

Agency Purpose

The mission of the Office of Enterprise Technology (OET) is to support the transformation of public services by effective information management and efficient delivery of services to government and its customers. This mission is carried out by developing statewide enterprise strategies and standards, overseeing technology investments, and creating a secure and efficient information management environment. OET has broad statutory authority to set state information technology (IT) direction and policy, to provide services, and to manage and direct state IT resources. This mission is further reinforced by M.S. 16E that directs the development of:

- ◆ an information technology governance structure at a statewide enterprise level;
- ◆ an enterprise information technology management organization (OET) capable of leading a statewide transformation to increased shared services; and
- ◆ resource allocation processes and standards.

Core Functions

OET's 2006 Strategic Plan outlines several strategies to further the mission of the organization:

- ◆ transform OET / organization and workforce development
- ◆ define the scope and offerings of services
- ◆ transform decision-making processes
- ◆ implement enterprise security and identify management programs
- ◆ leverage IT contracting and procurement processes for best value
- ◆ develop comprehensive funding mechanisms for enterprise IT
- ◆ embrace a strong portfolio management program
- ◆ lead the development of an enterprise architecture
- ◆ provide the foundation for seamless integration of eGovernment.

These strategies are pursued through several core functions within the following five program areas:

Enterprise Planning and Management – managing a strong state architecture including business, information, application, and technology components; managing strategic planning processes incorporating statewide information management strategies, business needs, and administration priorities and ensuring that IT plans and review processes are properly integrated with enterprise technology and architecture standards, state budget processes, and legislative packages; managing a statewide portfolio of technology projects, applications, staff and operations as enterprise assets to leverage technology and data for maximum efficiency and impact; and managing OET's funds and financial processes and collaboratively working with agency partners to find funding models and mechanisms for enterprise-wide investments and system modernizations, utility services, OET and agency-centered shared services, and emerging services.

Enterprise Technology Services (ETS) – delivering utility and shared information and telecommunications technology systems and services through OET's internal service fund to enable faster, better, more efficient services to Minnesota's public sector. Includes aggregation of demand, integration of multi-platform systems to minimize redundancy of procurement and staffing requirements for economies of scale, and scalability of shared and utility resources (storage, processing, and network capacity) to meet the varying peak demands for resources. New in FY 2007 is a two-tiered encryption program for all state agencies: government-to-government encryption and government-to-citizens-and-businesses.

At A Glance

To carry out its mission, OET:

- ◆ Provides technology and telecommunications services to state agencies and political subdivisions
- ◆ Develops new statewide enterprise governance structure, planning process, and service level agreement processes for new consolidated, shared, and utility services including shared data centers
- ◆ Develops organizational structure for new OET agency including strategic plan, workforce development, and realignment of staffing and resources to better scale to transformational model and customer needs
- ◆ Sets state standards and manages IT hardware, software, and professional/technical service contracts
- ◆ Develops enterprise security program and governance.

Enterprise Application Development (EAD) – phasing out the current North Star web portal and engaging agency partners in seeking a cost-effective, standard enterprise infrastructure and Minn.gov web portal interface. Includes management of user access, authentication, and authorization and user detection to government IT applications assuring citizens of data, process, and transactional integrity. The goal is to deliver seamless, unified, and secure EAD services that will support electronic access to government information and services by citizens and business partners that is independent of time, geography, and government organization and allows for information and technology sharing between agencies for reduced costs.

Enterprise Security – managing a more robust, comprehensive, and consistent enterprise-wide security environment and structure. Includes security architecture, enterprise security planning, vulnerability assessment, administration, security monitoring, interception, incident response, remediation, compliance, and business continuation of the state's critical, time-sensitive IT infrastructure, systems, and services with minimal interruption or essential change in the event of a disaster. The high-priority need by OET and agencies for these heightened security services has been buttressed by the recent risk assessment done by the Office of the Legislative Auditor.

IT Standards and Resource Management (ISRM) – managing the IT acquisition process for hardware, software, and professional/technical services that builds on the architecture and state standard and leverages the buying power that goes with aggregation and focused procurement. Includes economies of scale and improvements in support through standardization of investments.

Operations

Current OET customers include citizens of Minnesota, state agencies and constitutional offices, courts, public school systems and higher education institutions, and local political subdivisions of the state. OET works with other agencies by charging internal service rates, developing interagency agreements for collaborative partnerships or shared utility / common functions, sharing loaned agency staff, and leveraging resources for enterprise IT savings.

In the transformation of the OET organization, the department has refocused to place a stronger emphasis on cost and task matrices and value-adding services to better align services with ongoing customer needs and to become more citizen-centric. OET is also in the process of developing service metrics and service level agreements. OET has redefined or resized processes and organizations and has retired services that are not competitive or for which no real market has emerged. A number of factors were considered in the retirement process including customer impact, availability of alternative solutions, and the historical financial performance of the services.

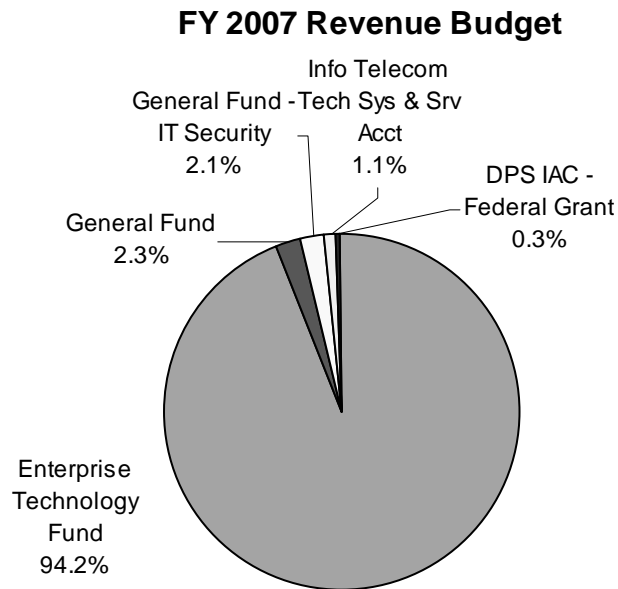
Budget

OET's services are funded primarily by the enterprise technology fund through cost-recovery / charge back rates. OET also receives a general fund appropriation, which was increased in the 2006 legislative session for management of a comprehensive and consistent statewide security structure. Also in 2006, the information / telecommunication technology systems and services account was established to capture savings for reinvestment on behalf of the enterprise. Through an interagency agreement, OET receives a portion of vendor administrative fees charged by the Department of Administration for IT purchases. Additionally, federal funds have been received during the past several years through interagency agreements with the Department of Public Safety (DPS), Emergency Management and Preparedness Division, for homeland security leasehold improvements and IT cyber-security assessments and initiatives.

The cost recovery rate structure for the enterprise technology fund has been realigned to be more transparent and equitable to agencies, reflecting actual costs of services provided. Agencies are impacted differently based on their needs and usage.

OET continues to explore additional funding mechanisms for the programs and functions identified above that are legislatively mandated or critical to fully realizing the transformation of OET. This includes long-term savings that are realized through aggregation and consolidation of services and economies of scale.

The following pie chart represents the FY 2007 revenue budget:



OET's employs 347.6 FTE. Of this total, 93.5% is funded by the enterprise technology fund, 5.5% is funded by the general fund, and 1.0% is funded by the information and telecommunication technology systems and services account. As a result of data center and other IT service consolidations, FTE count and funding for OET may increase, typically with a corresponding decrease in the other agencies.

Contact

Julie Freeman, Financial Management Director	Larry Freund, Chief Financial Officer
Phone: (651) 201-1191	Phone: (651) 556-8028
Email: julie.freeman@state.mn.us	Email: larry.freund@state.mn.us
www.oet.state.mn.us	www.oet.state.mn.us

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,803	3,703	3,703	3,703	7,406
Forecast Base	1,803	3,703	3,703	3,703	7,406
Change		0	0	0	0
% Biennial Change from 2006-07					34.5%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,557	3,961	3,703	3,703	7,406
Statutory Appropriations					
Misc Special Revenue	0	1,000	500	500	1,000
Federal	450	300	0	0	0
Enterprise Technology Fund	70,709	85,108	85,246	86,835	172,081
Total	72,716	90,369	89,449	91,038	180,487
 <u>Expenditures by Category</u>					
Total Compensation	25,478	30,684	32,401	33,767	66,168
Other Operating Expenses	47,238	57,185	57,048	57,271	114,319
Other Financial Transactions	0	2,500	0	0	0
Total	72,716	90,369	89,449	91,038	180,487
 <u>Expenditures by Program</u>					
Enterprise Technology Services	57,579	63,688	65,861	67,091	132,952
Enterprise Planning & Mgmt	11,545	18,611	16,164	16,398	32,562
Enterprise Application Devlpmt	1,390	1,605	1,663	1,725	3,388
Enterprise IT Security	2,202	4,865	4,161	4,224	8,385
ISRM	0	1,600	1,600	1,600	3,200
Total	72,716	90,369	89,449	91,038	180,487
 Full-Time Equivalents (FTE)	 293.1	 347.6	 351.9	 351.9	

Program Description

The mission of Enterprise Technology Services (ETS) is to provide information technology and telecommunications systems and services to state agencies and other public sector entities. The mission is to ensure that state technology investments are aligned with an overall enterprise management approach and to streamline service delivery through business process change and enabling technology. ETS serves Minnesota's public sector by delivering cost-effective, value-added information technology and telecommunication services through a service-oriented architectural approach to utility and shared infrastructure and best practice deployment. ETS actively promotes an enterprise approach that builds on the state's potential capability for shared IT management and the leveraging of opportunities for partnerships and vendor relationships for efficient, cost effective service delivery. Underlying strategies for ETS are aggregation of demand and integration of distributed and centralized systems to minimize redundancy and provide scalability of shared and utility resources, efficiencies and economies of scale.

Budget Activities Included:

- ⇒ Computing Services
- ⇒ Telecommunication Services

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

OFFICE OF ENTERPRISE TECHNOL

Program: ENTERPRISE TECHNOLOGY SERVICES

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Enterprise Technology Fund	57,579	63,688	65,861	67,091	132,952
Total	57,579	63,688	65,861	67,091	132,952
<u>Expenditures by Category</u>					
Total Compensation	20,844	23,820	24,810	25,873	50,683
Other Operating Expenses	36,735	39,868	41,051	41,218	82,269
Total	57,579	63,688	65,861	67,091	132,952
<u>Expenditures by Activity</u>					
Computing Services	22,656	29,684	31,360	32,200	63,560
Telecommunication Services	34,923	34,004	34,501	34,891	69,392
Total	57,579	63,688	65,861	67,091	132,952
Full-Time Equivalent (FTE)	243.0	272.6	272.5	272.5	

Activity Description

The mission of Computing Services is to enable faster, better, and more efficient services to Minnesota’s public sector through shared computing infrastructure and services. Underlying strategies for Computing Services are aggregation of demand and integration of systems to minimize redundancy of procurement, hardware, software, maintenance agreements, professional/technical services, and staffing requirements to provide efficiencies and economies of scale. The scalability of shared and utility resources (storage, processing and network capacity) meets the varying peak demands for computing resources. This activity is described in M.S. 16E.19, subd. 1: “integrate and operate the state’s centralized computer facilities to serve the needs of state government.”

Activity at a Glance

- OET’s Computing Services provides central and distributed data processing and storage such as:
- ◆ 6.3 million online transactions processed per day
 - ◆ 20 million web pages served per year
 - ◆ One million feet of printed output per month
 - ◆ Quick, reliable and secure back-up and restoration using Axion product

Population Served

In accordance with M.S. 16E.18, subd. 2, any public sector entity within Minnesota may participate in Computing Services. Current customers represent state agencies, the legislature, courts, institutions of higher education, cities, and counties. In FY 2006, Office of Enterprise Technology’s (OET’s) largest Computing Services customers and their applications were:

- ⇒ *Department of Human Services (DHS)*: PRISM (the Child Support System), MAXIS (the eligibility determination system for TANF / MFIP (Temporary Assistance for Needy Families / Minnesota Family Investment Program), food stamps, Medicaid, and other social service programs), Medicaid Management Information System (MMIS) (Medicaid and other medical insurance programs’ claims processing), and Shared Master Index (SMI).
- ⇒ *Departments of Finance (DOF) and Employee Relations (DOER)*: Statewide procurement/accounting system (MAPS), Information Access (IA) Warehouse and human resources/payroll system (SEMA4).
- ⇒ *Department of Employment and Economic Development (DEED)*: Unemployment insurance data.
- ⇒ *Department of Public Safety (DPS)*: Criminal Justice Information System (CJIS), which is used by state, local government, municipal police departments and sheriffs, correctional institutions, Department of Natural Resources (DNR), and others, with ties to the Federal Bureau of Investigation and other national law enforcement systems.
- ⇒ *Department of Revenue (DOR)*: Income tax returns and refund checks, state sales tax, and property tax records and processing.
- ⇒ *Department of Commerce (DOC)*: License renewal and lookup, and electronic document filing and lookup.

Services Provided

Application Hosting Services includes zSeries-based Central Processing Unit (CPU) batch and Customer Information Control System (CICS) online transactions, data transfer, and WebSphere Web transaction processing services across all operating systems with the full range of support for 7 X 24 X 365 operations, production control, networking, security, databases and technical support. Also included are Linux-based virtual servers and other “distributed” servers. Application Hosting provides the server platform, operating system, monitoring, security, and other shared and utility support needed to host an agency’s business application.

Storage Management Services includes controlled storage and 7 X 24 X 365 monitoring of disk, tape and virtual tape media, and back up and restoration of computerized data from a distributed environment, aligning common technical and service support capabilities.

Print Services offers high-speed laser printing to meet specialized printing needs, typically not available from commercial printers. These services offer a one-stop print and mailing service through a partnership with the Department of Administration’s Central Mail.

OFFICE OF ENTERPRISE TECHNOLOGY

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: COMPUTING SERVICES

Narrative

e-Reporting Services provides for PC-based, web viewing or retention of stored e-reports.

Equipment Hosting Services provide state-of-the-art data center space, environmental, utilities, security, and monitoring for agencies' distributed servers. Equipment Hosting is often delivered in a bundled-manner with several other services to include server/Operating System (OS) support, database administration, network, storage, continuity, and other utility services.

Data Entry Services translates hard copy public, sensitive and nonpublic data into an electronic format that can be delivered to partners using a variety of media including diskette, compact disk and tape, as well as file transfer protocol (FTP).

Enterprise Messaging Services manages the state's messaging infrastructure, commonly referred to as the Mail Hub. The Mail Hub acts as an email funnel for all executive branch agencies. Email addresses not containing the state standard email format are re-written to provide a common email format, resulting in improved communications. This service includes directory synchronization subscribers (those subscribers with directory synchronization to White Pages and SEMA4) and mail relay subscribers (without these synchronization needs) such as local government. In addition, email passing through the Mail Hub is scanned by a robust anti-virus and Spam filtering application prior to entering the state's critical communication infrastructure. E-mail encryption capabilities have also been added to this service to address rising concerns related to secure e-mail transmittal of sensitive, confidential, health, personal, criminal justice, business, and tax-related information and federal and state requirements related to it such as HIPAA (Health Insurance Portability and Accountability Act).

Database Support Services offers highly trained, skilled database administrators (DBA) technical expertise 7 X 24 X 365 for mainframe and distributed database administration and support.

Enterprise Wintel Server/Desktop Support Services provides assistance with hardware procurement and configuration, as well as day-to-day support of servers, desktops and Microsoft Windows operating systems.

Key Measures

High availability of Computing Services is assured through 7 X 24 X 365 operational support in a secure Data Center that protects assets and data, utilizing continuous equipment power and environmental controls. In FY 2006, OET's computing availability was 99.9%. OET's Computing Services is in the process of developing service metrics and service level agreements.

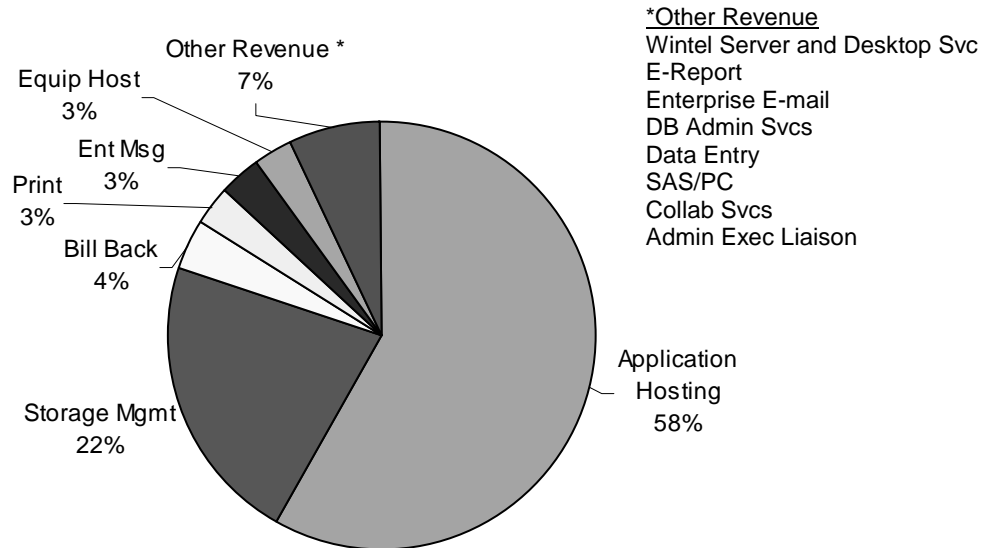
Accomplishments for Computing Services include:

- ⇒ Equipment Hosting partnership with Metropolitan Council for servers and storage area network equipment.
- ⇒ Interagency agreement with Department of Revenue (DOR) to partner in sharing common functions and move toward a utility information technology (IT) service delivery model. This involves moving from agency management and delivery of IT services in areas such as data centers, storage, back up and restore, and business continuation to centrally managed and delivered enterprise utility services.

Activity Funding

Computing Services is 100% funded by the enterprise technology fund through chargeback / cost recovery rates. Below is a pie chart showing FY 2007 estimated revenue for the major products/services within Computing Services.

Computing Services FY 2007 Revenue Budget



In FY 2007, OET's Computing Services has approximately 160 FTEs, including FTEs for overtime expenses, which are 100% funded through the enterprise technology fund. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, FTE count may increase, typically with corresponding decreases in other agencies.

General Fund Loans: Computing Services does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the next biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: OET's Computing Services purchases capital equipment to support customer applications. The depreciated portion of the total cost is incorporated into cost recovery rates and varies depending upon life cycle of equipment being purchased. Computing Services' equipment such as mainframe and disk equipment is depreciated over three years, with tape and other equipment depreciated over four years. Generally, master lease funding is utilized for the capitalized asset purchases. In order to continue to meet its customer needs and requirements, central processing or distributed replacements or upgrades are planned, as well as uninterrupted power service (UPS) battery replacement systems. In FY 2007, below are the planned investments in equipment of \$100,000 or more. It is anticipated that there will be similar purchases during the FY 2008-09 biennium.

OFFICE OF ENTERPRISE TECHNOLOGY

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: COMPUTING SERVICES

Narrative

◆ Application Hosting – Coupling Facility	\$ 500,000
◆ IFL – Integrated Facility for Linux	\$ 125,000
◆ Upgrade 107 to 108	\$ 200,000
◆ AC, DC, Pump and Sequencer Replacements in various locations	\$ 845,000
◆ UPS Battery Monitoring System	\$ 110,000
◆ FICON (fiber connectivity) Directors	\$ 250,000
◆ VM DASD (direct access storage device) Replacement	\$ 150,000
◆ DASD (direct access storage device) – Storage Area Network	\$ 270,000
◆ 9840 Tape Drive Replacement – (remote)	\$ 300,000
◆ Distributed Systems Back-up	\$ 170,000
◆ Back-up and Recovery – Additional Hardware	\$ 370,000
◆ Back End ATL for Distributed Systems	\$ 110,000
◆ Furniture / Large Screen Monitors (Installed)	\$ 250,000
◆ Four AC's and Two DC's (Installed)	\$ 300,000
◆ KVM (Keyboard Video Monitor)	<u>\$ 281,250</u>
TOTAL	\$4,231,250

Operating Losses/Increases in Retained Earnings: OET's Computing Services manages retained earnings according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2007, Computing Services' depreciation expense is projected to be \$3 million. OET's Computing Services budget goal is to break even by the end of each fiscal year, however, if customer usage is higher or lower than forecasted, increases or decreases in retained earnings occur. Historically, Computing Services' product usage has exceeded budget forecasts, causing increases in retained earnings. The earnings above federal guidelines have been rebated to OET's Computing Services customers.

History of Computing Services' Rate Changes:

Fiscal Year Change	2002	2003	2004	2005	2006	2007
	(18%)	(11%)	(16%)	(7%)	(1%)	0%

Impact of Rate Changes:

Historically, Computing Services rates overall have continued to decrease primarily due to increases in customer usage, efficiencies in equipment, and decreases in costs. Although the rates have continued to decrease, most customers have not realized overall reduced costs due to their increased usage of the services. Customers whose usage has decreased have received the most benefit from the lower rates.

Contact

Julie Freeman, Financial Management Director
 Phone: (651) 201-1191
 Email: julie.freeman@state.mn.us
 www.oet.state.mn.us

PG Narayanan, Assistant Commissioner
 Phone: (651) 201-1054
 Email: pg@state.mn.us
 www.oet.state.mn.us

OFFICE OF ENTERPRISE TECHNOL
 Program: ENTERPRISE TECHNOLOGY SERVICES
 Activity: COMPUTING SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Enterprise Technology Fund	22,656	29,684	31,360	32,200	63,560
Total	22,656	29,684	31,360	32,200	63,560
<u>Expenditures by Category</u>					
Total Compensation	11,607	13,791	14,760	15,363	30,123
Other Operating Expenses	11,049	15,893	16,600	16,837	33,437
Total	22,656	29,684	31,360	32,200	63,560
Full-Time Equivalents (FTE)	135.8	159.9	163.8	163.8	

Activity Description

The mission of Telecommunication Services is to enable faster, better, and more efficient services to Minnesota's public sector through shared communications infrastructure and services. This activity is governed by M.S. 16E.17: "The chief information officer shall supervise and control all state telecommunication facilities and services."

Population Served

In FY 2006, the largest users of Telecommunication Services were: Minnesota State Colleges and Universities (MnSCU), the University of Minnesota (U of M), the departments of: Human Services, Public Safety, Transportation, Employment and Economic Development, Corrections, and Natural Resources, and hundreds of Minnesota school districts and public libraries.

Services Provided

Classic Voice Services are local voice and long distance telephone services contracted and provided by common carriers, e.g., Centrex, business lines, and voice trunk facilities for premise-based telephone systems, direct dial long distance, calling cards, toll-free (8XX) and pay-per-call numbers. Foreign language interpretation services and audio conferencing services are also offered. Consolidated, web-enabled ordering and billing are provided to customer agencies for over 100 telecommunications carriers providing services to government locations throughout the state.

Wide Area Network Services, Minnesota's Network for Enterprise Telecommunications (*MNET*), is a public-private partnership delivering secure, reliable and seamless intra- and inter-organizational networking of data, video and voice shared utility services for education, local government and state agencies. MNET's public sector partners include all state agencies and boards, the legislature, courts and constitutional offices, all MnSCU and U of M campuses, all 87 counties, and many municipalities, schools and libraries. Office of Enterprise Technology (OET) provides a 7 X 24 X 365 single point of contact for service orders, problem management and repair.

IP Video Services, provided over MNET, are in use in throughout state agencies, higher education institutions, K-12 schools, and counties throughout Minnesota. Over 600 videoconference rooms are in use at over 250 MNET locations. Video Conference services are available via subscription, and as one-time events. One-way streaming media services are also available to stream out live or archived content over MNET and made available to the citizens via the Internet.

IP Voice Services use MNET to deliver telephony capabilities that are replacing classic voice—local, long distance and call center services. Included in this suite of services are hosted IP Telephony, Contact Center Minnesota (CCM), and voice mail. Hosted IP Telephony is regular telephone service provided via an IP infrastructure and transported over MNET and customers' local area networks (LANs). Contact Center Minnesota is a multimedia environment using the same infrastructure to manage many types of customer service interactions, including telephone calls, emails, faxes, web site chats, and correspondence—queues, skills-based routing, screen pops from a database, call recording, interactive voice response, and support for remote and telecommuting agents.

Activity at a Glance

In carrying out its mission, OET's Telecommunication Services:

- ◆ Partners with over 100 private sector telecommunication service and equipment providers to deliver services in more than 1,000 locations in 300 communities.
- ◆ Contracts with over 50 telephone companies to provide 40,000 telephone lines and millions of minutes of long distance service to hundreds of locations statewide.
- ◆ Delivers mission-critical wide area network connections for Minnesota's public safety, criminal justice, learning, and governmental operations.
- ◆ Achieves large-scale cost efficiencies through network aggregation of state's enterprise-wide customers and productivity transformations through IP Telephony and Call Center Minnesota.

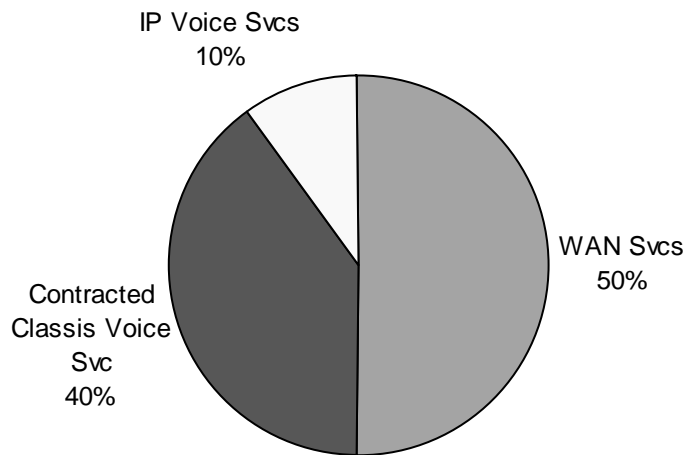
Key Measures

High availability of Telecommunications Services is assured through 7 X 24 X 365 operational support in a secure Operations Center that protects assets, data, and operational staff, with continuous equipment power and environmental controls. In FY 2006, OETs' network availability was 99.9%. OET's Telecommunication Services is in the process of developing service metrics and service level agreements.

Activity Funding

Telecommunication Services is 100% funded by the enterprise technology revolving fund through chargeback / cost recovery rates. Below is a pie chart showing FY 2007 estimated revenue for the major products/services within Telecommunication Services.

Telecommunications FY 2007 Revenue Budget



In FY 2007, Telecommunication Services has approximately 113 FTEs which are 100% funded through the enterprise technology fund. As funding and FTE migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

General Fund Loans: Telecommunication Services does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the next biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: OET purchases some wide area network equipment to support participant applications and then depreciates the equipment over four years with the depreciation expense incorporated into the cost recovery rates. OET anticipates continued growth in the WAN Services and is planning capital purchases in this area to respond to business needs and the deployment of converged IP voice traffic on MNET, which will require an increase in the bandwidth capacity and network hubs. Most of the network equipment to be purchased has a unit cost of less than \$100,000 and will include routers, switches, bridges, optical fiber repeaters, servers, telecommunication, and hub hardening equipment. OET also plans to leverage Master Lease Loan program dollars for large capital investments such as IP telephones (on behalf of agencies) to remove barrier of migration to IP Telephony business solution. In FY 2007, below are the anticipated investments in equipment of \$100,000 or more. It is anticipated that there will be similar purchases for WAN Services and IP Voice services during the FY 2008-09 biennium. Telecommunication Services does not plan any capital purchases for Contracted Classic Voice Services over \$100,000 during the biennium the FY 2008-09 biennium.

OFFICE OF ENTERPRISE TECHNOLOGY

Program: ENTERPRISE TECHNOLOGY SERVICES

Activity: TELECOMMUNICATION SERVICES

Narrative

◆ Network Test Hardware Pods	\$ 300,000
◆ Routers	\$ 170,000
◆ Capital Lease Phone Program	\$ 604,279
◆ Fiber Infrastructure	<u>\$ 150,000</u>
Total	\$1,224,279

Operating Losses/Increases in Retained Earnings: OET's Telecommunication Services manages retained earnings according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2007, Telecommunication Services' depreciation expense is projected to be \$1.9 million. Generally, Telecommunication Services overall has not contributed positively to OET's overall retained earnings balance due to changes in customer usage and new emerging shared services.

History of Telecommunication Services' Rate Changes:

Fiscal Year	2002	2003	2004	2005	2006	2007
Change	0%	(5%)	(4%)	(3%)	6%	3%

Impact of Rate Changes: Cost recovery rates for some classic voice services are increasing due to a decreasing participant base as customers migrate to other products or solutions. These increases should be offset by decreases in the WAN services cost recovery rates for those customers using both Contracted Classic Voice Services and WAN Services, whose usage remains stable between FY 2006 and FY 2007.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
www.oet.state.mn.us

PG Narayanan, Assistant Commissioner
Phone: (651) 201-1054
Email: pg@state.mn.us
www.oet.state.mn.us

OFFICE OF ENTERPRISE TECHNOL
 Program: ENTERPRISE TECHNOLOGY SERVICES
 Activity: TELECOMMUNICATION SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Enterprise Technology Fund	34,923	34,004	34,501	34,891	69,392
Total	34,923	34,004	34,501	34,891	69,392
<u>Expenditures by Category</u>					
Total Compensation	9,237	10,029	10,050	10,510	20,560
Other Operating Expenses	25,686	23,975	24,451	24,381	48,832
Total	34,923	34,004	34,501	34,891	69,392
Full-Time Equivalents (FTE)	107.2	112.7	108.7	108.7	

Program Description

The mission of the Enterprise Application Development Program is to establish an integrated and secure framework that enables citizen and business access to “borderless” government services. The program capitalizes on information, communication, and e-commerce technologies to optimize the delivery of government products and services on-demand, independent of time, place, and agency organization. eGovernment is a strategy that fundamentally changes the ways in which government interacts and collaborates with citizens, business, employees, and government entities.

Program at a Glance

In carrying out its mission, OET's Enterprise Application Development program provides:

- ◆ One million page views per month on the
- ◆ North Star state portal
- ◆ One million state government documents indexed and discoverable on the web
- ◆ Hosting of 50 agency websites.

This program implements Office of Enterprise Technology's (OET's) statutory requirements to: “coordinate statewide efforts by units of state and local government to plan for and develop a system for providing access to government services; make recommendations to facilitate coordination and assistance of demonstration projects; explore ways and means to improve citizen and business access to public services, including implementation of technological improvements” (M.S. 16E.05); “establish ‘North Star’ as the ... state's governmental framework for coordinating and collaborating in providing online government information and services” (M.S.16E.07 subd.2); and to “establish ... methods for developing information and communications systems appropriate to the specific needs of individual state agencies” (M.S. 16E.03 subd.6).

Population Served

Services are provided to state departments, agencies, commissions, councils, boards, task forces, and committees; constitutional offices; court entities; Minnesota State Colleges and Universities; counties, statutory and home rule charter cities and towns; school districts; special districts; and any other board, commission, district, or authority created under law, local ordinance, or charter provision.

Services Provided

North Star Portal manages the infrastructure and information architecture for the state's citizen-centric portal that enables integrated access to government services and information quickly and easily. North Star is an entry point to over 250 state entities accessed by over one million visitors per month. OET is working collaboratively with other agencies to migrate from the North Star portal to the state's new website - Minnesota.gov.

Website Hosting uses the North Star infrastructure for static web page hosting or dynamic, portal-driven hosting. Static hosting gives agencies a professional, secure, reliable web presence, using the **www.agency.state.mn.us** domain name. Portal hosting offers the full portal tool suite, including content management, consistent look-and-feel templates and policies, decentralized content creation and posting, agency personalization, and customized search interface.

Website Design creates templates for web page layout, navigation, and graphics. Designs created by a professional design team, in consultation with agency customers, are reflective of the agency's unique identity, and compliant with state standards and federal usability requirements.

Website Indexing and Search uses the Ultraseek search engine to provide intelligent, adaptive spidering all of state agency web content into a common index that makes it possible to search all agency websites with a single query. Information architects assist agencies in developing high quality metadata to improve search results and relevancy.

Document and Records Management offers an enterprise Electronic Document Management System (EDMS), providing the infrastructure for organizing, storing, retrieving, distributing, and archiving electronic documents. Core functions include library services (check-in/check-out, version control, document-level security), cross-repository searching, and system administration. OET is working with agency partners to define the requirements for the enterprise document and records management solution to be offered during the FY 2008 - 2009 biennium.

Directory Services and Identify and Access Management (formerly Web Authentication) supports web access to state resources by providing authenticated identification, authorization and access control to citizens, business, and government partners across a variety of web-based platforms and databases. The service integrates identity management (browser-based user administration, profile self-service, password services) with centralized security policy enforcement technology. Authentication is fast, safe, secure, and scalable, and includes user profile self-registration and self-management, centralized account management, and delegated administration capability. The service includes 7 x 24 x 365 support of a fully redundant production and staging environment, physical and logical security, business continuation, and application integration services.

Business Transformation Services identifies current and potential future software applications, primarily for internal use by state employees and business partners, in areas and functions which by their nature:

- ◆ are generic in application so as to provide value to users throughout the enterprise. For example, email, virus/spam protection, payroll, budgeting, accounting, scheduling, compliance with Data Practices Act, and project reporting.
- ◆ are fundamental to multiple operations and therefore able to provide the foundation upon which specialized extensions can be developed. For example, licensing, permitting and registration, grants management, electronic payment, document management, and case management.
- ◆ involve technical capabilities such as an employee Intranet portal, electronic data exchange portals, and other general facilities with distributed components.

Application Code and Security Review ensures that all applications hosted in the OET data center – whether developed in-house or on contract – comply with application design principles, best practices, and technologies defined in Chapter 6 of the Enterprise Architecture, and also with state of Minnesota security policies and standards being defined by the state CISO office. This is a new service being developed in the FY 2008 – 2009 biennium.

Key Measures

- ⇒ A common eGovernment framework for transacting business and communicating online results in more efficient and cost-effective public service delivery.
- ⇒ Online applications adhering to standards for user interface design, coding, and security, resulting in reusable solutions, and increased coordination and collaboration among government agencies.
- ⇒ Government documents and records organized, archived, and accessible to authorized persons, in compliance with state and federal law.
- ⇒ Citizen and business identities and privacy protected and data accessible to authorized persons.

Program Funding

Currently, Enterprise Application Development is funded through the enterprise technology fund by cost recovery / chargeback rates. Historically, expenses have exceeded revenue.

North Star and Web Design Services

This activity is managed as an enterprise strategic initiative funded through the enterprise technology fund, and is not expected to fully recover the cost of operations.

Identity and Access Management (formerly Web Authentication)

This activity recovers its total cost of operations on a chargeback basis through the enterprise technology fund.

In FY 2007, Enterprise Application Development has approximately 13 FTEs which are 100% funded through the enterprise technology fund.

General Fund Loans: Enterprise Application Development does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the next biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: There are no proposed investments in technology or equipment of \$100,000 or more.

Operating Losses/Increases in Retained Earnings: OET’s Enterprise Application Development manages retained earnings according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2007, Enterprise Application Developments’ depreciation expense is projected to be \$155 thousand. OET’s Enterprise Application Developments budget goal is to break even by the end of each fiscal year. However, if customer usage is higher or lower than forecasted, increases or decreases in retained earnings occur. Historically, Enterprise Application Development expenses have exceeded revenue, causing decreases in retained earnings.

History of eGovernment Services’ Rates Changes:

Fiscal Year	2002	2003	2004	2005	2006	2007
Change	n/a	0%	1%	0%	0%	95%

Impact of Rate Changes:

OET made a significant investment in an enterprise solution for directory services and web authentication beginning in FY 2002. Growth in the number of users, based on agency projections, was projected to reach one million by FY 2006. Benefits of the enterprise solution have not been realized, as only the Department of Human Services (DHS) and two smaller agencies have elected to participate. In FY 2003, DHS invested \$1.0 million in a different product, and plans to migrate all DHS user authentication to that platform by June 30, 2007. In FY 2007, OET instituted a breakeven rate for Web Authentication Services, charging current customers the total cost of providing this service.

OET is actively engaging agency partners in seeking a cost-effective standard enterprise solution for managing directory services and user authentication and authorization.

Contact

Julie Freeman, Financial Management Director
 Phone: (651) 201-1191
 Email: julie.freeman@state.mn.us
 www.oet.state.mn.us

Colleen Mlecoch, Assist. Commissioner
 Phone: (651) 556-8006
 Email: colleen.mlecoch@state.mn.us
 www.oet.state.mn.us

OFFICE OF ENTERPRISE TECHNOL

Program: ENTERPRISE APPLICATION DEVLPMT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Enterprise Technology Fund	1,390	1,605	1,663	1,725	3,388
Total	1,390	1,605	1,663	1,725	3,388
<u>Expenditures by Category</u>					
Total Compensation	1,049	1,294	1,352	1,414	2,766
Other Operating Expenses	341	311	311	311	622
Total	1,390	1,605	1,663	1,725	3,388
<u>Expenditures by Activity</u>					
EAD Delivery	1,390	1,605	1,663	1,725	3,388
Total	1,390	1,605	1,663	1,725	3,388
Full-Time Equivalent (FTE)	11.1	13.1	13.1	13.1	

Program Description

The mission of Enterprise Information Technology (IT) Security Services is to coordinate the security planning efforts for the state as a whole. It also provides core utility services so that state agencies can detect, investigate, and promptly respond to security threats. This program supports all security services within the Office of Enterprise Technology (OET). Finally, it includes professional staff to provide direct assistance to agencies that do not have the capacity to manage their own security program.

Population Served

This program provides a wide array of security services to state agencies and local units of government.

Services Provided

Most services provided to state government are those that require a great deal of specialized knowledge or tools that cannot be purchased cost effectively by individual entities. This activity also coordinates the security efforts for the entire executive branch of government, setting baseline policies, procedures, standards, and guidelines. Finally, Enterprise IT Security Services provides direct assistance to many small entities that do not have the capacity to manage their own information security programs.

Key services include:

Planning and Preventive Controls helps entities understand threats and develop and deploy appropriate security controls to manage risk.

Detective Security Controls helps entities promptly detect and respond to attacks. Specific offerings include security vulnerability scanning and intrusion detection services.

Corrective Security Controls includes strategies and tools to plan for and mitigate a wide array of disasters that could interrupt agency operations.

Investigative Controls helps entities investigate and respond to security incidents.

Compliance assesses whether agencies have appropriate security controls that comply with the state's baseline policies, procedures, and standards.

OET and Small Agency Security Services includes security support for the Office of Enterprise Technology and small entities that do not have the capacity to manage their own security program.

Key Measures

OET is in the process of developing metrics for individual service areas.

Accomplishments completed to date include:

- ⇒ Hired a Chief Information Security Officer (CISO) to develop a comprehensive security program for the state of Minnesota.
- ⇒ Formed an Information Security Council to serve as an advisory body to the CISO.
- ⇒ Began the process of developing baseline security policies, procedures, and standards for state government.
- ⇒ Provided business continuity and disaster recovery services to numerous state and local units of government.
- ⇒ Provided vulnerability scanning and security planning services to numerous state agencies.
- ⇒ Managed security events.
- ⇒ Purchased enterprise security tools.
- ⇒ Hosted first ever Enterprise Security Planning Summit.

Program at a Glance

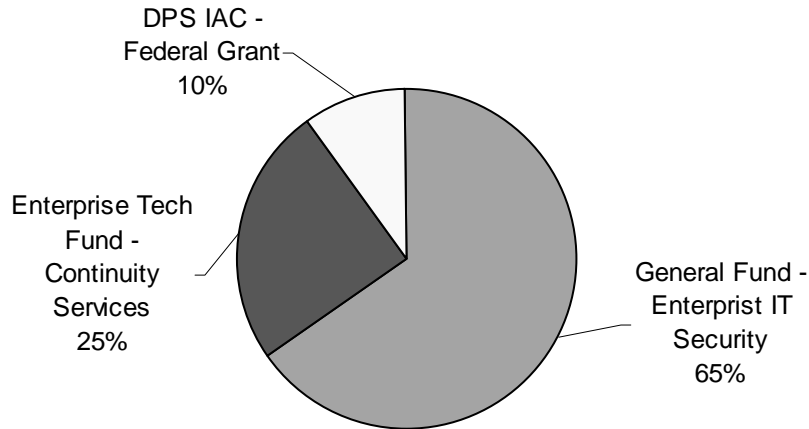
In carrying out its mission, OET's Enterprise IT Security Services:

- ◆ Coordinates all state government information technology security services
- ◆ Provides security services that cannot be performed cost effectively by individual units of government
- ◆ Provides security services for small entities without the capacity to manage their own security program

Program Funding

Enterprise IT Security Services is primarily funded by a direct appropriation from the general fund. This program area also has historically received Homeland Security and Emergency Management federal grants through interagency agreement with Department of Public Safety. Security services for the Office of Enterprise Technology services are funded by the enterprise technology fund through chargeback/cost recovery rates. Below is a pie chart showing FY 2007 estimated revenue.

Enterprise IT Security FY 2007 Revenue Budget



In FY 2007, Enterprise IT Security Services has approximately 22 FTEs, of which 34% are funded through the general fund and 66% are funded through the enterprise technology fund. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

General Fund Loans: Enterprise IT Security Services does not have a loan from the general fund nor does it anticipate a need for a general fund loan during the FY 2008-2009 biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: In FY 2008 and FY 2009 Enterprise IT Security Services will purchase technology and equipment that may exceed \$100,000. OET is in the process of collaboratively assessing the enterprise IT security service needs with agencies.

Operating Losses/Increases in Retained Earnings: Enterprise IT Security Services manages retained earnings for the enterprise technology fund according to federal requirements, which state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2007, Enterprise IT Security Services depreciation expense is projected to be approximately \$11,000. Enterprise IT Security Services has not contributed positively to OET's overall retained earnings balance due to the startup of new emerging shared services.

History of Enterprise IT Security Services Rate Changes:

Fiscal Year Change	2002	2003	2004	2005	2006	2007
	n/a	0%	0%	20%	0%	0%

Impact of Rate Changes:

Customers whose usage remains stable between FY 2006 and FY 2007 will be paying the same in FY 2007.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
www.oet.state.mn.us

Chris Buse, Chief Security Officer
Phone: (651) 201-1200
Email: chris.buse@state.mn.us
www.oet.state.mn.us

OFFICE OF ENTERPRISE TECHNOL
 Program: ENTERPRISE IT SECURITY

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	0	1,900	1,900	1,900	3,800
Forecast Base	0	1,900	1,900	1,900	3,800
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	1,900	1,900	1,900	3,800
Statutory Appropriations					
Federal	450	300	0	0	0
Enterprise Technology Fund	1,752	2,665	2,261	2,324	4,585
Total	2,202	4,865	4,161	4,224	8,385
<u>Expenditures by Category</u>					
Total Compensation	1,111	2,281	2,559	2,670	5,229
Other Operating Expenses	1,091	2,584	1,602	1,554	3,156
Total	2,202	4,865	4,161	4,224	8,385
<u>Expenditures by Activity</u>					
Enterprise Security	2,202	4,865	4,161	4,224	8,385
Total	2,202	4,865	4,161	4,224	8,385
Full-Time Equivalentents (FTE)	11.1	21.5	23.1	23.1	

Program Description

The mission of Enterprise Planning and Management is to provide leadership and oversight to agencies and other levels of government in the area of statewide information policies, technology investments, and strategies; to provide analytical, planning, and support to the governor and state legislature on matters of technology; and to provide general management and direction to the programs and activities that make up the Office of Enterprise Technology (OET).

Population Served

Primary customers are the state Chief Information Officer (CIO), Information Technology (IT) governance structure, agency CIOs and program leads, and legislative staff and committees.

Services Provided

Activities include statewide strategic IT Master Plan development; OET strategic and business planning; management of the enterprise project, systems, and asset portfolios; oversight of IT projects and IT components of building projects; development and oversight of enterprise information policies; analysis of budget proposals involving technology; communications programs involving state technology; administration of the state's technology architecture and standards; and support for risk management, project management, and business process improvement best practices. Internal OET leadership and direction includes oversight of the day-to-day agency operations and of the management of agency resources.

Historical Perspective

Prior to the creation of OET by the legislature in 2005, information and technology management was highly decentralized, and policymaking was distributed across several entities. This resulted in inefficiencies, duplication of activity, lack of true central oversight and lack of planning across agencies and program areas. Similarly, planning was an accumulation of agency directions instead of a true strategic vision for state government. Executive Order 05-04 and legislative changes to M.S. 16E.01 established a cabinet-level CIO and clarified the authority and responsibilities of that position and the Office of Enterprise Technology.

Key Measures

- ⇒ Completed Enterprise Master Plan for Information Management with broad participation, on schedule.
- ⇒ Designed and implemented the first stages of comprehensive portfolio management for applications, resources and assets as planned.
- ⇒ Implemented a new application Enterprise Project Management (EPM) to monitor the progress of IT projects statewide and for agencies to use for internal project management and project inventory purposes.
- ⇒ Completed design and implementation of the State CIO's Governance structure. This includes the Commissioner's Technology Advisory Board and three councils: Technology Business Advisory Council, Agency CIO Advisory Council, and Agency Program Advisory Council.
- ⇒ Launched a wide array of cross-agency process improvement projects applying the principles of the Drive To Excellence.

Program Funding

Support, oversight, and governance functions for the entire executive branch are funded by the general fund. OET's internal operations are funded by the enterprise technology fund through charge back / cost recovery rates.

In FY 2007, Enterprise Planning and Management has approximately 34 FTEs, of which 34% are funded through the general fund and 66% are funded through the enterprise technology fund. As FTE and funding migrate from other agencies as a result of data center and other utility service consolidations, the FTE count may increase, typically with corresponding decreases in other agencies.

Program at a Glance

In carrying out its mission, OET's Enterprise Planning and Management:

- ◆ Led 11 strategy teams (involving more than 100 state agencies, higher education and local leaders in both IT and business) to create the first enterprise-wide Master Plan for Information Management.
- ◆ Provided support for the first cabinet-level CIO function in state history and for the new federated IT governance process by which state strategy, investment and priority decisions will be made.

Contact

Julie Freeman, Financial Management Director
Phone: (651) 201-1191
Email: julie.freeman@state.mn.us
www.oet.state.mn.us

John Lally, Planning & Program Management Director
Phone: (651) 556-8001
Email: john.lally@state.mn.us
www.oet.state.mn.us

OFFICE OF ENTERPRISE TECHNOL

Program: ENTERPRISE PLANNING & MGMT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,803	1,803	1,803	1,803	3,606
Forecast Base	1,803	1,803	1,803	1,803	3,606
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,557	2,061	1,803	1,803	3,606
Statutory Appropriations					
Enterprise Technology Fund	9,988	16,550	14,361	14,595	28,956
Total	11,545	18,611	16,164	16,398	32,562
<u>Expenditures by Category</u>					
Total Compensation	2,474	2,767	2,858	2,959	5,817
Other Operating Expenses	9,071	13,344	13,306	13,439	26,745
Other Financial Transactions	0	2,500	0	0	0
Total	11,545	18,611	16,164	16,398	32,562
<u>Expenditures by Activity</u>					
Policy & Planning	11,545	18,611	16,164	16,398	32,562
Total	11,545	18,611	16,164	16,398	32,562
Full-Time Equivalentents (FTE)	27.9	34.4	34.4	34.4	

Program Description

The mission of IT Standards and Resource Management (ISRM) is to establish information technology (IT) standards and leverage the vast purchasing power of Minnesota government entities through a collaborative process. Entities at all levels are invited to jointly develop IT standards and redesign the processes to more easily obtain IT information and order IT products and services.

Population Served

Entities served by this program are: state agencies, counties, cities, school districts, Minnesota State Colleges and Universities (MnSCU), University of Minnesota, and other government entities.

Services Provided

- ⇒ Establish **enterprise IT standards** for hardware such as desktops, laptops, monitors, servers, storage, and cell phones.
- ⇒ Establish **enterprise agreements** with several major software vendors.
- ⇒ Identify commonly needed **professional services**.
- ⇒ Create and maintain a **web presence** for all Minnesota government entities related to IT contract vendors as the definitive site for information.
- ⇒ Provide comparisons and **reports of sales and savings** for the enterprise.
- ⇒ Provide the **value added information** that individual government entities would not have access to through their normal vendor relationship.
- ⇒ Ensure premium **quality service at low cost**.
- ⇒ Improve **technology management** with implementation of standards.

Historical Perspective

Historically, IT purchases have been managed on a decentralized basis with little opportunity to aggregate across government entities due to lack of standards. Aggregation offers the opportunity to leverage the full purchasing power of the state and benefits smaller entities with limited budgets and staffing. IT products and services have been obtained on a project-by-project basis with little coordination and no standards. Disconnected, independent decision-making and lack of standards has resulted in many disjointed projects and the creation of business and technology silos.

Key Measures

- ⇒ Establish enterprise hardware standards to reduce cost by:
 - ◆ Benchmarking contract price against Western State Contracting Alliance (WSCA), a 40 state buying consortium
 - ◆ Securing a 10 - 44% savings on negotiated contracts for established hardware standard products
 - ◆ Reducing the number of agency exception requests as compared to the number of agency hardware purchases using established standards and contracts
- ⇒ Establish enterprise software license agreements to reduce cost by:
 - ◆ Leveraging major software manufacturers licensing fees through aggregation of state and local government demand
 - ◆ Reducing the number of agency exception requests as compared to the number of agency software license purchases using established standards and contracts
- ⇒ Establish enterprise IT professional services to reduce cost by:
 - ◆ Leveraging the commonly used professional services fees through aggregation of state and local government demand

Program at a Glance

In carrying out its mission, OET's IT Standards and Resource Management:

- ◆ Establishes Minnesota government enterprise aggregation for IT related hardware, software and professional services
- ◆ Provides services for 100+ state agencies, 87 counties, 850 cities, 430 school districts, 36 MnSCU campuses, four University of Minnesota campuses
- ◆ Generates \$35 million in investment capital to reinvest in organizational business needs
- ◆ Reduces the cost to obtain IT related products and services and increases the purchasing entity productivity through aggregated purchasing.

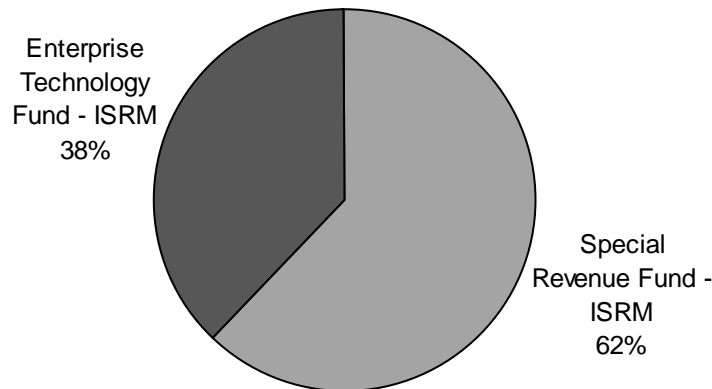
- ◆ Providing a clearinghouse to organize and quickly obtain professional IT services for state and local government

Program Funding

The goal for ISRM is to be self-sustaining. ISRM is funded by the enterprise technology fund through an interagency contract with Department of Administration (Admin) for a portion of vendor administrative fees collected on IT purchases. Also, funding comes from the information / telecommunication technology systems and services special revenue account, which captures savings generated through IT acquisitions, utility services consolidations, and other means for reinvestment in IT systems and services with broad enterprise benefit. Until this program is self-sufficient and long term savings are realized, general fund dollars may be used to augment these efforts.

Below is a pie chart showing FY2007 estimated revenue.

ISRM FY 2007 Revenue Budget



In FY2007, ISRM has approximately six FTEs, of which 45% are funded by the enterprise technology fund through the interagency agreement with Admin and 55% are funded by the information / telecommunications technology systems and services account.

Contact

Julie Freeman, Financial Management Director
 Phone: (651) 201-1191
 Email: julie.freeman@state.mn.us
www.oet.state.mn.us

Greg Peterson, Acting ISRM Director
 Phone: (651) 556-8056
 Email: greg.peterson@state.mn.us
oet.isrm@state.mn.us
www.oet.state.mn.us

OFFICE OF ENTERPRISE TECHNOL

Program: ISRM

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Misc Special Revenue	0	1,000	500	500	1,000
Enterprise Technology Fund	0	600	1,100	1,100	2,200
Total	0	1,600	1,600	1,600	3,200
<u>Expenditures by Category</u>					
Total Compensation	0	522	822	851	1,673
Other Operating Expenses	0	1,078	778	749	1,527
Total	0	1,600	1,600	1,600	3,200
<u>Expenditures by Activity</u>					
ISRM	0	1,600	1,600	1,600	3,200
Total	0	1,600	1,600	1,600	3,200
Full-Time Equivalents (FTE)	0.0	6.0	8.8	8.8	

OFFICE OF ENTERPRISE TECHNOL

Internal Service Fund Financial Statement

(DOLLARS IN THOUSANDS)

Budget Activity Summary	Operations Data			
	ACTUAL FY 2006	PROJECTED FY 2007	PROJECTED FY 2008	PROJECTED FY 2009
OPERATING REVENUES:				
NET SALES	75,859.2	82,283.0	84,925.0	86,514.0
LESS: COST OF SALES				
GROSS PROFIT ON SALES	75,859.2	82,283.0	84,925.0	86,514.0
OTHER REVENUE	16.9	20.0	18.0	18.0
NET REVENUES	75,876.1	82,303.0	84,943.0	86,532.0
LESS: OPERATING EXPENSES:				
SALARIES	24,354.8	28,344.0	29,739.0	31,013.0
SUPPLIES & EXPENSES	42,747.4	47,888.0	48,795.0	49,110.0
INDIRECT COSTS	719.3	719.0	719.0	719.0
AMORTIZATION & DEPRECIATION	4,477.5	7,867.0	5,680.0	5,680.0
TOTAL OPERATING EXPENSES	72,299.0	84,818.0	84,933.0	86,522.0
OPERATING INCOME (LOSS)	3,577.0	(2,515.0)	10.0	10.0
NON-OPERATING REVENUES (EXPENSES)	159.5	(10.0)	(10.0)	(10.0)
UNUSUAL ITEM	0.0	0.0	0.0	0.0
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	3,736.5	(2,525.0)	0.0	0.0
CAPITAL CONTRIBUTION	0.0	0.0	0.0	0.0
CHANGE IN NET ASSETS	3,736.5	(2,525.0)	0.0	0.0
BEGINNING RETAINED EARNINGS	14,007.2	16,896.0	14,371.0	14,371.0
ADJUSTMENT TO NET ASSETS	(847.7)	0.0	0.0	0.0
CHANGE IN ACCOUNTING PRINCIPLE		0.0	0.0	0.0
ENDING RETAINED EARNINGS	16,896.0	14,371.0	14,371.0	14,371.0
RATE INCREASE/(DECREASE):				
OET WEIGHTED OVERALL	3.04%	2.71%	3.50%	3.44%
FTE	279.4	325.1	328.1	328.1
Expenditure Reconciliation to BBS				
Operating Expenses			84,933.0	86,522.0
Less amortization & depreciation (non cash)			(5,680.0)	(5,680.0)
Plus interest expenses from Non-operating revenue/expenses			(10.0)	(10.0)
Plus capital asset purchases, prepaids and master lease payments			5,980.0	5,980.0
Total cash payments			<u>85,223.0</u>	<u>86,812.0</u>
BBS Amounts - Financing by Fund (970)				
Computing Services			41,710	42,574
Telecomm Services			38,489	39,089
Enterprise IT Security			2,261	2,324
Information Standards & Resource Management			1,100	1,100
Enterprise Application Development			1,663	1,725
Total BBS payments			<u>85,223</u>	<u>86,812</u>
Receipt Reconciliation to BBS				
Net Revenues			84,925.0	86,514.0
Plus Interest revenue from Non-operating revenue/expenses			280.0	280.0
Other Revenue			18.0	18.0
Total cash receipts			<u>85,223.0</u>	<u>86,812.0</u>
BBS Amounts - Revenue Collected				
Computing Services			43,288	44,201
Telecomm Services			38,489	39,089
Enterprise IT Security			744	768
Information Standards & Resource Management			1,100	1,100
Enterprise Application Development			1,602	1,654
Total BBS receipts			<u>85,223</u>	<u>86,812</u>

	Financial Data	
	ACTUAL FY 2006	PROJECTED FY 2007
ASSETS:		
CURRENT ASSETS:		
CASH	10,703.0	10,186.3
OTHER CURRENT ASSETS	11,765.7	11,015.7
TOTAL CURRENT ASSETS	22,468.7	21,202.0
NON-CURRENT ASSETS:	8,796.0	10,124.2
TOTAL ASSETS	31,264.7	31,326.2
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	2,719.2	3,100.3
OTHER CURRENT LIABILITIES	3,461.8	3,500.0
TOTAL CURRENT LIABILITIES	6,181.0	6,600.3
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	3,027.0	4,774.5
OTHER NON-CURRENT LIABILITIES	2,570.5	2,990.2
TOTAL NON-CURRENT LIABILITIES	5,597.5	7,764.7
TOTAL LIABILITIES	11,778.5	14,365.0
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	2,590.2	2,590.2
RETAINED EARNINGS	16,896.0	14,371.0
TOTAL FUND EQUITY	19,486.2	16,961.2
TOTAL LIABILITIES & FUND EQUITY	31,264.7	31,326.2

Dollars in Thousands

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings (Inter-Agency):					
Misc Special Revenue	0	460	500	500	1,000
Enterprise Technology Fund	71,881	82,303	84,943	86,532	171,475
Grants:					
Federal	450	300	0	0	0
Other Revenues:					
Enterprise Technology Fund	318	280	280	280	560
Total Dedicated Receipts	72,649	83,343	85,723	87,312	173,035
Agency Total Revenue	72,649	83,343	85,723	87,312	173,035