifespan (years)	Annual Replacement Cost
Blades	12	\$3,625	4	\$10,876
Chasis	3	32,000	4	24,000
Firewalls	3	17,548	4	13,161
Core Distribution Switches	6	11,707	4	17,561
IDF Cisco (Switches)	35	2,003	5	14,022
Tier I Storage (P4500)	6	17,853	4	26,780
Tier II Storage (P4300)	6	14,144	4	21,216
Tier III Storage (Drobo)	1	11,000	4	2,750
Total Printers and Associated Software		275,000	5	55,000
Laptops	95	1,600	4	38,000
Desktop Computers	432	884	4	95,507
Microsoft Enterprise Agreement	1	138,171	1	138,171
Microsoft Server Licenses	22	1,474	3	10,811
Adobe Suite	2	14,754	1	29,508
Checkpoint Firewall Licensing/Software	1	40,000	1	40,000
Barracuda Backup Devices	3	17,494	3	17,494
CaseSoft Suite	1	23,250	1	23,250
Document Review Software	1	218,000	4	54,500
Co-Location (based on E-Fort costs)	1	18,000	12	1,500
Visual Studio	3	3,700	1	<u>11,100</u>
Total Annual Cost				\$645,206

As requested by the Department, staff recommends providing that amount of funding within the Information Technology Asset Maintenance line item (an increase of \$199,399 total funds above the FY 2013-14 appropriation) and aligning the fund sources supporting the line item with the fund sources supporting the Department’s staff.

Background Information from Original Figure Setting Document

For background purposes, staff has included the original discussion from the FY 2014-15 JBC Staff Figure Setting Document for the Department of Law below.

Request: The Department requests an increase of \$116,484 total funds (including an increase of \$162,097 General Fund) to support the Department’s planned replacement schedule for information technology (IT) infrastructure. The request seeks to: (1) provide additional

resources for the planned replacement of IT infrastructure; (2) consolidate the budget for IT resources within a single line item; and (3) adjust the fund sources for IT infrastructure replacement to better reflect the allocation of FTE by fund source.

Recommendation: **Staff recommends approving the request.** The increase in funding is necessary to align the annual appropriation for IT infrastructure replacement with the Department’s current number of FTE requiring IT infrastructure. As requested, the recommendation: (1) provides additional resources for the planned replacement of IT infrastructure; (2) consolidates the budget for IT resources within the Information Technology Asset Maintenance; and (3) aligns the fund sources for IT infrastructure replacement costs with the fund sources supporting the Department’s staff. The following table details the impact of the request and staff recommendation on both of the affected line items.

R1 - Asset Maintenance Department Request and Staff Recommendation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<u>Administration: Information Technology Asset Maintenance</u>					
FY 2013-14 Appropriation	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381
R1 - Asset Maintenance	<u>241,484</u>	<u>162,097</u>	<u>17,507</u>	<u>43,591</u>	<u>18,289</u>
Total /Recommendation	\$687,291	\$183,851	\$80,806	\$402,964	\$19,670
<u>Special Purpose: Litigation, Management, and Technology</u>					
FY 2013-14 Appropriation	\$325,000	\$0	\$325,000	\$0	\$0
R1 - Asset Maintenance	<u>(125,000)</u>	<u>0</u>	<u>(125,000)</u>	<u>0</u>	<u>0</u>
Total Recommendation	\$200,000	\$0	\$200,000	\$0	\$0

Analysis: The request includes three major components: (1) an increase of \$116,484 total funds for annual information technology replacement needs; (2) consolidation of information technology replacement funding in a single line item; and (3) realignment of the fund sources supporting information technology expenditures to reflect the fund sources supporting the Department’s FTE. Staff discusses each component below.

Funding Amounts and Consolidation

The request and recommendation include an increase of \$116,484 total funds to support annual IT replacement costs. According to the Department, insufficient funding to keep pace with IT maintenance and replacement needs is putting the Department’s IT infrastructure at risk.

The Department reports that two major factors are driving the need for increased funding: (1) growth in FTE; and (2) increasing information technology demands.

1. **FTE Growth:** The General Assembly last increased funding for IT replacement in FY 2008-09. Since then, the Department has grown by 60.1 appropriated FTE (15.3 percent), from 392.4 appropriated FTE in FY 2008-09 to 452.5 in FY 2013-14 (as adjusted by the supplemental bill). By common policy, the General Assembly generally

provides funding to purchase a computer, software licensing, and related equipment when adding new FTE. However, the common policy does not address necessary increases in IT replacement funding or ongoing funding for annual software licenses. The Department must maintain annual software licensing and has worked to minimize expenses. However, the Department has been unable to keep pace with replacement requirements. For example, the Department has a goal of replacing desktop computers at least every four years but reports that 46 percent of the Departments desktop computers are more than four years old.

2. *System Demands:* The Department is currently implementing a case and document management system, originally funded through a FY 2012-13 decision item. System implementation requires a stable IT infrastructure, and the Department is concerned that current funding places that infrastructure at risk.

The Department’s current budget includes \$570,807 total funds for IT costs, split between two line items: Information Technology asset Maintenance (\$445,807 total funds in FY 2013-14) and Litigation, Management, and Technology (\$125,000 of the line item’s \$325,000 cash funds appropriation in FY 2013-14). The Department’s analysis of equipment life cycle costs indicates a need for \$687,291 annually (an increase of \$116,484). The request would consolidate all IT replacement funding into the Information Technology Asset Maintenance line item and provide a total of \$687,291.

Staff recommends providing the additional funding and consolidating the appropriations in the Information Technology Asset Maintenance line item.

Fund Source Alignment

The Department is requesting adjustments to align the fund sources supporting IT asset maintenance with the fund sources supporting FTE. Staff agrees that the fund sources are out of alignment. As shown in the following table, General Fund supports 26.6 of the Department’s FTE in FY 2013-14 but only provides 3.8 percent of the budget for IT asset maintenance. In the current budget, because of the use of \$225,000 cash funds from the Litigation, Management, and Technology line item, cash funds make up 33.0 percent of IT asset maintenance funding but only support 11.5 percent of the Department’s staff.

IT Asset Maintenance Fund Source Comparison					
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2013-14 Appropriation					
IT Asset Maintenance Line Item	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381
Litigation, Management, and Technology	<u>125,000</u>	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0</u>
Total Funds	\$570,807	\$21,754	\$188,299	\$359,373	\$1,381
<i>Percent of Total Funding</i>		<i>3.8%</i>	<i>33.0%</i>	<i>63.0%</i>	<i>0.2%</i>
FTE by Fund Source	451.4	119.9	51.7	267.0	12.8
<i>Percent of Total FTE</i>		<i>26.6%</i>	<i>11.5%</i>	<i>59.1%</i>	<i>2.8%</i>
FY 2014-15 Request					
IT Asset Maintenance Line Item	\$687,291	\$183,851	\$80,806	\$402,964	\$19,670

IT Asset Maintenance Fund Source Comparison					
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
<i>Percent of Total Funding</i>		26.8%	11.8%	58.6%	2.9%

Staff recommends approving the requested adjustments to align the fund sources supporting IT asset maintenance expenditures with the fund sources supporting the Department's staff.