

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: AA Agency Maintenance Level

Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Consolidated Technology Services (CTS) is requesting an increase in its expenditure authority from Carry Forward to Maintenance level of \$8.1 million in FY 16 and \$8.2 million in FY 17 for goods and services related to maintaining and managing the state's networks, email, IT security, mainframe and server computing, data storage and backup, and telephony services.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Appr	8,098,000	8,225,000	16,323,000
Total Cost	8,098,000	8,225,000	16,323,000

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	4,797,822	4,924,623	9,722,445
Total Revenue		4,797,822	4,924,623	9,722,445

Package Description:

This request brings CTS expenditure authority in line with anticipated earned revenue that supports the IT services it provides. CTS is Washington's utility provider for information technology services. These services include state governmental networks, secure email, mainframe and server computing, cyber security, and various telephony services. CTS estimates that it will spend approximately \$122 million annually in the 2015-17 biennium on provision of these services. Revenue to support these services comes from customers that are state agencies, cities, local governments and, some Tribal governments.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Specific outcomes supported by this request include operation of the State Data Center and continued provision of IT utility services to customers. The amounts requested reflect estimated changes in costs due to contracts with private sector vendors; closure of the data center in OB2 and; ongoing upgrades to more efficient and secure technologies.

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Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports all ten of the agency's strategies as well as all six of its organizational goals. Please see the included documents: CTS IT Strategic Plan and CTS Organizational Capabilities. These documents lay out in accessible detail the current focus and path forward for CTS and information technology utility services in Washington.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This package provides essential support to several of the Governor's Results Washington priorities. Specifically:

Goal 3: Sustainable energy and a clean environment:

" Clean Transportation

o 1.1 Reduce transportation-related greenhouse gas emissions from 44.9 mmt/year to 37.5 mmt/year by 2020. Supporting and maintaining fast, efficient, and secure networks for governments to operate increases opportunities for telework and road traffic reduction. Supporting video and audio conferencing and remote access services reduces work-related travel.

" Clean Electricity

o 1.2 Reduce greenhouse gas emissions from electrical energy consumption from 18.4 mmt/year to 16.9 mmt/year by 2020.

Conducting business in the Platinum LEED-Certified building at 1500 Jefferson results in less energy consumption than other office buildings.

o 1.2b Increase electrical load growth replaced by conservation from 112.5 average megawatts per year to 155 average megawatts per year by 2020. Conducting the state's IT business in the state-of-the-art LEED-Certified State Data Center at 1500 Jefferson reduces an enormous energy load from that incurred in the 1970's-era data center in OB-2.

Goal 5: Efficient, effective, and accountable government:

" Customer Satisfaction

o 1.1.a. Increase the number of services available online; increase online services for mobile devices. Most, if not all, of CTS services support this goal. Everything from network operations to security to data storage to mobile device management are services provided by CTS in support of this goal.

o 1.3.c. Increase the percentage of agencies that practice continuity of operations plans at least annually. CTS has an established COOP of its own. It is also developing capability for Business Continuity/Disaster Recovery for all of its services as well as for customer agencies.

" Resource Stewardship

o 2.2.a. Reduce energy consumption in state-owned buildings from 9.6 mBtu to 8.8 mBtu. Although the state has a lease hold interest in 1500 Jefferson, it will own the building eventually. Conducting business in the Platinum LEED-Certified building at 1500 Jefferson results in less energy consumption than other office buildings. Conducting the state's IT business in the state-of-the-art LEED-Certified State Data Center at 1500 Jefferson reduces an enormous energy load from that incurred in the 1970's-era data center in OB-2.

" Transparency and Accountability

o 3.1. Increase the amount of data available in downloadable and searchable formats. CTS's storage and network services provide direct support to this goal. Data couldn't be downloaded and searched if it weren't first transported and stored.

What are the other important connections or impacts related to this proposal?

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CTS provides IT services to all state agencies and many cities, local governments, and Tribes. Without CTS, these entities would have to develop their own capabilities and infrastructure. This would lead to greater duplication of effort; increased costs and; increased cyber risks.

What alternatives were explored by the agency, and why was this alternative chosen?

No alternatives were considered.

What are the consequences of adopting or not adopting this package?

Adopting this package will bring CTS expenditure authority in line with the revenue earned from customer agencies that supports services as demanded by those customers. Because CTS is a non-appropriated agency, failure to fund this decision package will make allotments and expenditure authority levels irrelevant and make financial transparency more difficult.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on actual experience in recent fiscal years. Calculations are particularly difficult given the changes that CTS anticipates in the 2015-17 biennium: closure of OB2 data center; close out of the construction bond; customer agencies' movement into the State Data Center; uncertainty regarding cash levels and net financial position.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs and revenue are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	8,098,000	8,225,000	16,323,000

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: AB Network Revenue Restoration

Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Consolidated Technology Services (CTS) is requesting \$5.5 million annually in increased revenue in the 2015-17 biennium to restore the rates charged for Network Services including connections to the State Governmental Network (SGN) and the internet.

Fiscal Detail

Operating Expenditures **Total**

Total Cost

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	5,500,000	5,500,000	11,000,000
Total Revenue		5,500,000	5,500,000	11,000,000

Package Description:

Since FY 2012, revenue to CTS for network services has declined by 31.4%. Most of this decrease is the result of a rate reduction in port charges implemented in November, 2011 as a cost savings measure for customer agencies. Over this same period, CTS has reduced its network expenditures by 6.9%. CTS has not changed its port charges since November, 2011. As a result, the state networks managed by CTS have incurred a net loss of \$13.8 million over the past two and a half fiscal years. CTS is no longer able to sustain this rate structure. The balance in the revolving fund that supports CTS has been consumed by: CTS rate reductions; appropriations out of the fund to other agencies and; transfers to the General Fund. Because network services are critical to state and local government operations, CTS is proposing to restore revenue commensurate with customer agencies' use of network connections and services. The amount requested is the net of increased network charges and decreases in the rates that CTS charges for other services that consume network bandwidth. Proposed impacts to customer agencies are in the accompanying excel file.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This is a maintenance level request that assumes no increased utilization or functionality from the state's network services managed and

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Decision Package Code/Title: AB Network Revenue Restoration

delivered by CTS. The rate increase requested by CTS is to restore a 31% reduction in the charges for network ports that was implemented in the fall of 2011 and has continued.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This package supports the CTS goals of providing high quality IT services and secure systems and data through a strategy of consistently managing all state-wide networks end-to-end in a consolidated fashion. Networks would be operated under an optimized cost model and provide high reliability and security; efficient network sharing and; strategic capacity and performance planning.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Network operations and capacity are critical for the Governor's priorities of reducing congestion and pollution associated with commuting to work.

As noted in the Governor's Executive Order 14-02, expanding telework opportunities supports the following:

Results Washington outcome measure 3.2 of Goal 2: Prosperous Economy: Telework opportunities support an increase in the percentage of Washingtonians using alternative transportation commute methods.

Results Washington outcome measure 1.2 of Goal 5: Efficient, Effective, and Accountable Government: Telework opportunities will help increase Washington's rank as an employer of choice from 63% to 66% by January 2016

Results Washington outcome measure 3.1 of Goal 5: Efficient, Effective, and Accountable Government: Network operations and capacity will support an increase in the amount of data available in downloadable and searchable formats.

Results Washington outcome measure 1.1 of Goal 3: Sustainable Energy and a Clean Environment: Telework opportunities reduce transportation-related greenhouse gas emissions.

Results Washington outcome measure 1.2 of Goal 3: Sustainable Energy and a Clean Environment: Efficient Network operations in the state-of-the-art State Data Center reduce greenhouse gas emissions from electrical energy consumption.

What are the other important connections or impacts related to this proposal?

Nearly all of the data transported in state government-including city, county, tribal, and educational network traffic-is combined onto the Wide Area Network infrastructure managed by CTS. The network is operated and monitored 24 hours a day 7 days a week. This function is critical to the operation and security of state and local government.

What alternatives were explored by the agency, and why was this alternative chosen?

CTS has consistently moved to the most effective and economical technologies to control costs and respond to customer needs. In so doing, CTS has managed to reduce network costs by almost seven percent since FY 2012. CTS is submitting a revenue request that, if approved, will result in network rates charged to customer agencies that are approximately 30% higher than the amounts charged in the 2013-15 biennium. However, rates charged for other CTS services that consume network bandwidth will be reduced. There are no alternatives available to CTS to support customer demand for Network connectivity. CTS has no cash reserves or other revenue streams to support Network costs that result from customer utilization.

What are the consequences of adopting or not adopting this package?

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Decision Package Code/Title: AB Network Revenue Restoration

If CTS does not increase its network rates, then network operations, security, and connectivity to state agencies, cities, local governments and some Tribal governments will be drastically reduced or eliminated.

What is the relationship, if any, to the state's capital budget?

N/A Although, it would be efficient if network planning and budgeting were more closely tied to the capital budget planning and leased facilities planning processes.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

N/A

Expenditure and revenue calculations and assumptions

Expenditure estimates are based on the customer demand incurred in FY 2014. In FY 2014, CTS customers required Network services totaling \$23.9 million. Revenue collected from customer agencies in FY 2014 totaled \$17.6 million. This net revenue request is almost \$1 million less than the difference between expenditures and revenue in FY 2014. CTS estimates that this \$1 million gap can be closed by continuing to move to the latest and least expensive technologies and through efficient use of staff resources.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing. Budget impacts in future biennia are dependent on customer utilization of network services and potential changes in vendor pricing.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A0 Office Lease Cost Reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) proposes a lease cost reduction of \$1.4 million annually as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(1,400,000)	(1,400,000)	(2,800,000)
Total Cost	(1,400,000)	(1,400,000)	(2,800,000)

Package Description:

CTS proposes to vacate the offices at 1500 Jefferson and relocate to less expensive space.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS estimates that it could reduce lease costs by about \$1.4 million a year by occupying alternate office space within Thurston County. Lease costs are part of the overhead costs built into rates charged for CTS services. A reduction in lease costs would ultimately be reflected in reduced rates for customer agencies.

Performance Measure Detail

Activity:

Incremental Changes

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A0 Office Lease Cost Reductions

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package is in response to OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

While this proposal would reduce CTS's expenditures, the state would have to find another tenant to occupy the space vacated by CTS. The rent costs are fixed at least until 2019, at which time the state has the opportunity to refinance 1500 Jefferson. This proposal would shift costs to another state agency.

What alternatives were explored by the agency, and why was this alternative chosen?

No alternatives regarding lease costs were considered.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in reductions to CTS overhead costs and a shift of those costs to another state agency.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Changes in the leasehold agreement between CTS and FYI Properties would be necessary.

Expenditure and revenue calculations and assumptions

Expenditure calculations are based on the rent schedule in the lease between CTS and FYI Properties.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The proposed reduction in CTS costs would be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(1,400,000)	(1,400,000)	(2,800,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A0 Office Lease Cost Reductions

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A1 Hardware and Software Reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing a reduction in expenditure authority of \$2.4 million annually related to specific hardware and software purchases as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(2,393,333)	(2,393,333)	(4,786,666)
Total Cost	(2,393,333)	(2,393,333)	(4,786,666)

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(2,310,000)	(2,310,000)	(4,620,000)
Total Revenue		(2,310,000)	(2,310,000)	(4,620,000)

Package Description:

CTS proposes three reductions to hardware and software expenses: 1) sunset the Unisys mainframe service (\$2.2 million); 2) sunset VitalNet software service (\$83,000) and; 3) no longer subscribe to Microsoft Software Assurance (\$110,000). The Unisys and VitalNet services have only one customer each. CTS provides Unisys mainframe service to the Department of Social and Health Services (DSHS). DSHS is planning to move the applications on the Unisys to an alternate platform. The customer base for VitalNet, a network monitoring tool, has declined to the point where the Employment Security Department (ESD) is the only customer. Microsoft Software Assurance is an insurance policy that is nice to have but, not critical to CTS operations.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS will no longer be in the business of providing these specific technologies. DSHS will realize a savings from sunsetting Unisys but, will incur other costs for the alternate platform. VitalNet and Software Assurance are reductions to CTS expenditures that were not supported by revenue.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A1 Hardware and Software Reductions

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

While this decision package is consistent with the strategic movement of legacy applications to more modern platforms, its main purpose is to comply with the 15% reduction in maintenance level spending requested in OFM's budget instructions.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS expenditures. However, DSHS will require funding for the alternative to the Unisys mainframe.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. These reductions were chosen because they result in sustainable reductions in costs and are technologically appropriate.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced expenditure authority for CTS.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

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Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A1 Hardware and Software Reductions

All savings are permanent because of changes in technology and/or customer plans.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(2,393,333)	(2,393,333)	(4,786,666)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A2 Storage

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing reductions in data storage expenditures of \$1.5 million annually as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(1,463,780)	(1,463,780)	(2,927,560)
Total Cost	(1,463,780)	(1,463,780)	(2,927,560)

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(1,463,780)	(1,463,780)	(2,927,560)
Total Revenue		(1,463,780)	(1,463,780)	(2,927,560)

Package Description:

CTS is migrating its storage services to more effective and economical technologies. Included in this package is a proposal to sunset customer-specific tailored agreements related to storage costs.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS estimates that upgrading its storage technologies will result in reduced rates to all customer agencies. Three customer agencies: Labor and Industries (L&I), Enterprise Services (DES) and, Fish and Wildlife (DFW) will experience increases in some of their storage costs as CTS sunsets outdated tailored agreements and provides metered storage at the statewide rates.

Performance Measure Detail

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A2 Storage

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS goals of providing high quality and cost effective IT services through the strategy of adopting new mobile, cloud, and virtual platforms.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government:

- " Transparency and Accountability
- o 3.1. Increase the amount of data available in downloadable and searchable formats.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS storage expenditures. It results in decreased costs to customer agencies with the exception of the three state agencies mentioned above.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. These reductions were chosen because they result in sustainable reductions in costs and are technologically appropriate.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in all customer agencies' storage rates being reduced in the 2015-17 biennium.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience. While storage rates decline, the customer agencies might choose to increase their volume of storage consumed.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Rate changes are ongoing. The ultimate impact to customer agencies depends on their use of storage capacity.

State of Washington
Decision Package

FINAL

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A2 Storage

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(1,463,780)	(1,463,780)	(2,927,560)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A3 SCAN to Switched Long Distance

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing reductions in long distance telephone expenditures of \$287,000 annually as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(287,000)	(287,000)	(574,000)
Total Cost	(287,000)	(287,000)	(574,000)

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(287,000)	(287,000)	(574,000)
Total Revenue		(287,000)	(287,000)	(574,000)

Package Description:

CTS is migrating its long distance telephone services to more effective and economical technologies.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS estimates that upgrading its long distance telephone technologies will result in reduced rates to all customer agencies.

Performance Measure Detail

Activity:

Incremental Changes

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A3 SCAN to Switched Long Distance

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS goal of satisfying customer IT needs through a strategy of providing communications services with newer technologies at low rates.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS long distance telephone expenditures. It results in decreased costs to all customer agencies based on current consumption.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. This reduction was chosen because it results in sustainable reductions in costs and is technologically appropriate.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in all customer agencies' long distance telephone rates being reduced in the 2015-17 biennium.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience. While long distance telephone rates decline, the customer agencies might experience an increase in call volumes.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Rate changes are ongoing. The ultimate impact to customer agencies depends on their volume of long distance phone calls.

State of Washington
Decision Package

FINAL

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A3 SCAN to Switched Long Distance

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(287,000)	(287,000)	(574,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A4 Close Vancouver Node Site

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing reductions in network expenditures of \$200,000 annually as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(200,000)	(200,000)	(400,000)
Total Cost	(200,000)	(200,000)	(400,000)

Package Description:

CTS is reducing the number of network node sites from five to four. The Vancouver node site will be closed by the beginning of 2015-17 biennium.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS is continually seeking ways to improve operational efficiency. CTS's management of the state's networks has resulted in the ability to eliminate one node site and the associated expenses without degrading or compromising network functionality.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A4 Close Vancouver Node Site

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS strategy of managing state networks as a critical state asset.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government:

- " Transparency and Accountability
- o 3.1. Increase the amount of data available in downloadable and searchable formats.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS network expenditures.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. These reductions were chosen because they result in sustainable reductions in costs and are technologically appropriate.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced expenditure authority for CTS.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Cost savings related to closure of the Vancouver node site are permanent.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(200,000)	(200,000)	(400,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A5 60 Month Pre-Paid Equip Maint Expen

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing reductions in equipment maintenance expenditures of \$100,000 annually as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(100,000)	(100,000)	(200,000)
Total Cost	(100,000)	(100,000)	(200,000)

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(100,000)	(100,000)	(200,000)
Total Revenue		(100,000)	(100,000)	(200,000)

Package Description:

CTS estimates that it could reduce equipment maintenance costs by approximately \$100,000 annually if it had legal authority to enter into agreements for up to sixty months rather than the currently allowed 12 months.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Because the pre-paid cost of long-term agreements is often lower than that of annual agreements, CTS expects that its equipment maintenance costs would decrease by about \$100,000 annually if allowed the longer period. These reductions would ultimately be reflected in rates charged to CTS customers. Administrative costs could be reduced as well due to a lower contracts workload.

Performance Measure Detail

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A5 60 Month Pre-Paid Equip Maint Expen

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS goal of providing cost effective IT services through the strategy of improving the CTS business model and implementing Lean process as part of the agency culture.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

This change could benefit any state agency with significant equipment maintenance costs regardless of their relationship to CTS.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. The alternative to this proposal is to maintain the current 12 month limit on maintenance contracts. This alternative was chosen because it is a less expensive way to do business.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced expenditure authority for CTS.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

RCW 43.88.160: No payments shall be made in advance for any equipment maintenance services to be performed more than 12 months after such payment except that institutions of higher education as defined in RCW 28B.10.016 may make payments in advance for equipment maintenance services to be performed up to sixty months after such payment.

This language would have to be modified to allow CTS (or any or all state agencies) to make payments for 60 month contracts.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Cost savings would be ongoing.

State of Washington
Decision Package

FINAL

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A5 60 Month Pre-Paid Equip Maint Expen

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(100,000)	(100,000)	(200,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A6 Sunset DIAL.WA.Gov

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing reductions in expenditures of \$89,000 annually by sunseting the dial.wa.gov service as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(89,000)	(89,000)	(178,000)
Total Cost	(89,000)	(89,000)	(178,000)

Package Description:

CTS proposes to sunset the online government telephone directory dial.wa.gov. This service provides listings for state agencies, educational institutions, and many local government organizations. The content of the on-line directory is chosen, updated, and maintained by each public organization participant.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects to sunset this service and not be in the directory assistance business any longer. CTS is proposing this reduction because there are other online ways for interested parties to find contact information for state and local agencies.

Performance Measure Detail

Activity:

Incremental Changes

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A6 Sunset DIAL.WA.Gov

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS telecommunications expenditures.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. This reduction was chosen because it results in sustainable reductions in costs.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced expenditure authority for CTS.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Cost savings related to sunsetting this service are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(89,000)	(89,000)	(178,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A7 Financial Services Overhead

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing a reduction of \$567,000 annually related to the cost of financial services provided by the Department of Enterprise Services (DES).

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(567,000)	(567,000)	(1,134,000)
Total Cost	(567,000)	(567,000)	(1,134,000)
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	8.0	8.0	8.0

Package Description:

CTS proposes to reduce its overhead costs by over \$500,000 annually by procuring, or performing itself, the financial services currently provided by DES. Any proprietary agency must have direct control and responsibility for work related to the buying of assets and selling of its services that occurs within the agency. This proposal would move those responsibilities to CTS.

Currently, CTS pays DES approximately \$1.5 million annually for accounting and payroll services. This amount would support an additional 14 FTE within CTS. CTS estimates that these financial functions can be performed with eight additional staff for an actual reduction in the cost of these services of about \$567,000 a year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects to perform its own financial functions and reduce overhead costs. CTS receives financial services from DES including accounts payable, accounts receivable, general ledger accounting, asset accounting, and payroll. The cost of these services is not controllable by CTS. The costs are allocated to CTS according to a model that assumes CTS is a division of DES. CTS can reduce the cost of these functions by performing them in-house.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A7 Financial Services Overhead

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS goal of providing cost-effective IT services through the strategies of modernizing the CTS business model; integrating Lean principles and; aligning the business model with CTS's enabling statute.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government by reducing overhead costs of critical IT services.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS overhead expenditures. Reduced overhead costs will ultimately be reflected in the service rates charged to customer agencies.

What alternatives were explored by the agency, and why was this alternative chosen?

The alternative to this proposal is to maintain the current cost structure and service structure with DES. The proposed change results in reductions in cost that cannot be achieved under the current structure.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced expenditure authority for CTS and ultimately, reduced service rates to CTS customers.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A7 Financial Services Overhead

Cost savings are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	998,588	998,588	1,997,176
B Employee Benefits	356,979	356,979	713,958
E Goods\Other Services	(1,922,567)	(1,922,567)	(3,845,134)
Total Objects	(567,000)	(567,000)	(1,134,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A8 LAN, Desktop and Systems Support

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing a reduction of \$725,000 annually related to the cost of LAN, desktop, and system support provided by the Department of Enterprise Services (DES).

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(725,000)	(725,000)	(1,450,000)
Total Cost	(725,000)	(725,000)	(1,450,000)
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	12.0	12.0	12.0

Package Description:

CTS proposes to reduce its overhead costs by over \$700,000 annually by procuring, or performing itself, the LAN, desktop and, system support services currently provided by DES.

Currently, CTS pays DES approximately \$2.3 million annually for LAN, desktop and, systems support for the CTS staff of 285 FTE. This amount would support 22.6 FTEs within CTS. CTS estimates that these IT support functions can be performed with 12 additional staff for an actual reduction in the cost of these services of about \$725,000 a year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects to perform its own IT support functions and reduce overhead costs. CTS receives IT support services from DES. The cost of these services is not controllable by CTS. The costs are allocated to CTS according to a model that assumes CTS is a division of DES. CTS can reduce the cost of these functions by performing them in-house.

Performance Measure Detail

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A8 LAN, Desktop and Systems Support

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS goal of providing cost-effective IT services through the strategies of streamlining administrative processes; integrating Lean principles and; aligning the business model with CTS's enabling statute.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government by reducing overhead costs of critical IT services.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS overhead expenditures. Reduced overhead costs will ultimately be reflected in the service rates charged to customer agencies.

What alternatives were explored by the agency, and why was this alternative chosen?

The alternative to this proposal is to maintain the current cost structure and service structure with DES. The proposed change results in reductions in cost that cannot be achieved under the current structure.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced expenditure authority for CTS and ultimately, reduced service rates to CTS customers.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Cost savings are ongoing.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A8 LAN, Desktop and Systems Support

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	1,683,201	1,683,201	3,366,402
B Employee Benefits	497,015	497,015	994,030
E Goods\Other Services	(3,070,606)	(3,070,606)	(6,141,212)
G Travel	313	313	626
J Capital Outlays	165,077	165,077	330,154
Total Objects	(725,000)	(725,000)	(1,450,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A9 Eliminate Long Distance Phone Svc

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing a reduction in expenditure authority of \$2.9 million annually by ending provision of long distance phone service as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>	
419-6 Data Processing Revolving Account-Non-Apprc	(2,894,422)	(2,894,422)	(5,788,844)	
Total Cost	(2,894,422)	(2,894,422)	(5,788,844)	
 Staffing	 <u>FY 2016</u>	 <u>FY 2017</u>	 <u>Annual Average</u>	
FTEs	-1.0	-1.0	-1.0	
 Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(2,894,000)	(2,894,000)	(5,788,000)
Total Revenue		(2,894,000)	(2,894,000)	(5,788,000)

Package Description:

CTS currently spends about \$2.9 million annually to facilitate the provision of long distance phone service to state and local agencies. Revenue of approximately the same amount comes from those customers to reimburse this cost. CTS proposes to cease providing long distance phone service in an effort to reach the 15% expenditure authority reduction target established in OFM's 2015-17 Biennial Budget Instructions.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects long distance phone service will be procured by current CTS customers directly from common carriers. This situation could result in duplication of effort across state agencies and a dilution of state agency expertise in this highly federally regulated industry.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: A9 Eliminate Long Distance Phone Svc

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package is in response to OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

This proposal is less than ideal from the point of view of consolidated, efficient government services. However, it is possible for state and local agencies to work directly with common carriers for provision of long distance services. This would add a layer of administrative complexity for customer agencies to have to engage CTS for local service and as well as common carriers for long distance service. Customer agencies would have to develop an expertise in phone service provision that they currently do not have and do not need.

What alternatives were explored by the agency, and why was this alternative chosen?

Many alternatives were explored to meet the 15% reduction target. This reduction is proposed because it is feasible. However, it may not be advisable or desirable from a state-wide cost savings perspective.

What are the consequences of adopting or not adopting this package?

Adopting this package will reduce CTS's expenditure authority. It will move the workload related to procuring long distance phone service to state and local agencies.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Contractual changes with common carriers will be required. Each agency will have to enter into its own contracts with the carrier(s) available in the required locations.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

State of Washington
Decision Package

FINAL

Agency: **163 Consolidated Tech Serv**
Decision Package Code/Title: **A9 Eliminate Long Distance Phone Svc**

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

If this responsibility were moved to state and local agencies, the reduction to CTS expenditure authority could be permanent.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(93,995)	(93,995)	(187,990)
B Employee Benefits	(25,268)	(25,268)	(50,536)
E Goods\Other Services	(2,775,031)	(2,775,031)	(5,550,062)
G Travel	(27)	(27)	(54)
J Capital Outlays	(101)	(101)	(202)
Total Objects	(2,894,422)	(2,894,422)	(5,788,844)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B0 End Firewall Billing for Security A

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing reductions in Security Infrastructure revenue of \$295,000 annually as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(295,000)	(295,000)	(590,000)
Total Cost	(295,000)	(295,000)	(590,000)

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(295,000)	(295,000)	(590,000)
Total Revenue		(295,000)	(295,000)	(590,000)

Package Description:

CTS is proposing to end separate, additional firewall billing to agencies that participate in the Security Infrastructure Allocation. CTS provides managed firewalls to protect networks from unauthorized access and malicious attacks. Recent changes in technology have allowed CTS to offer this service to agencies that want their technical staff to maintain an active role in the administration of the perimeter firewall without CTS having to maintain separate technologies at additional cost.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The separate cost of agency-managed firewalls for those agencies participating in the security allocation will be eliminated. CTS is continually seeking ways to optimize operational efficiency. CTS's astute technology choices and management of the state's network security have resulted in a more efficient way to provide firewalls while allowing customer agencies the option to monitor and administer that service.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B0 End Firewall Billing for Security A

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the CTS goal of secure systems and data through a strategy of providing sophisticated intrusion prevention, detection, and forensic capabilities as multiple levels.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government:

Transparency and Accountability

- o 3.1. Increase the amount of data available in downloadable and searchable formats.

What are the other important connections or impacts related to this proposal?

This proposal is a sustainable reduction to CTS Security Infrastructure revenue.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. This reduction was chosen because it results in sustainable reductions in revenue and is technologically appropriate.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in appropriately reduced revenue for CTS.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B0 End Firewall Billing for Security A

Revenue reductions are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(295,000)	(295,000)	(590,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B1 End 24 x 7 Service

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing an expenditure authority reduction of \$1.5 million and 21 FTEs annually from the Network Control Center, the Mainframe Command Center and, the Customer Service Helpdesk as part of the 15% reduction requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	(1,532,715)	(1,532,715)	(3,065,430)
Total Cost	(1,532,715)	(1,532,715)	(3,065,430)
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	-21.0	-21.0	-21.0

Package Description:

CTS is proposing, as part of the 15% reductions requested by OFM, to eliminate its after-hours support to state networks, mainframe processes, server processing, and the helpdesk. Monitoring, support, and customer service would still be available during regular work hours.

The Network Control Center provides monitoring, troubleshooting and repair of network infrastructure and leased circuits for CTS customers. The Command Center monitors and supports the mainframe and server environments. The Service Desk is "the face of CTS" to the public. Staff provide customer support for all CTS services by answering calls to the Service Desk and creating/routing trouble tickets as needed to initiate troubleshooting and repairs by service owners. There are currently 21 FTEs among the three sections providing services during swing or graveyard shifts.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects that full elimination of these functions would result in a significant degradation of service to customers as well as a shift in workload to those customers that have 24 by 7 operations such as DSHS hospitals, DOC institutions and WSP patrols. Incident reports, security breaches, even password resets would not be resolved outside of standard office hours. However, eliminating the cost of 24 by 7 service would eventually be reflected in the rates to all CTS consumers of these services.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B1 End 24 x 7 Service

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package is in response to OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

Reductions in cost to CTS likely will be offset by increased costs to customer agencies that need this support on a round the clock basis. Security risks and risks to agency operations likely are increased due to the hours that would pass daily with no monitoring of the state's networks. Any work that might have been attended to by swing and grave shifts will be left waiting for, and add to, the workload of regular shift staff at CTS and at customer agencies.

What alternatives were explored by the agency, and why was this alternative chosen?

Many alternatives were explored to achieve the 15% reduction target. This change is proposed because it is feasible. However, it is not advisable from the standpoint of secure and efficient government operations. It does not support the realities of the work environment of many state and local agencies.

What are the consequences of adopting or not adopting this package?

Adopting the full cuts proposed in this package will result in a shift of work and costs from CTS to customer agencies. It will also result in a high level of risk from interrupted services or security breaches that might occur after regular work hours.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B1 End 24 x 7 Service

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The proposed reduction could be reversed and 24 X 7 operations resumed at any point in the future.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(1,179,012)	(1,179,012)	(2,358,024)
B Employee Benefits	(353,703)	(353,703)	(707,406)
Total Objects	(1,532,715)	(1,532,715)	(3,065,430)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B2 Terminate Intergovernmental Network

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing annual reductions of \$1,978,000 related to terminating the Intergovernmental Network (IGN) as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>	
419-6 Data Processing Revolving Account-Non-Apprc	(1,978,000)	(1,978,000)	(3,956,000)	
Total Cost	(1,978,000)	(1,978,000)	(3,956,000)	
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>	
FTEs	-.3	-.3	-.3	
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(1,978,000)	(1,978,000)	(3,956,000)
Total Revenue		(1,978,000)	(1,978,000)	(3,956,000)

Package Description:

CTS is proposing to terminate the IGN which provides connectivity for cities, counties, Tribes and, federal agencies through the IGN to reach five state agency "anchor tenants": Department of Health, Department of Social and Health Services, Administrative Office of the Courts, State Patrol, and Secretary of State's office. Currently, the five anchor tenants provide and maintain 53 applications which local, federal and tribal governments routinely access. The anchor tenants' applications reside on the state governmental network (SGN) and the users of the applications connect through the IGN.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS estimates that it could reduce its annual costs by almost \$2 million if it shut down the IGN. The anchor tenant agencies would have to develop other ways for local, federal and, tribal governments to access state agency applications that are used primarily for health, safety and, law enforcement purposes.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B2 Terminate Intergovernmental Network

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package is in response to OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

Some local governments use the IGN as their Internet Service Provider (ISP). Local governments might incur increased costs if they have to develop or contract for ISP elsewhere.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. This reduction is proposed because it is possible for state agencies, local, federal and, tribal governments to develop or procure other ways to send data and connect to each other's applications. This proposal is not ideal from the perspective of cost effective and secure governmental operations.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in increases in cost to customer agencies due to possible duplication of effort and having to develop expertise that the agencies currently may not have and do not need. This package could also increase risk to the security of data belonging to state agencies, local, federal and, tribal governments because traffic traveling to state agencies from other entities would not be controlled and monitored by managed security gateways.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Contractual adjustments with vendors would have to be made to reduce or cancel services.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: B2 Terminate Intergovernmental Network

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Reductions in CTS expenditures would be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(23,572)	(23,572)	(47,144)
B Employee Benefits	(6,445)	(6,445)	(12,890)
E Goods\Other Services	(1,940,409)	(1,940,409)	(3,880,818)
G Travel	(18)	(18)	(36)
J Capital Outlays	(6,176)	(6,176)	(12,352)
P Debt Service	(1,380)	(1,380)	(2,760)
Total Objects	(1,978,000)	(1,978,000)	(3,956,000)

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N0 Maintain 24 x 7 Service

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing to buy back half of its proposed annual reduction of \$1.5 million and 21 FTEs from the Network Control Center, the Mainframe Command Center and, the Customer Service Helpdesk.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	766,500	766,500	1,533,000
Total Cost	766,500	766,500	1,533,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	11.0	11.0	11.0

Package Description:

CTS is proposing to restore 11 FTEs and \$767,000 annually to continue its after-hours support to state networks, mainframe processes, server processing, and the helpdesk. The Network Control Center provides monitoring, troubleshooting and repair of network infrastructure and leased circuits for CTS customers. The Command Center monitors and supports the mainframe and server environments. The Service Desk is "the face of CTS" to the public. Staff provide customer support for all CTS services by answering calls to the Service Desk and creating/routing trouble tickets as needed to initiate troubleshooting and repairs by service owners. There are currently 21FTEs among the three sections providing services during swing or graveyard shifts. CTS estimates that it can save 10 FTEs and related costs by consolidating workload across these three entities.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects that consolidating some of the similar functions of end user support; monitoring and; initial troubleshooting activities of the three groups, it can gain efficiencies allowing reductions in the necessary staffing level from 21 FTEs to 11 FTEs for swing and graveyard shifts. By keeping 11 FTEs, CTS can provide minimal coverage for answering Service Desk phones; monitoring and; initial troubleshooting of the mainframes and network systems. This will allow CTS to continue to provide the level of service required by our customers to be able to report outages, network incidents, get passwords reset, etc., as well as ensure minimal monitoring of

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Decision Package Code/Title: N0 Maintain 24 x 7 Service

systems on a 24x7 basis.

CTS expects that full elimination of these functions would result in a significant degradation of service to customers as well as an increase in workload to those customers that have 24 by 7 operations such as DSHS hospitals, DOC institutions and WSP patrols. Incident reports, security breaches, even password resets would not be resolved outside of standard office hours. However, maintaining staff at half the current level will avoid most of these problems.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This package supports the goals of high quality services, customer satisfaction, and secure systems and data through strategies designed to improve operational and infrastructure management; implement a Lean culture and; optimize resources.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government.

What are the other important connections or impacts related to this proposal?

If these services are not maintained at CTS, costs to customer agencies that need this support on a round the clock basis likely will increase. Security risks and risks to agency operations could increase due to the hours that would pass daily with no monitoring of the state's networks. Any work that might have been attended to by swing and grave shifts will be left waiting for, and add to, the workload of regular shift staff at CTS and at customer agencies.

What alternatives were explored by the agency, and why was this alternative chosen?

Many alternatives were explored to achieve the 15% reduction target. This change is proposed because it is the most efficient and effective way to deliver needed services that support governmental operations on a 24 by 7 basis.

What are the consequences of adopting or not adopting this package?

Failure to adopt this package would result in significant degradation of service and increasing costs to customer agencies. The CTS Service Desk phone number would not be answered outside of core hours. Customers would need to leave a message for follow up the next business day for help with things like password resets for a SecureAccess Washington log in; assistance with reaching a customer agency's application; assistance with Virtual Private Network (VPN) password-allowing remote work or; reporting a service incident such as a cut cable.

In addition, no one from the Network Control Center would be monitoring the network outside of core business hours to identify and troubleshoot service-impacting events. If customer circuits go down (or the entire network crashes), no one would be available until the next business day to begin troubleshooting, even for critical customers such as Washington State Patrol, state hospitals or state prisons. If the entire state network crashed, technicians would not even be aware in order to implement Disaster Recovery operations until the

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Decision Package Code/Title: N0 Maintain 24 x 7 Service

next day, or several days if over a weekend. The network infrastructure for the State Data Center (SDC) would not be monitored or repaired except during weekday hours. Also, all new circuit turn-ups for customers which are currently done during swing shift to avoid network disruptions during core business hours would now have to be done during the day shift. Maintenance windows for CTS network technicians would also have to move to the day shift. This would severely impact operations of the network by bringing systems down, sometimes for hours at a time, during the core business hours for maintenance or circuit turn-ups. Maintenance and turn-ups would also be significantly delayed due to the day shift workload which is prioritized to handle open trouble tickets first.

Without Command Center technicians monitoring and initiating repairs on mainframe systems and servers running mission-critical applications for the state, problems and issues with these applications would not be addressed or resolved until the next business day. These applications potentially would not be available and users would not have anywhere to call. Important batch jobs including mainframe and server backups may not run correctly or may not run at all during this time which could jeopardize the state's critical systems and data.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are on-going.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	588,578	588,578	1,177,156
B Employee Benefits	177,922	177,922	355,844
Total Objects	766,500	766,500	1,533,000

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N1 Maintain Intergovernmental Network

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is proposing to buy back the reduction of \$1,978,000 related to the proposal to terminate the Intergovernmental Network (IGN) as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	1,978,000	1,978,000	3,956,000
Total Cost	1,978,000	1,978,000	3,956,000

Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	.3	.3	.3

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	1,978,000	1,978,000	3,956,000
Total Revenue		1,978,000	1,978,000	3,956,000

Package Description:

CTS is proposing to restore \$1,978,000 annually to maintain operation of the Intergovernmental Network. The IGN provides connectivity for local, federal and, tribal governments to reach state agency applications. The five state agencies, "anchor tenants", provide and maintain 53 applications which these governmental entities routinely access. These applications reside on the State Governmental Network (SGN) for security reasons. When non-state entities connect to the IGN, CTS passes the IGN traffic securely to the SGN to make the connection to the needed applications.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects to provide consistent and secure connectivity for local, federal and, tribal governments to state agencies that maintain applications needed for these governmental entities to perform functions related to health, safety and, law enforcement. The five anchor tenants, Department of Health, Department of Social and Health Services, Administrative Office of the Courts, State Patrol, and Secretary of State's Office will not have to develop their own web-based connections to their local, federal and, tribal partners.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N1 Maintain Intergovernmental Network

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This package supports the CTS goals of providing high quality IT services and secure systems and data by managing networks as critical state assets and keeping risk detection capabilities current.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government:

- " Customer Satisfaction
 - o 1.1. a. Increase the number of services available online; increase online services for mobile devices.
- " Transparency and Accountability
 - o 3.1. Increase the amount of data available in downloadable and searchable formats.

What are the other important connections or impacts related to this proposal?

If CTS were to cease operating the IGN infrastructure, state agencies that are the anchor tenants would have to devise other ways for non-state entities to access their applications. This would increase costs to the state and other governments due to duplication of effort. For example, a local government that needs access to all five anchor tenants likely would require five circuits as opposed to the one circuit currently handling that entity's connection to the IGN.

Security risks would also increase. The anchor tenants would have to develop "back door" connections to their applications that would not be monitored by managed security gateways.

What alternatives were explored by the agency, and why was this alternative chosen?

The only alternative to operating the IGN is requiring state agencies to develop their own connections to local, federal and, tribal governments that need access. This is not advisable from the perspective of efficient and secure government operations. Having CTS maintain the IGN provides consistent and secure access for the traffic between state agencies and their non-state partners.

What are the consequences of adopting or not adopting this package?

Adopting this package will result in continuation of the IGN and allow for efficient use of hardware infrastructure that supports both the IGN and SGN. Adopting this package will also avoid the imposition of increased costs on the anchor tenants and possibly on local, federal and, tribal governments.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N1 Maintain Intergovernmental Network

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

These costs would be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	23,572	23,572	47,144
B Employee Benefits	6,445	6,445	12,890
E Goods\Other Services	1,940,409	1,940,409	3,880,818
G Travel	18	18	36
J Capital Outlays	6,176	6,176	12,352
P Debt Service	1,380	1,380	2,760
Total Objects	1,978,000	1,978,000	3,956,000

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N2 Maintain Long Distance Phone Svc

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) proposes buying back the reduction in expenditure authority of \$2.9 million annually related to provision of long distance phone service as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	2,894,000	2,894,000	5,788,000
Total Cost	2,894,000	2,894,000	5,788,000

Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	1.0	1.0	1.0

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	2,894,000	2,894,000	5,788,000
Total Revenue		2,894,000	2,894,000	5,788,000

Package Description:

CTS currently spends about \$2.9 million annually to facilitate the provision of long distance phone service to state and local agencies. Revenue of approximately the same amount comes from those customers to reimburse this cost. CTS had proposed to cease providing long distance phone service in an effort to reach the 15% expenditure authority reduction target established in OFM's 2015-17 Biennial Budget Instructions.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

If long distance phone service is retained as a CTS service, state and local agencies will not have to develop expertise in this field and will not have to negotiate with common carriers for service to the various parts of the state where it is needed.

Performance Measure Detail

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N2 Maintain Long Distance Phone Svc

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This package supports the CTS goal of providing cost effective services through strategies of integrating Lean processes and keeping pace with changes in the industry such as Voice over Internet Provider (VoIP).

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package supports the Governor's Goal 5: Efficient, effective, and accountable government.

What are the other important connections or impacts related to this proposal?

This proposal maintains the current consolidated, efficient long distance phone service provided through one single state agency. It relieves state and local agencies from having to negotiate and contract directly with common carriers. It keeps state government expertise in this industry from being diluted and enhances the opportunities for bulk purchasing advantages.

What alternatives were explored by the agency, and why was this alternative chosen?

Many alternatives were explored to meet the 15% reduction target. This buyback is proposed because it is efficient from a statewide cost perspective.

What are the consequences of adopting or not adopting this package?

Adopting this package will retain CTS's expenditure authority for this service. It will keep the workload related to procuring long distance phone service with CTS.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on current experience.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

If this responsibility were left with CTS expenditure authority amounts would be permanent.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N2 Maintain Long Distance Phone Svc

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	94,000	94,000	188,000
B Employee Benefits	25,000	25,000	50,000
E Goods\Other Services	2,775,000	2,775,000	5,550,000
Total Objects	2,894,000	2,894,000	5,788,000

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N3 Buyback Lease Costs

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) proposes to buy back the lease cost reduction of \$1.4 million annually that is proposed as part of the 15% reduction exercise requested in OFM's 2015-17 Biennial Budget Instructions.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Apprc	1,400,000	1,400,000	2,800,000
Total Cost	1,400,000	1,400,000	2,800,000

Package Description:

CTS proposes to buy back the estimated reduction related to vacating the offices at 1500 Jefferson.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects to keep occupancy of the offices at 1500 Jefferson.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: N3 Buyback Lease Costs

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This decision package is in response to OFM's request for reduction proposals that will result in expenditure levels that are 15% lower than proposed Maintenance Level.

What are the other important connections or impacts related to this proposal?

While this proposal would reduce CTS's expenditures, the state would have to find another tenant to occupy the space vacated by CTS. The rent costs are fixed at least until 2019 at which time, the state has the opportunity to refinance 1500 Jefferson. CTS proposes to buy back the reduction proposal because there is no cost savings to the state; lease costs would simply be shifted from CTS to another agency.

What alternatives were explored by the agency, and why was this alternative chosen?

Many options were considered to meet the 15% reduction target. This buy back is proposed because the proposal results in a shift of costs to another state agency and does not reduce overall costs to the state.

What are the consequences of adopting or not adopting this package?

Adopting this package will restore expenditure authority (not revenue) to CTS related to its overhead costs.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure calculations are based on the rent schedule in the lease between CTS and FYI Properties.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The proposed lease costs to CTS costs would be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	1,400,000	1,400,000	2,800,000

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P1 Email bundle and rate increase

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is requesting increased expenditure authority of \$702,000 annually to provide Shared Services Email bundled with other related messaging services which result in a cost-effective package of communication services.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Appr	702,000	702,000	1,404,000
Total Cost	702,000	702,000	1,404,000

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	702,000	702,000	1,404,000
Total Revenue		702,000	702,000	1,404,000

Package Description:

CTS is proposing to provide email as part of a bundled package of communication services that includes Shared Services Email (Microsoft Exchange, Symantec Vault, mail filtering, ActiveSync mobile messaging), secure email and Lync. Lync is a Microsoft product that provides instant messaging, presence awareness, web conferencing and video conferencing. The proposed rate for this bundled package is \$5.80 per email mailbox per month. Currently, customers who purchase Shared Services Email spend \$4.90 per mailbox per month, an additional \$0.56 per mailbox for secure email and, an additional \$3.50 per mailbox if they purchase Lync. Bundling these services and providing them consistently across all 65,000 email mailboxes is less expensive to customers than if they purchase the three services separately.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

CTS expects to provide expanded communication functionality to all its current email customers for a cost that is less than the sum of the individual component parts.

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P1 Email bundle and rate increase

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

The proposal supports the CTS goals of providing high quality and cost effective IT services through strategies of upgrading and enhancing collaboration opportunities and mobility capabilities.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

The proposal supports the Governor's Goal 5: Efficient, effective, and accountable government:

Customer Satisfaction

" 1.1. a. Increase the number of services available online; increase online services for mobile devices.

Customer Confidence

" 1.1 Increase/maintain timely delivery of state services.

What are the other important connections or impacts related to this proposal?

CTS's email customer base has reached the 65,000 mailbox target that was assumed when Governor Gregoire issued her executive order for all state agencies to move to Shared Services Email. At this level, CTS can provide significantly increased functionality, at a lower cost, that was not possible with a smaller customer base. For an additional \$0.90 per mailbox per month, email customers will receive enhanced communication services including web and audio conferencing that could reduce their travel costs as well as other telecommunication costs like WebEx. Charging a single flat rate of \$5.80 is essential for support of this service. Customer agencies that currently buy only email will experience an increase of \$0.90 per mailbox per month. Customer agencies that currently purchase Lync and secure email along with Shared Services Email will experience a decrease in their costs of \$3.16 per mailbox per month.

What alternatives were explored by the agency, and why was this alternative chosen?

The only option to this bundled approach is to provide these related services separately. This proposal was chosen because it provides significantly increased functionality; the possibility of reduced travel and other communication costs for customers and; cost recoverability for CTS.

What are the consequences of adopting or not adopting this package?

The most significant consequence of not adopting this package is the lost opportunity to modernize the state's communication capabilities by increasing mobility; offering more conferencing options; providing a secure collaboration environment and; preparing for cloud integration.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P1 Email bundle and rate increase

None.

Expenditure and revenue calculations and assumptions

Expenditure calculations reflect software, hardware and, minimal staff costs. Revenue calculations assume a rate of \$5.80 per mail box per month for each of the 65,000 mailboxes provided by CTS.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	702,000	702,000	1,404,000

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P2 IdM bundle and rate increase

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is requesting an increase to the rate charged for Enterprise Active Directory Services totaling \$1.14 per budgeted FTE per month to support Enterprise Identity Management (\$659,000 annually).

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6	Data Processing Revolving Account-Non-Appr	658,833	658,833	1,317,666
Total Cost		658,833	658,833	1,317,666
Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
	FTEs	4.0	4.0	4.0
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419	Data Processing Rev 0420 Charges for Services	658,833	658,833	1,317,666
Total Revenue		658,833	658,833	1,317,666

Package Description:

CTS is requesting an increase in revenue and expenditure authority of \$659,000 annually to support Enterprise Active Directory Services (EAD), Active Directory Federated Services (ADFS), and Forefront Identity Management (FIM). These three services combine to provide a comprehensive "identity management" (IdM) service which enables identification and authentication of users within and across state agencies. EAD is a shared employee directory that allows state agencies to share information and resources across the network and still operate independently. ADFS provides for a "single sign on" experience for users within or outside different trusted environments. It provides authorization necessary for state staff to use either internal or external applications. FIM, the next phase in identity management, provides lifecycle management. This is a process that controls how an identity comes into existence in the identity store; how it is maintained and; how it is removed. This process also supports auditability. Currently, CTS charges only for the EAD service based on the number of budgeted FTEs across all participating state agencies. Costs for ADFS and the initial investment in FIM have so far been borne by CTS. This proposal would bundle all three of these services into an Enterprise Identity Management service that would be funded according to the number of budgeted FTEs in participating agencies. The additional cost to participating agencies would be \$1.14 per FTE per month.

Narrative Justification and Impact Statement

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P2 IdM bundle and rate increase

What specific performance outcomes does the agency expect?

CTS expects significant benefits from this package of services:

Increased security. Security-related activities are not scattered across a variety of IdMs, but are centralized and standardized; making accountability much easier to achieve.

Migration to "cloud" computing and storage. State agencies are increasing their use of cloud providers. The services in the proposed bundle make the complex tasks of authentication and authorization for cloud applications easier and more secure.

Increased convenience. Users can learn a single set of credentials and use them wherever they are authorized to do business as part of their job.

Reduced cost. An "enterprise" IdM service can scale-- eliminating the need for multiple instances of redundant infrastructure.

Increased standardization. Applications developed by different state agencies can share a common authentication/authorization process.

Reduced support load. IT staff time spent managing administrative tasks is reduced.

Increased accuracy. Automated work flows and policies can be implemented to reduce human error in granting authorization.

Improved auditability. A central source exists to account for authentication and authorization activities.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This proposal is a CTS strategy that supports the CTS goals of satisfying customer needs and providing secure access to systems and data. CTS must adapt to new cloud and mobile demands and the risks that go along with those demands. User authentication and access control are critical to limiting cyber risks.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This proposal supports the Governor's Goal5: Efficient, effective, and accountable government:

- " Customer Satisfaction
 - o 1.1. a. Increase the number of services available online; increase online services for mobile devices.
- " Transparency and Accountability
 - o 3.1. Increase the amount of data available in downloadable and searchable formats.
- " Customer confidence
 - o 1.1 Increase/maintain timely delivery of state services.

What are the other important connections or impacts related to this proposal?

State agencies that participate in EAD would incur licensing costs separate from those included in this proposal. Microsoft licensing is done directly with individual state agencies, not through CTS. These costs are unclear at this time but, could range from \$3.50 to \$4.50 per FTE per month.

What alternatives were explored by the agency, and why was this alternative chosen?

No alternatives were considered because Enterprise Active Directory has been promulgated as the standard IdM for state agency use

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P2 IdM bundle and rate increase

(OCIO Standard 183.20). This proposal builds on that standard and the infrastructure that is already in place within CTS and participating agencies. Currently, over 48,000 staff are included in the EAD.

What are the consequences of adopting or not adopting this package?

Without adopting this proposal, agency movement to "cloud" computing and storage is more difficult -- agencies have to maintain separate credentials for each application. Staff's inability to self-provision password resets will continue to be an administrative burden. Utilization of cloud opportunities is impossible without adequate security (authentication, authorization, data security).

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure and revenue calculations are based on known hardware and software and staff costs. Estimates of licensing costs are less firm. Detail is included.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing. Microsoft software licensing costs are the largest impact to CTS and customer agencies. These costs are estimates at this time.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	311,295	311,295	622,590
B Employee Benefits	92,917	92,917	185,834
E Goods\Other Services	125,254	125,254	250,508
J Capital Outlays	22,711	22,711	45,422
T Intra-Agency Reimbursements	106,656	106,656	213,312
Total Objects	658,833	658,833	1,317,666

Agency: 163 Consolidated Tech Serv
Decision Package Code/Title: P3 BC/DR Allocation

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Consolidated Technology Services (CTS) is requesting an allocation in the 2015-17 biennium of \$3.5 million annually to establish a disaster recovery site in Eastern Washington.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Appr	3,500,000	3,500,000	7,000,000
Total Cost	3,500,000	3,500,000	7,000,000

Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	1.0	1.0	1.0

Revenue		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
<u>Fund</u>	<u>Source</u>			
419 Data Processing Rev	0420 Charges for Services	3,500,000	3,500,000	7,000,000
Total Revenue		3,500,000	3,500,000	7,000,000

Package Description:

CTS is proposing expenditures of \$3.5 million annually in the 2015-17 biennium to provide seamless and ongoing IT operation support in the event of interruption to the State's business critical systems due to natural or man-made disasters. Currently, CTS provides IT services to more than 700 state, local and, tribal governments. CTS provides disaster recovery services for mainframes, tape backup, DES printing, shared services email, Enterprise Active Directory, Domain Name Services, Secure Access Washington, Secure File Transfer, remote access, managed firewalls and, redundant SGN Internet Service Provider. CTS proposes to expand and improve its business continuity/disaster recovery (BC/DR) services to assure customers' continued safe operations. This would be accomplished by contracting with a colocation data center in a location that is remote from CTS operations in Olympia; establishing necessary base core network, security infrastructure and connectivity and; migrating CTS systems from the existing inadequate facility to a new location.

CTS proposes to use a two year allocation as financing for the initial investment in planning, site selection, leasing, connectivity and, equipment. In ensuing biennia, CTS proposes that the allocation be retired and BC/DR services be offered to customers on a fee-for-service basis. The rates charged on a fee-for-service basis would cover ongoing costs related to staff, facility lease, power, telecommunications connectivity and, equipment refresh.

The proposed costs are a standard up-front investment that has to be made as with all new services. Normally, CTS would use its cash balance in Fund 419-6 to make this up-front investment. Fee-for-service rates charged to customers would then recover initial as well as ongoing costs. However, there is no cash balance in Fund 419 for this or any other purpose. Over the last three biennia, balances in Fund 419 have been used for appropriations to other state agencies as well as transfers to the General Fund. Without capital to invest

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in services that, as yet have no revenue stream, CTS is unable to develop new services and is severely restricted in its ability to keep up with developments in technologies used in provision of existing services.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This proposal serves as the foundation for business continuity for the state of Washington. It will enable a unified disaster recovery approach for CTS services and customers which reduces redundancy of efforts and duplication of costs. The first phase of the effort is to establish a disaster recovery data center site and move CTS out of the Spokane facility which is not a suitable site for mission critical systems because:

- " The facility was not designed to be data center space and is not adequate for a disaster recovery facility.
- " The site is the third floor of an office building and does not meet industry standards.
- " The site is experiencing HVAC/cooling issues.
- " There is no additional capacity available because of issues with space, power and, cooling.
- " The site cannot meet physical access and security requirements.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This proposal supports the CTS goals of providing high quality IT services, secure systems and data and, accountability for services through the strategy of establishing a BC/DR program that will help assure continuity of government IT services.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This proposal supports the Governor's Goal 5: Efficient, effective, and accountable government:

- " Customer Satisfaction
 - o 1.1. a. Increase the number of services available online; increase online services for mobile devices.
 - o 1.3. c. Increase the percentage of agencies that practice continuity of operations plans at least annually.
- " Transparency and Accountability
 - o 3.1. Increase the amount of data available in downloadable and searchable formats.

What are the other important connections or impacts related to this proposal?

This proposal supports Governor's Directive 13-02 Continuity of Government Operations Preparation:

The people of Washington depend on state government for a variety of essential functions and services. As public servants, we must ensure state government is prepared to serve its citizens during an emergency or disaster. Keeping state government's essential functions operating during such events is necessary to properly serve the people of this state.

Currently, many state agencies are either looking to CTS to develop BC/DR for their specific applications and systems or are planning to develop their own. Services that CTS will offer, such as cloud computing and cloud storage, are made much more appropriate and

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attractive to customer agencies if they have BC/DR capability. To the extent that CTS assumes the responsibility for provision of BC/DR, other state and local government agencies will be relieved of having to develop their own expertise and incur other costs.

What alternatives were explored by the agency, and why was this alternative chosen?

Four alternatives were considered before selecting this approach:

- " Stay in the current location(s)
- " Build a site suitable for alternate data center operations
- " Share space with another government entity
- " Contract with a colocation service provider

Contracting with a colocation service provider was selected because the current site no longer meets security/operational requirements; building a site requires too much capital investment and; no existing shared sites meet requirements.

What are the consequences of adopting or not adopting this package?

Not adopting this package will continue the risk of government operations being seriously disrupted during an emergency event. It's also likely that individual CTS customer agencies will develop their own BC/DR solutions which increases the state's costs due to duplication of efforts and the absence of economies of scale.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Expenditure calculations are based on estimates of staff time, equipment, telecommunications connectivity, power and, contracted services costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

CTS estimates ongoing costs of about \$2.1 million annually for telecommunication connectivity, staff, equipment enclosures and, power. These costs would be recovered through fee-for-service charges to customers.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	68,000	68,000	136,000
B Employee Benefits	20,000	20,000	40,000
E Goods\Other Services	1,967,000	1,967,000	3,934,000
J Capital Outlays	1,445,000	1,445,000	2,890,000
Total Objects	3,500,000	3,500,000	7,000,000