

**SUMMARY BUDGET INFORMATION**

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**VOLUME 8A**

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**2014 AGENCY FUND TRANSFERS**

**For your information, the Office of Budget has enumerated the following fund transfers which were made from agency treasury fund accounts but do not appear on the Appropriation Summary as expenditures**

<b><u>Agency</u></b>	<b><u>Blanket Surety Bond Premiums ACA §21-2-710</u></b>	<b><u>Claims ACA §19-10-204</u></b>	<b><u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u></b>
Information Systems, Department of	\$1,037	\$0	\$1,254

## AGENCY POSITION USAGE REPORT

Agency	FY2014 - FY2015						3 YEAR AVERAGE(FY13,FY14,FY15)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Information Systems, Department of	259	232	27	259	0	10.42 %	258	232	25	257	1	10.08 %

# DEPARTMENT OF INFORMATION SYSTEMS

## Enabling Laws

Act 217 of 2014  
A.C.A. §25-4-101 et seq.

## History and Organization

The Department of Computer Services, or DCS, was created in 1977 by Act 884 (Arkansas Code Annotated, Section 25, Chapter 4), as a cabinet-level department reporting to the Governor. Its purpose was to provide to state government a central data processing service, a statewide telephone network, and technical guidance and planning for the acquisition of related hardware, software, and training. During the 1997 session, the 81st General Assembly amended certain sections of the Arkansas Code to reestablish the Department of Computer Services as the Department of Information Systems, or DIS, and expanded the department responsibilities. Act 914 of 1997 charged DIS with various duties including but not limited to:

- 1) Providing information technology services to state agencies and other governmental entities;
- 2) Entering into contracts with state agencies and other governmental entities for the purpose of providing information technology services;
- 3) Establishing fair and reasonable schedules of rates or fees to be paid by state agencies and governmental entities provided services to enable the Department to defray the cost of delivering information technology services;
- 4) Establishing rates and fees for services provided by the Department to assure the Department is self-supporting. A billing rate plan shall be developed for a two-year period to coincide with the budgeting process. The same rate structure will apply to all agencies and entities receiving services;
- 5) Acquiring information technology on behalf of state agencies, the cost of which shall be recovered through customer billings at established rates;
- 6) Promulgating rules and regulations that are necessary for efficient administration and enforcement of the powers, functions, and duties of the Department.

Act 1401 of 2005 added - Compliance with State and Federal Regulations as follows: In order to effect compliance with the requirements of Federal OMB Circular A-87, the Director shall adjust billing rates or issue billing adjustments to be federally compliant, notwithstanding the provisions of ACA §25-4-105 and ACA §25-4-119 or funds sufficient to effect compliance shall be provided the Department from General Revenues, Special Revenues or such other fund sources as may become available.

Act 751 of 2007 dissolved the Office of the Executive Chief Information Officer and named the Director of the Department of Information Systems the Chief Technology Officer. The Act also transferred the daily operations, duties, and responsibilities of the Arkansas Geographic Information Office and the Security and Compliance Monitoring Office that resided within the organization to the Department of Information Systems.

Act 648 of 2009 amended the Arkansas Information Systems Act of 1997 to include:

- 1) The Department of Information Systems shall be vested with all the powers and duties necessary to administer the department and enable it to carry out fully and effectively the regulations and laws relating to the department;
- 2) The department's powers and duties relate to information technology without limitation;
- 3) Provide information technology services to state agencies, other governmental entities, non- governmental first responder entities, and other quasi-governmental entities;
- 4) Implementing systems to ensure the security of state data and state data processing assets, to provide for disaster recovery and continuity of operations to the state agencies served, and to recover its costs from the customers benefited;
- 5) Developing the information technology policies, standards, and specifications for state agencies and ensuring agencies' compliance with those policies, procedures and standards;
- 6) Developing a state information technology plan that shall establish a state-level mission, goals, and objectives for the use of information technology;
- 7) Identifying and establishing information technology solutions that can support more than one (1) agency in providing governmental services;
- 8) Advising agencies regarding information technology contracts and agreements;
- 9) Developing policies to promote and facilitate electronic access to government information and interoperability of information systems;

10) Reviewing and approving agencies' information technology plans and requests.

11) Under ACA §25-4-114 - Contracts and agreements for information. (a) Contracts and agreements for state agencies for information technology shall adhere to the state enterprise architecture. (b) A state agency shall submit to the Director of the Department of Information Systems for review and approval a request for the state agency to enter into a technology contract or agreement that is not in compliance with the state enterprise architecture.

During the General Assembly of 2010, an Executive recommendation with Legislative approval removed the Arkansas Geographic Information Office from purview of the Department of Information Systems to create a separate stand-alone agency for this function.

The Department of Information Systems has adopted a vision statement and mission statement along with values, decision drivers and goals that are the focus of the Department's statewide service efforts.

**Our Vision** - Customer satisfaction every time.

**Our Mission** - Provide technology leadership and solutions to assist our customers in their delivery of public services.

**Values** - Integrity, Professional Workforce, Innovation, Customer Focus, Constant Communication, Continual Service Improvement

**Decision Drivers** - People - Cost - Reliability - Security

**Goals - The Five E's** - Workforce Excellence, Customer Service Excellence, e-Leadership, Financial Excellence, Operational Excellence.

DIS is organized to accomplish its mission through 7 primary teams:

- (1) The Director's Office
- (2) Chief Operating Officer
- (3) Customer Relationship Management Office
- (4) Chief Financial Officer
- (5) State Security Office
- (6) Enterprise Architecture and Planning
- (7) Arkansas Wireless Information Network

**Director's Office**, which also functions as the Chief Technology Officer for the state, is the Administrative Division of DIS. It includes the Director, Deputy Director, General Counsel and support staff. This Division provides overall guidance for the Agency and works directly with the Executive Leadership Team and the legislature.

**Chief Operations Office:**

Enterprise Systems Management (ESM) Division is responsible for designing, implementing, and maintaining solutions to meet customers' IT hosting requirements on Mainframe, UNIX, and Windows server platforms, as well as end user support and database administration. Systems Hosting has more than 100 state-wide applications, such as the drivers' license system, state tax systems, state-wide accounting, criminal justice, welfare eligibility, child protection, and numerous other public service applications. The applications are hosted on a vast array of Mainframe, UNIX and Linux operating systems and are maintained in the DIS Data Center. The Database Administration in ESM provides services to many applications hosted by DIS. The services include installation, maintenance, operations, monitoring, tuning, and backup/recovery of the many database management systems in use by the State of Arkansas' applications. ESM also manages the State of Arkansas Enterprise Storage and Tape Management System environment with over 600TB of disk storage and close to a petabyte of tape storage under management. These services provide robust, flexible, highly available, and cost effective data storage to support continuous operations for the state's critical workloads.

ESM is also central to a computing optimization effort currently underway. One of the aspects of this effort is to improve our hosting services by offering a service that increases the efficiency and availability of computing resources for applications. Through the use of new technologies, the state is implementing a virtual infrastructure that will respond dynamically to our rapidly changing business needs. With on-demand computing power, this virtual infrastructure will reduce operational costs and minimize energy demands. This effort will deliver IT resources when and where they are needed using a flexible and efficient environment for running applications created by a virtual infrastructure. ESM has taken this approach by offering "Private Cloud" services available to those Agencies, Boards and Commissions making use of State of Arkansas Network. This internal cloud is available to Arkansas governmental entities and users to help encapsulate applications into a single unit. This will provide for more flexibility in managing applications and will give state entities the elasticity to run applications internally or partner with external cloud and SAAS (Software as a Service) providers to be able to provide services to citizens in the most efficient manner possible.

Enterprise Network Services provides and manages the State voice, data, video, and wireless networks, including Internet access and state-wide network connectivity to state agencies, boards, commissions constitutional offices, K-12 education, and higher education institutions. The division also assists customers in accomplishing their technology goals through network engineering, provisioning, and operations. The

capacity provided at the State Data Center has grown from 45 Mbps (millions of bits per second) in 1997 to 2,800 Mbps today distributed over three Points of Presence (POPs). A fourth POP, located at the State Data Center - West, is scheduled to be installed in late July 2014 to accommodate increased Internet demand for the fall school term. The data network also provides 10 Internet content filtering servers which block about 8,000 sites per second. The Enterprise Network Services group provides operational support twenty-four hours a day, three hundred sixty five days a year to ensure uninterrupted services to state agencies, and the citizens of Arkansas. The Division also provides solutions that comply and support the business and program priorities for state government. It establishes open and common frameworks and processes to enable statewide information sharing and interoperability of services.

Enterprise Solutions Division is responsible for designing, implementing and maintaining solutions to meet customer' IT hosting requirements on the Windows server platform, as well as end user support and application management. The Exchange E-mail Hosting section hosts approximately 16,000 Microsoft exchange e-mail accounts. Windows Hosting has multiple statewide applications, such as the driver' license system, state tax systems, unemployment, and numerous other public service applications. Windows hosting services include installation, maintenance, operations, monitoring, tuning, and backup/recovery.

Application Management development services to state agencies, boards, and commissions. Application Management uses a variety of technologies to develop custom business-specific applications, convert legacy systems, create websites, and provide system maintenance as required. Employees within Applications Management currently provide support for systems within the Arkansas Crime Information Center (ACIC), the Office of Child Support Enforcement, Administrative Office of the Courts, and the Arkansas Department of Human Services among others. The division has developed multiple systems for various agencies including the Child Nutrition program for the Arkansas Department of Education, the licensing system (PELS) for the Arkansas Board of Engineers, the licensing system for the Arkansas Board of Cosmetology, and the Arkansas Consumer Reporting System (ACRS) for the Arkansas Department of Workforce Services. Projects currently under development include a conversion of the tax system (Tax21) used by the Department of Workforce Services, a system used to track on-site inspection results conducted by the Board of Cosmetology, and a SharePoint system that will track radio requisitions for the Arkansas Wireless Information Network (AWIN). Additionally, the division continues to provide support for systems used by the Arkansas Public Employees Retirement System (APERS), the Arkansas Development Finance Authority (ADFA), the Arkansas Department of Heritage and many others.

Enterprise Operations Division provides DIS customers a high-reliability Operations Center, customer service desk, and customer field support services. They are responsible for a 12,800 sq. ft. secure, environmentally controlled, raised floor environment that houses critical technology assets, such as an AWIN SmartZone controller, mainframe and server computers, centralized disk storage, network routing equipment, security monitoring, data back-up tape systems, redundant AC power protection, gas fire suppression system, under-floor and above-ceiling water leak detection, emergency generator, off-site vaulted media storage, and disaster cold site capability. The Operations Center performs more than 2,000 mainframe and server-based data processing jobs per day. The division also monitors AWIN, the state's first responder



averages over 825,000 pages per month. The Customer Service Desk (Call Center) is staffed by nine agents who received over 41,000 state, city, local government, and education customer trouble calls annually. From these calls, and additional e-mail contacts, approximately 94,000 incidents are created and managed using our incident management system. The Customer Service Desk (Call Center) also houses the State Operators who assist Arkansas citizens with 20,000 telephone number inquiries each year, and this past year also added the Access Arkansas Technical Support Center which fielded over 24,000 calls in just nine months. The Field Support Team provides desktop, server, and local area network support for K-12 education, as well as other DIS customers as needed. Nine remote and five central office technicians serve over 260 Arkansas Public School Computer Network (APSCN) customers. Technical training workshops for school technology coordinators are offered at local educational cooperatives and Little Rock. DIS also provides precinct-level support to county election officials as coordinated through the Secretary of State's Office. The Field Support group plays a key role in DIS disaster response technical support. Prior examples include the tornado response support for Mena, Atkins, and Marmaduke to name a few.

In September 2013 DIS acquired the former Verizon Data Center in West Little Rock, and now operates it as State Data Center West (SDCW). This High Availability facility offers over 9,000 square foot of additional secure, environmentally controlled, raised floor for the State's critical technology assets. SDCW went live in early 2014, and today has enough IT resources to provide backup services for the entire production workload housed at State Data Center MAC. The SDCW gives Arkansas enough data center capacity to provide backup services for all governmental entities. This facility already houses backup operations for a growing number of State Agencies.

**Customer Relationship Management Office (CRM)** provides customer account managers who serve as liaisons between DIS and assigned customer base. The account managers evaluate the technology needs of our customers and present solutions. They also coordinate with internal departments to present solutions and complete projects, provide product demonstrations and presentations, and promote DIS products and services to ensure buying power for the state. The team also coordinates technology upgrades and conversions for state agencies, boards, and commissions.

CRM also includes the following:

Communications Section provides leadership in the agency's efforts in planning and conducting internal and external communications. The team utilizes printed and electronic correspondence and newsletters, as well as audio and video presentations. The team is also responsible for communications efforts for programs such as the Arkansas Wireless Information Network (AWIN), state video network (VNET) and the state's participation in the E-Rate program. The division is directly responsible for the agency's communication with administration, legislators, customers, taxpayers, media and other key stakeholders and drives the social media presence on behalf of DIS by serving as the content administrators for YouTube, Facebook, Twitter, and LinkedIn.

Project & Enterprise Program Management Office (PEPMO) provides project management services for internal and external projects, as well as for multi-agency and state-wide projects and programs. PEPMO services are the management of project schedules, progress reports, life-cycle development, risk and resource management, cost and budget control, and change management. DIS project managers utilize a consistent approach based on internationally accepted methods, techniques, and best practices defined by the Project Management Institute.

Service Order Section serves the DIS customer base by placing telecommunications service orders on their behalf with contracted vendors throughout the state. This group is responsible for making sure service is provided to the customer in a timely and accurate manner, and that the appropriately billing for those services has been established.

**The Chief Financial Officer** is responsible for the Fiscal Administration Division which plans, develops, implements policy, and provides for the overall management of DIS Accounting functions, budgeting, funds management, financial activities, rate design, cost recovery, and internal time reporting, Information Technology Asset Management (ITAM) group, as well as special projects.

**The CFO Division also includes the following;**

Human Resource Division (HR) - HR plans and implements human resource policies in accordance with DIS guidelines, the Department of Finance and Administration-Office of Personnel Management, and Federal Employment Labor Laws. This Division administers payroll, job classification/compensation, employment/recruiting, training, employee benefits enrollment, and general personnel policies.

Billing Section - DIS operates as an Internal Service Fund providing telecommunications and data processing services to state agencies and other approved governmental entities on a fee-for-service basis. As prescribed in both State and Federal laws and guidelines, DIS is required to operate at or near zero profit. DIS recovers all expended cost by billing clients for service usage.

Vendor Invoice Reconciliation allows DIS to manage our expensed dollars versus dollars billed. This group tracks invoice details to authorized contract rate elements in order to validate service rendered.

Procurement Services is responsible for processing all contract related documentation and managing all contract processes. This includes RFP, IFB, RFQ awards and renewals, as well as maintenance contracts, leases, or inter-agency agreements. Procurement Services will review all vendor contracts for compliance with Arkansas Law and works with the Office of State Procurement, vendors, and internal stakeholders to assure a valid contract agreement is in place at all times.

Strategic Funding - E-RATE Program - This program provides discounts to assist schools and libraries in obtaining affordable telecommunications and internet access. It is one of the support programs funded through the Universal Service fee which is charged to companies that provide interstate telecommunications services. Through these efforts, state entities have received several million dollars by participating in this program.

**The State Cyber Security Office** offers security solutions to provide protection to public organizations on the state network and assist public organizations in developing business and disaster recovery plans.

The state Security team monitors, protects, and performs vulnerability assessments for DIS hosted services and provides security monitoring of the state-wide network, including the operation and maintenance of 900 firewalls on the network and the State Intrusion Prevention System. These efforts result in the denial of 10 million malicious attempts through the network daily.

The network Security Information Event Management (SEIM) reviews on average 57,024,000,000 network flow records, 50,000,000 System messages, and inspects on average 1.2 Gigabits per second of Internet based traffic. This effort creates 16 million events per day that correlates to 450 incidents per day. Events and Incidents are then correlated to an average of 21 new malware notifications per day. The SEIM tracks an average of 200 active notifications at any one given time that must be resolved by customer administrators or DIS personnel. DIS provides twenty-four hours a day, seven days a week automated monitoring, system support and on-call phone support to ensure maximum reliability for our customers.

The State Cyber Security Office architects security systems to meet HIPAA, IRS, SSA, CMS, and PCI rules. The security systems are in design and implementation phases that will be able to notify compliance officers when end users are outside of compliance rules.

The State Cyber Security Office facilitates the state security working group to formulate policies and standards related to cyber security. The Office also works to develop state contracts for cyber security products to save the state money by taking advantage of economies of scale and to provide a more secure environment across the public sector.

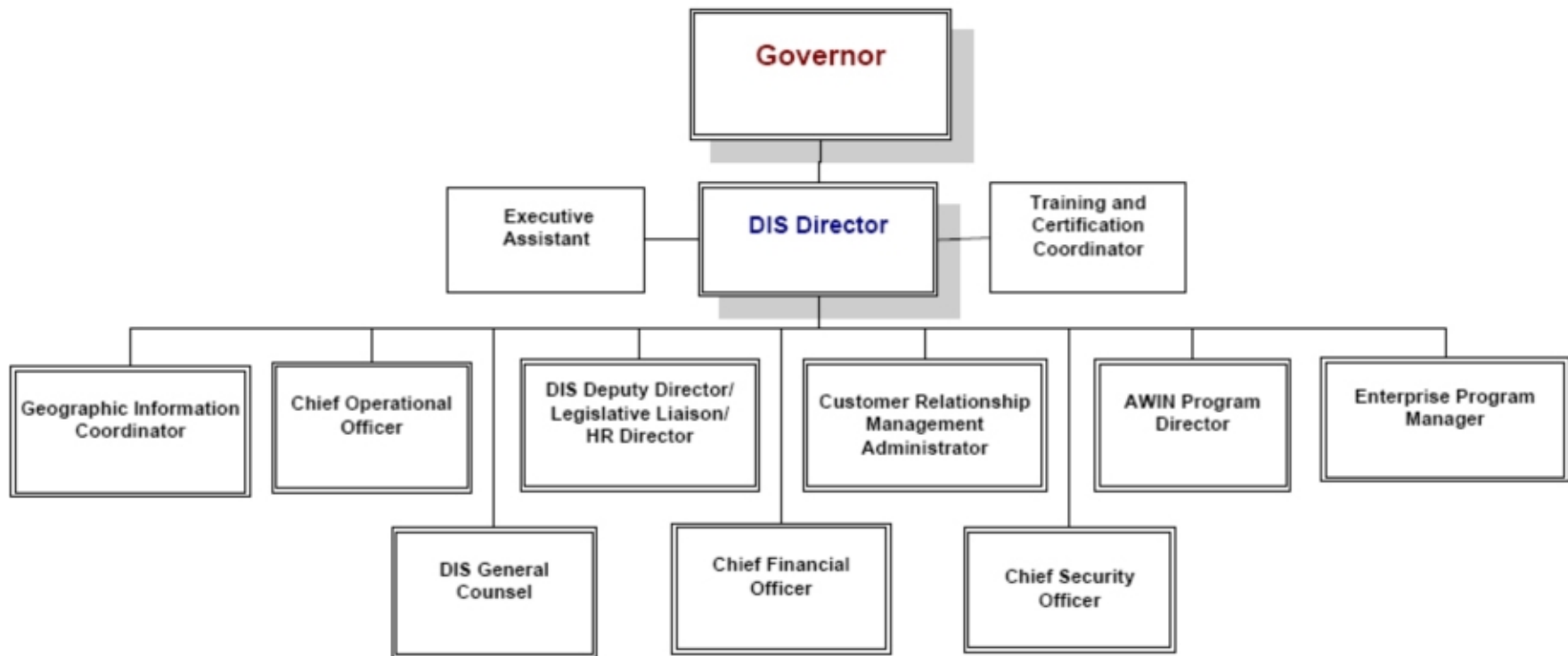
The Continuity of Operations Team of professionals is also a part of the Security Office. Primary functions include planning and coordination of the development, implementation, testing, and maintenance of Continuity of Operations plans, Pandemic Flu plans and preparation for any major interruption of DIS services and operations.

**Enterprise Architecture** is responsible for the process of translating business vision and strategy into effective enterprise change by creating, communicating and improving the key requirements, principles and models that describe the enterprises' future state and enable its evolution. The scope of enterprise architecture includes the people, processes, information and technology of the enterprise, and their relationships to one another and to the external environment. The team is also responsible for technology portions of the State IT planning process that each agency, board and commission are required to submit. DIS IT planning efforts align with the responsibilities of the DFA team to manage budget and costs.

In addition to Enterprise Architecture & Planning, this section includes:

Quality Management is responsible for the agency quality program, which is built around the Malcolm Baldrige National Quality Award criteria and has Arkansas Governor's Quality Award examiners on staff. Quality efforts include the customer and employee feedback system, performance measurement dashboard, quality process audits, and strategic plan development. DIS earned the Governor's Award for Performance Excellence in 2011 which demonstrates through practices and achievements the highest level of performance excellence.

**Arkansas Wireless Information Network Program Office (AWIN)** provides a statewide trunk-based interoperable communications system to support the public safety/service users in Arkansas on a daily basis as well as in times of emergencies that are multi-jurisdictional or multi-disciplinary. The primary focus is to provide cost-efficient/well-maintained data, voice, wireless, and video services to our customers including technical stability, application of converged technology, and timely response to customer's needs and, in general, creating customer satisfaction. AWIN currently serves more than 26,000 public safety personnel across the state. More than 132 tower sites provide a state-wide network that allows users in any part of the state to communicate in time of emergencies. The AWIN team provides system management, including engineering support for system monitoring, engineering design and analysis for new projects, and 24 hours a day, 365 days a year system support, monitoring, and on-call phone support. Support of the system includes monitoring of the digital trunked system, monitoring and control of the microwave backbone, monitoring site environmental alarms, monitoring sites and channels, and the monitoring of radios and talk groups. The team also provides coordination with the Association of Public Safety Communications Officials (APCO) to ensure proper frequency licensing.



## **Agency Commentary**

The Department of Information Systems (DIS) continues to pursue its leadership role in bringing Arkansas agencies and institutions of state government forward in the use of technology. DIS provides technical planning, design, services, and support for information technology and telecommunications services to the public sector of Arkansas in a reliable, cost-effective manner. Every day, Arkansas state agencies are becoming more involved in using electronic tools to conduct business and deliver services and information to citizens. Public expectations and business necessity are driving this trend. An electronic enterprise environment will meet that need by improving public access to government information and democratic processes as well as help government become more efficient, effective, and responsible to the public through the use of information technology. Technology is our most valuable tool in eliminating the effects of distance, time and geography in the delivery of government services. The challenges presented during the 2015 - 2017 biennium in all these areas must be met if the State of Arkansas and state government are to stay in tune with emerging technologies, which will aid agencies and institutions in delivering the services demanded by their customers, the citizens of Arkansas.

DIS does not receive State General Revenue for daily operations. The department is funded from Non-Revenue Receipts. Non-Revenue Receipts are comprised of moneys received from our customers in payment for services provided. Consequently, DIS must stay attuned to the ever-changing needs of the agencies and institutions we serve to be able to respond to their needs.

### **2015 - 2017 Biennium Requests**

#### **Appropriation Only Request:**

- A. Renew the Unanticipated Services Appropriation
- B. Requesting Capital outlay appropriation in the DIS Operating Line Item Budget
- C. Renew Telecommunications Technology Appropriation to FY2014 & FY2015 Authorized Level
- D. Renew Equipment Acquisition Appropriation to FY2014 & FY2015 Authorized Level
- E. Request for Seventeen (17) FTE positions

#### **Appropriation Only Request:**

##### **A. Renew Unanticipated Services Contingency - Appropriation Only**

This request provides renewal of the unanticipated services appropriation from the previous biennial budget. This contingency level was set at \$20,000,000. It allows for operating expenses incurred in the provision of unanticipated services to state agencies, unusual growth in application and/or due to uncontrollable increases in payments to public utilities necessary for the continual provision of services to our customers. Approval of this appropriation will allow DIS to continue to save money for agencies and ultimately the people of Arkansas. DIS is in a unique position to bring together and aggregate procurements and service demands from all agencies and institutions. The significant economies of scale and the ability to have more than one organization served by a single resource is a very cost effective way to implement technology services. Additionally, this aggregation and economy of scale provides the substantial benefit so that organizations can have access to technologies, such as distance learning, that would otherwise have been out of their reach. This helps equalize the opportunities available to rural areas and the poorer areas of the state. It can help make government services available in areas and at times where it would not otherwise be cost-effective to provide them. Unanticipated project needs from our customers make this request necessary. We are asking that this appropriation be reinstated at \$20,000,000 each year of the biennium. This request is for appropriation only.

## **Operating Budget Request:**

### **B. Request Capital Outlay - Appropriation Only**

The capital outlay requested for the Department of Information Systems is \$5,728,000 in appropriation for year one of the biennium and \$2,832,000 for year two for a combined request of \$8,560,000 in appropriation only total for the biennium. This request will allow the agency to procure upgraded equipment to provide enhanced services and product selections to its customers.

### **C. Renew Telecommunications Technology - Appropriation Only**

DIS purchases communications technology goods and services from the private sector to provide government agencies, Boards, and Commissions the technology services that are required for the daily operations of each entity. From telephony and data networking to technical consulting, the Department of Information Systems provides products and services to the agencies that serve our citizens. Examples include telephone, long distance, email, internet connectivity and maintenance of a statewide network infrastructure to provide telecommunications access services. Approximately \$16,000,000 of the total request is for E-rate disbursements to participating schools and libraries.

### **D. Renew Equipment Acquisition - Appropriation Only**

The Department is requesting renewal of the \$3,500,000 appropriation for major acquisition of equipment and improvements of information technology. The Department of Information Systems is authorized under A.C.A § 25-4-122 and § 25-4-123 to accumulate a reserve for equipment acquisition in an amount not to exceed the department's depreciation expense per fiscal year. This reserve allows DIS to replace or upgrade obsolete equipment, software, or fully depreciated equipment that needs to be exchanged for newer technology. This appropriation is for major purchases only.

### **E. Request for Seventeen (17) FTE positions**

#### **1) 1 Chief Enterprise Data Architect position -**

There are currently several enterprise class projects being implemented that would benefit from a data architecture including the Eligibility and Enrollment Framework project underway and to develop a common system to detect fraud and abuse across state government. Data security is of paramount concern given the sensitivity and criticality of data the state is accountable for. The data architect ensures the planning, development, and execution of data security policies and procedures to provide proper authentication, authorization, access and auditing of data and information.

**2) 16 DIS EEF Positions as follows:**

- 1 DIS EEF Division Director
- 1 DIS EEF State System Administrator
- 2 DIS EEF State Database Administrators
- 3 DIS EEF Sr. System Administrators
- 1 DIS EEF Data Specialist
- 2 DIS EEF System Administrators
- 2 DIS EEF Security Specialists
- 3 DIS EEF Programmer Analysts
- 1 DIS EEF Program Manager

The agency surrendered three (3) positions - one (1) Training Instructor, one (1) Administrative Support Specialist II, and one (1) State System Specialist for the three (3) EEF Sr. System Administrators. The Arkansas Department of Human Services, the Department of Workforce Services, and the Department of Information Systems have joined together to implement and maintain a new software framework that will be used to support a more efficient eligibility and enrollment process, and to support and streamline the eligibility process for the improved delivery of public services. The enterprise approach will automate current processes reducing processing time, producing consistent results, and increasing interoperability and expansion between state government entities.

As we have begun the implementation of the enterprise platform software framework, DIS utilized both state employees and contracted personnel. Due to the large scope of this project and the amount of work required to implement the technology, including hardware, software and development time, long term dedicated resources are required.

To fulfill the staffing needs of both the implementation and expansion of this project, as well as, provide concurrent maintenance support, full-time technical resources are needed. DIS is the primary technical resource and is requesting sixteen (16) full-time positions that will and skills to provide in-house dedicated support to this project at a substantial cost savings to the State.



# Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF INFORMATION SYSTEMS  
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Ark. Code Ann. § 19-4-907 directs all state agencies to maintain records with respect to state-owned motor vehicles. In addition, Department of Finance and Administration (DFA) Travel Regulations, Rule 12 part A, require each state vehicle to contain a log that is maintained each time the vehicle is driven. Our review revealed the Agency failed to maintain a log for five vehicles.

In addition, section 15.3 of the DFA Vehicle Use and Management Handbook states that "employees operating a state vehicle under the status designation of Regular Travel must report the \$1.50 one-way commuting benefit for every instance in which the employee uses a State vehicle to commute between their home and their State-provided work station." DLA review revealed one employee, with the status designation of Regular Travel, utilized a state vehicle to drive from home to the official work station during fiscal year 2013. The taxable benefit was not included on the employee's Internal Revenue Service Form W-2.

DLA staff reviewed all contract labor expenses to determine the Agency's compliance with section R3: 19-4-1601 of the Financial Management Guide, which states that no Agency may employ contract labor for a period longer than six consecutive weeks or 240 hours per calendar quarter. DLA review revealed the limit was exceeded in 13 instances, affecting nine temporary employees and totaling \$31,640. Total wages for the nine temporary employees totaled \$83,153.

Recommendations

Strengthen internal controls and provide additional training to appropriate personnel to ensure compliance with regulations concerning vehicle logs and taxable benefits regarding commuting in a state vehicle.

Agency Response:

Management concurs with the finding and recommendation. As corrective action, the Agency has reviewed and updated its fleet policy where appropriate. In addition, the employee noted as Regular Travel status has been granted Public Safety and Welfare status, and supporting documentation is being maintained.

Strengthen internal controls and provide additional training to appropriate personnel to ensure compliance with regulations regarding contract.

Agency Response:

Management concurs with the finding and recommendation. As corrective action, the Agency has reviewed fiscal year 2014 to ensure compliance with contract labor. Due to several endeavors undertaken during the year, most notably the complete upgrade of the statewide network, the Agency has realized the need for additional labor to support these projects. This has resulted in the Agency's noncompliance with the regulation for fiscal year 2014 as well. The Agency has implemented a strategy to move any temporary labor currently in excess of the regulations limits to a fulltime position within the Agency, or remove the temporary labor from the engagement. Going forward, the Agency will proactively monitor temporary labor hours to ensure compliance.

## State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

### Employment Summary

	Male	Female	Total	%
White Employees	130	63	193	84 %
Black Employees	13	14	27	12 %
Other Racial Minorities	7	4	11	4 %
Total Minorities			38	16 %
Total Employees			231	100 %

### Publications

#### A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Quarterly Report to Joint Committee on Advanced Communications and Information Technology	A.C.A. §25-33-101	Y	Y	0	A.C.A. §25-33-101	0	0.00
Quarterly Report to Joint Committee on Advanced Communications and Information Technology	A.C.A. §25-4-106	N	Y	0	A.C.A. §25-4-106	0	0.00

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
288 Unanticipated Services	0	0	0	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0
2QX Information Systems-Operations	67,715,614	249	97,899,601	259	98,221,861	259	97,853,270	259	104,636,297	273	98,411,487	201	97,863,389	259	101,750,416	273	95,523,442	201
2QY Equipment Acquisition	2,537,717	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0
F64 Broadband Services	0	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0
<b>Total</b>	<b>70,253,331</b>	<b>249</b>	<b>111,399,601</b>	<b>259</b>	<b>131,721,861</b>	<b>259</b>	<b>111,353,270</b>	<b>259</b>	<b>138,136,297</b>	<b>273</b>	<b>131,911,487</b>	<b>201</b>	<b>111,363,389</b>	<b>259</b>	<b>135,250,416</b>	<b>273</b>	<b>129,023,442</b>	<b>201</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	8,528,930	10.6	10,555,604	8.7		9,356,003	8.0	9,356,003	6.5	9,356,003	6.5	6,069,706	5.1	6,069,706	4.2	6,069,706	4.2
General Revenue	4000010	200,000	0.2	200,000	0.2		200,000	0.2	200,000	0.1	200,000	0.1	200,000	0.2	200,000	0.1	200,000	0.1
Non-Revenue Receipts	4000040	72,080,005	89.2	100,000,000	82.8		97,866,973	83.3	124,650,000	86.4	124,650,000	86.4	102,862,973	86.3	126,750,000	88.6	126,750,000	88.6
Cash Fund	4000045	0	0.0	10,000,000	8.3		10,000,000	8.5	10,000,000	6.9	10,000,000	6.9	10,000,000	8.4	10,000,000	7.0	10,000,000	7.0
Transfer from DIS Revolving	4000520	3,050,000	3.8	2,851,789	2.4		3,500,000	3.0	3,500,000	2.4	3,500,000	2.4	3,500,000	2.9	3,500,000	2.4	3,500,000	2.4
Transfer to Info Tech Reserve	4000645	(3,050,000)	(3.8)	(2,851,789)	(2.4)		(3,500,000)	(3.0)	(3,500,000)	(2.4)	(3,500,000)	(2.4)	(3,500,000)	(2.9)	(3,500,000)	(2.4)	(3,500,000)	(2.4)
<b>Total Funds</b>		<b>80,808,935</b>	<b>100.0</b>	<b>120,755,604</b>	<b>100.0</b>		<b>117,422,976</b>	<b>100.0</b>	<b>144,206,003</b>	<b>100.0</b>	<b>144,206,003</b>	<b>100.0</b>	<b>119,132,679</b>	<b>100.0</b>	<b>143,019,706</b>	<b>100.0</b>	<b>143,019,706</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(10,555,604)		(9,356,003)			(6,069,706)		(6,069,706)		(12,294,516)		(7,769,290)		(7,769,290)		(13,996,264)	
<b>Grand Total</b>		<b>70,253,331</b>		<b>111,399,601</b>			<b>111,353,270</b>		<b>138,136,297</b>		<b>131,911,487</b>		<b>111,363,389</b>		<b>135,250,416</b>		<b>129,023,442</b>	

## Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
257	233	24	257	0	9.34 %	259	232	25	257	2	10.42 %	259	232	27	259	0	10.42 %

## **Analysis of Budget Request**

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

This appropriation was established for the Department of Information Systems for the provision of unanticipated services to State Agencies, unusual growth in applications, or uncontrollable increases in payments to public utilities necessary for the continuous provision of services. Special language authorizes an appropriation transfer, upon approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology, to appropriation 2QX-Operations.

The Agency requests continuation of this appropriation at \$20,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 288 - Unanticipated Services  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Contingency - Reserve 5130018	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
<b>Funding Sources</b>									
Non-Revenue Receipts 4000040	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total Funding	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000

## Change Level by Appropriation

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

### Justification

C01	The Department of Information Systems (DIS) requests continuation of appropriation to support operating expenses incurred in the provision of services to state agencies, unusual growth in applications, or due to uncontrollable increases in payments to public utilities necessary for continual provision of services. This appropriation will only be requested if necessary to carry out the objectives of the agency. Approval for the release of contingency appropriation will go through the Governor, the Chief Fiscal Officer of the State, review by the Joint Committee on Advanced Communications and Information Technology, and the Arkansas Legislative Council. The funds to support this appropriation will be payable from the DIS Revolving Fund.								
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## **Analysis of Budget Request**

**Appropriation:** 2QX - Information Systems-Operations

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

The Department of Information Systems (DIS) provides information technology services to state government and includes a centralized service bureau; a statewide network backbone for data, voice and video; technical guidance and planning for integration with the state architecture; procurement services; and other services for agency and community connectivity. This appropriation is funded by non-revenue receipts derived from services provided to various agencies of the federal, state, city, and county governments. In the event of unforeseen conditions, the agency may request appropriation transfer from Appropriation 288 - Unanticipated Services; after approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The agency requests a Change Level increase of \$6,783,027 in FY16 and \$3,887,027 in FY17 as follows:

- Regular Salaries and Personal Services Matching of \$1,055,027 for a new Chief Enterprise Data Architect position and restoration of thirteen (13) Growth Pool positions. The new Chief Enterprise Data Architect will establish a data architecture environment that follows industry standard best practices such as the Data Management Association (DAMA). Current enterprise class projects being implemented would benefit from such data architecture including the Eligibility and Enrollment Framework (EEF) project, and to develop a common system to detect fraud and abuse in state government. The position will be responsible for planning, developing, and executing data security policies and procedures to provide proper authentication, authorization, access, and auditing of data. The Growth Pool positions include one (1) EEF Division Director, two (2) EEF Database Administrators, one (1) EEF Data Specialist, two (2) EEF System Administrators, one (1) EEF State System Administrator, two (2) EEF Security Specialists, three (3) EEF Programmer Analysts, one (1) EEF Program Manager. Additionally, the agency surrendered three (3) positions - one (1) Training Instructor, one (1) Administrative Specialist II, and one (1) State System Specialist for three (3) EEF Senior System Administrators. The positions are for operational support of the EEF project at the Department of Human Services. The Department of Human Services, the Department of Workforce Services, and the Department of Information Systems joined to implement and maintain a new software framework that will support a more efficient eligibility and enrollment process, support and streamline the eligibility process for improved delivery of services. The enterprise approach will automate current processes, reduce processing time, produce consistent results, and increase interoperability and expansion between state government entities.



- Capital Outlay of \$5,728,000 in FY16 and \$2,832,000 in FY17, which include security software updates of \$903,000 for FY16, \$387,000 for FY17; Enterprise Services \$2,150,000 for disk/tape, UNIX operating system and storage for FY16, \$800,000 for FY17; Enterprise Operations automation and monitoring tools \$500,000 for FY16; capital lease \$675,000 for FY16, \$645,000 for FY17; and \$1,500,000 in FY16 for a replacement generator for the Multi-agency Complex (MAC). The life expectancy is approximately fifteen (15) years; the MAC generator which supports the State Data Center was purchased and installed in 1999. For FY17, \$1,000,000 for the State Data Center - West (SDCW) for additional redundant uninterruptible power supply (UPS). This facility was acquired in September 2013 to house the state's critical technology assets. The SDCW has the capacity to provide backup services for all governmental entities. The current UPS system uses old legacy technology and due to age the agency estimates an 80% energy loss. The new systems will sustain operations in the event of a power loss or outage. These items are included in the agency's IT plan in the IT Support Cost Section.

The Executive Recommendation provides only for the restoration of the Growth Pool positions and Capital Outlay request; and further provides for transfer of twenty-two (22) positions to various state agencies, including seven (7) to the Arkansas State Police for the AWIN program, thirteen (13) positions to the Department of Finance and Administration Management Services Division, and two (2) positions to the Department of Education; a reduction of forty-nine (49) positions; a salary reduction; and various position reclassifications. The Executive Recommendation also provides for Extra Help reduction of nine (9) positions, including reduction in appropriation and Personal Services Matching; and a reduction in Conference and Travel Expenses.

# Appropriation Summary

**Appropriation:** 2QX - Information Systems-Operations  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	14,402,409	15,620,095	15,939,816	15,549,219	16,353,061	11,702,626	15,557,019	16,360,861	11,709,226
<b>#Positions</b>		<b>249</b>	<b>259</b>	<b>259</b>	<b>259</b>	<b>273</b>	<b>201</b>	<b>259</b>	<b>273</b>	<b>201</b>
Extra Help	5010001	66,929	164,000	164,000	164,000	164,000	107,500	164,000	164,000	107,500
<b>#Extra Help</b>		<b>8</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>9</b>	<b>18</b>	<b>18</b>	<b>9</b>
Personal Services Matching	5010003	4,491,903	4,800,299	4,802,838	4,824,844	5,076,029	3,665,315	4,827,163	5,078,348	3,666,670
Overtime	5010006	4,492	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Operating Expenses	5020002	7,789,363	9,545,591	9,545,591	9,545,591	9,545,591	9,545,591	9,545,591	9,545,591	9,545,591
Conference & Travel Expenses	5050009	61,671	214,321	214,321	214,321	214,321	107,160	214,321	214,321	107,160
Professional Fees	5060010	102,004	631,500	631,500	631,500	631,500	631,500	631,500	631,500	631,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	5,728,000	5,728,000	0	2,832,000	2,832,000
Data Processing Services	5900044	8,376,510	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866
Telecommunication/Technology C	5900046	32,420,333	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929	58,450,929
<b>Total</b>		<b>67,715,614</b>	<b>97,899,601</b>	<b>98,221,861</b>	<b>97,853,270</b>	<b>104,636,297</b>	<b>98,411,487</b>	<b>97,863,389</b>	<b>101,750,416</b>	<b>95,523,442</b>
<b>Funding Sources</b>										
Fund Balance	4000005	8,393,002	9,907,393		9,356,003	9,356,003	9,356,003	6,069,706	6,069,706	6,069,706
General Revenue	4000010	200,000	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Non-Revenue Receipts	4000040	72,080,005	100,000,000		97,866,973	104,650,000	104,650,000	102,862,973	106,750,000	106,750,000
Transfer to Info Tech Reserve	4000645	(3,050,000)	(2,851,789)		(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
<b>Total Funding</b>		<b>77,623,007</b>	<b>107,255,604</b>		<b>103,922,976</b>	<b>110,706,003</b>	<b>110,706,003</b>	<b>105,632,679</b>	<b>109,519,706</b>	<b>109,519,706</b>
Excess Appropriation/(Funding)		(9,907,393)	(9,356,003)		(6,069,706)	(6,069,706)	(12,294,516)	(7,769,290)	(7,769,290)	(13,996,264)
<b>Grand Total</b>		<b>67,715,614</b>	<b>97,899,601</b>		<b>97,853,270</b>	<b>104,636,297</b>	<b>98,411,487</b>	<b>97,863,389</b>	<b>101,750,416</b>	<b>95,523,442</b>

## Change Level by Appropriation

**Appropriation:** 2QX - Information Systems-Operations  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>97,853,270</b>	<b>259</b>	<b>97,853,270</b>	<b>100.0</b>	<b>97,863,389</b>	<b>259</b>	<b>97,863,389</b>	<b>100.0</b>
C01	Existing Program	113,986	1	97,967,256	100.1	113,986	1	97,977,375	100.1
C06	Restore Position/Approp	941,041	13	98,908,297	101.1	941,041	13	98,918,416	101.1
C08	Technology	5,728,000	0	104,636,297	106.9	2,832,000	0	101,750,416	104.0

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>97,854,087</b>	<b>259</b>	<b>97,854,087</b>	<b>100.0</b>	<b>97,863,936</b>	<b>259</b>	<b>97,863,936</b>	<b>100.0</b>
C01	Existing Program	25,029	0	97,879,116	100.0	25,029	0	97,888,965	100.0
C06	Restore Position/Approp	941,041	13	98,820,157	101.0	941,041	13	98,830,006	101.0
C07	Agency Transfer	(1,994,352)	(22)	96,825,805	98.9	(1,994,474)	(22)	96,835,532	98.9
C08	Technology	5,728,000	0	102,553,805	104.8	2,832,000	0	99,667,532	101.8
C10	Reclass	0	0	102,553,805	104.8	0	0	99,667,532	101.8
C13	Not Recommended	(953,917)	0	101,599,888	103.8	(954,599)	0	98,712,933	100.9
C15	Ex Salary Increase	(7,357)	0	101,592,531	103.8	(7,347)	0	98,705,586	100.9
C19	Executive Changes	(3,181,044)	(49)	98,411,487	100.6	(3,182,144)	(49)	95,523,442	97.6

### Justification

C01	The Department of Information Systems (DIS) requests change level of \$113,986 in Regular Salaries and Personal Services Matching for a new Chief Enterprise Data Architect position. This position will establish a data architecture environment that follows industry standard best practices such as the Data Management Association (DAMA). This environment will allow data sharing across systems with appropriate safeguards. There are currently several enterprise class projects being implemented that would benefit from a data architecture including the Eligibility and Enrollment Framework (EEF) project underway, and to develop a common system to detect fraud and abuse across state government. This position will be responsible for the planning, development, and execution of data security policies and procedures to provide proper authentication, authorization, access and auditing of data and information.
C06	DIS requests an increase of \$941,041 each year of the biennium for Regular Salaries and Personal Services Matching for restoration of thirteen (13) positions from the Growth Pool. These positions include one (1) DIS EEF Division Director, two (2) DIS EEF Database Administrators, one (1) DIS EEF Data Specialist, two (2) EEF System Administrators, one (1) DIS EEF State System Administrator, two (2) DIS EEF Security Specialists, three (3) DIS EEF Programmer Analysts, and one (1) DIS EEF Program Manager. These positions are requested for the operational support for the Eligibility and Enrollment Framework (EEF) project at the Department of Human Services. Additionally, the agency surrendered three (3) positions - one (1) Training Instructor, one (1) Administrative Specialist II, and one (1) State System Specialist for three (3) EEF Senior System Administrators. The Arkansas Department of Human Services, the Department of Workforce Services, and the Department of Information Systems have joined together to implement and maintain a new software framework that will support a more efficient eligibility and enrollment process, and support and streamline the eligibility process for improved delivery of public services. Using the enterprise approach will automate current processes and reduce processing time, produce consistent results, and increase interoperability and expansion between state government entities.

## Change Level by Appropriation

### Justification

C08	DIS requests Capital Outlay of appropriation only of \$5,728,000 for FY16 and \$2,832,000 for FY17. The increase reflects the following: Security software updates-\$903,000 for FY16 and \$387,000 for FY17; Enterprise Services \$2,150,000 for Disk/Tape, UNIX operating system and storage in FY16 and \$800,000 in FY17; Enterprise Operations automation and monitoring tools \$500,000 for FY16, capital lease \$675,000 in FY16 and \$645,000 in FY17, \$1,500,000 in FY16 for a replacement generator for the Multi-Agency Complex (MAC). The life expectancy is about 15 years and the MAC generator which supports the State Data Center was purchased and installed in 1999. For FY17 the agency requests \$1,000,000 for the State Data Center – West (SDCW) for additional redundant Uninterruptible Power Supply (UPS). In September 2013 DIS acquired the facility to house the State's critical technology assets. The SDCW offers enough capacity to provide backup services for all governmental entities. Currently the system is operating on old UPS system which uses old legacy technology; and due to age the agency estimates an 80% energy loss. The new UPS systems will sustain critical operations in the event of a power loss or outage. These items are included in DIS' 2015-2017 IT plan and found in the IT Support Cost Section. This request will allow the agency to procure upgraded equipment to provide enhanced services and product selections to its customers.
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## **Analysis of Budget Request**

**Appropriation:** 2QY - Equipment Acquisition

**Funding Sources:** MHD - Department of Information Systems Reserve

The Department of Information Systems utilizes this appropriation for major equipment acquisition or information technology improvements as stated in A.C.A §25-4-122. The agency also uses appropriation authorized through their Operations appropriation (2QX) for purchase of equipment.

The Department is authorized to accumulate a reserve for equipment acquisition in an amount not to exceed the Department's depreciation expense per fiscal year. In addition, the Department is authorized to obtain, from the State Board of Finance, loans from the Budget Stabilization Trust Fund to supplement the reserve if the reserve is insufficient to handle the total cost of required equipment acquisitions. These loans and the reserve for equipment acquisition shall be used exclusively for major equipment acquisitions or information technology improvements required in order to fulfill the requirements for one (1) or more user agencies. The loans from the Budget Stabilization Trust Fund to the Information Technology Reserve Fund shall be repaid within five (5) years from revenues derived from charges to users, and the annual loan repayment amount shall be computed as a part of the total yearly expenses of the Department and shall be charged proportionately to users. The State Board of Finance, after obtaining the Governor's written approval, shall also review and may approve the loans the establish terms of repayment and a rate of interest to be paid by the Department of Information Systems Revolving Fund to the Budget Stabilization Trust Fund, which rate shall be approximately equivalent to the rate of interest the State Board of Finance is receiving on other investments at the time of approving the loan request.

Agency requests Base Level appropriation for the 2015 - 2017 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QY - Equipment Acquisition

**Funding Sources:** MHD - Department of Information Systems Reserve

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Equip Acq's & IT Improvements 5900046	2,537,717	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
<b>Total</b>	<b>2,537,717</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	135,928	648,211		0	0	0	0	0	0
Transfer from DIS Revolving 4000520	3,050,000	2,851,789		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
<b>Total Funding</b>	<b>3,185,928</b>	<b>3,500,000</b>		<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>
Excess Appropriation/(Funding)	(648,211)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>2,537,717</b>	<b>3,500,000</b>		<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>

## **Analysis of Budget Request**

**Appropriation:** F64 - Broadband Services

**Funding Sources:** NIS - DIS Cash in Treasury

This appropriation was established during the 2013 Regular Session. It provides for operating expenses, services, and grants for broadband services and enhancements statewide.

Agency requests Base Level appropriation for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of this appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** F64 - Broadband Services

**Funding Sources:** NIS - DIS Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Oper. Exp. Enhancements & Gra 5900046	0	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total	0	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<b>Funding Sources</b>									
Cash Fund 4000045	0	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding	0	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000