

# MEMORANDUM

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**To:** State Agencies  
**From:** Greg Hoffman, Director – Administrative Services  
Information Technology Department  
**Date:** Tuesday, April 29, 2014  
**Subject:** **BUDGET GUIDELINES FOR 2015-2017 BIENNIUM**

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The Information Technology Department (ITD) has projected service rates for the 2015-2017 biennium. The rate schedules and a brief description of the services for Data Processing, Telecommunications, and Micrographics may be found on the ITD website at [www.nd.gov/itd/billing](http://www.nd.gov/itd/billing). Rates that are highlighted in **bold** are the rates that changed from the 2013-2015 budget instructions.

Each biennium ITD looks at the need to adjust the rates for the services provided. Because it is difficult for agencies to adjust their funding once the budget has been approved, every attempt is made to keep ITD rates from increasing during the biennium. The following is an overview of the rate changes for the upcoming biennium.

The service rates for professional staff will increase to cover the increases projected for salaries and health insurance premiums. A few of the general hosting rates will increase to cover increases for professional staff and software maintenance. The technology fee for state agencies will increase and customers who have wide area network locations should budget for increases due to a recommended increase in bandwidth at these locations. Most rates for telephone services are expected to remain steady with the exception of the basic phone rate which will decrease.

## **Enterprise Project Management Office**

Agencies with large projects will be billed a one-time fee to cover the costs associated with the Enterprise Project Management Office and large project reporting requested by the Legislature.

## **ConnectND**

ITD bills each agency for the cost of ConnectND (the PeopleSoft financials and human resource applications). Each agency has a ConnectND fee on their data processing bill each month. The amount each agency needs to budget is as follows:

- \$10.60 per month for each legislatively authorized FTE identified in the 2013-2015 Legislative Appropriations book.
- \$7.27 per month for every \$1 million appropriated to the agency as identified in the 2013-2015 Legislative Appropriations book.

## **Software Development Toolset Upgrades**

The ITD Software Development Division supports many software development tools and languages. ITD upgrades to new versions of our tools and languages on a regular basis. This prevents obsolescence of customer applications. Agencies should budget for upgrades to their existing applications. The [Budget Guidelines for Toolset Upgrades](#) document includes initial estimates of the average time required to modify agency programs due to toolset and language upgrades. Agencies should contact their ITD Team Leader if they have questions specific to their agency.

## **Budget Guidelines 2015-2017 Biennium**

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### **Network Rates and Technology Fee**

Endpoint network rates for fiber locations will increase slightly to cover increases for professional staff and equipment replacement for the endpoint firewalls. Base connectivity for state agencies with non-fiber endpoints on STAGEnet is currently 5 Mbps. While the 5 Mbps option will still be available ITD is recommending that these locations budget for 10 Mbps of bandwidth and this change is reflected in the Data Processing rate schedule. There are additional bandwidth options available for additional cost.

Agencies that have any broadband connectivity (DSL, cable, wireless, satellite, cellular) are reminded that all connectivity should be purchased through ITD and has an associated broadband add-on charge in addition to vendor cost of the broadband connection. The add-on rates will be remain the same for the 2015-2017 biennium. The premium add-on rate applies to locations that require network to network connectivity and comes with extended support hours. The basic add-on applies to locations that have six or less connections and do not require the network to network connectivity or extended support hours. The residential add-on applies to single person locations that do not need network to network connectivity or extended support hours.

The Technology Fee rate will increase from \$49.50 to \$59.00 to cover increases for professional staff and security enhancements. The usage metric is based on the number of legislatively authorized FTE identified in the 2013-2015 Legislative Appropriations book. A small number of agencies will see an upward adjustment if they have their own server farms or have significantly more computers than FTE counts. A few agencies run large 24x7 operations and these agencies will see a downward adjustment to reflect this type of shift work. ITD will notify affected agencies and finalize the Technology Fee metric for those agencies by the end of May 2014.

### **Storage Rates**

ITD storage rates are expected to decrease from the 2013-2015 budget rates but will increase slightly from the current discounted rates being billed as of March 2014. While the current rates are less than projected for the 2013-2015 biennium, agency usage is trending higher than projected and agencies should review their projected storage growth to determine any associated budget impact. Agencies that have significant storage growth projections should meet separately with ITD to determine if other storage pricing tiers will help to mitigate the cost impact of their storage growth.

### **Desktop Support Service**

As a result of the recent Eide Bailly Desktop Study, ITD has been working with OMB to develop a potential Desktop Support Service offering. The service includes the choice of a Standard PC, a High End PC or a Laptop. The rate includes an initial install fee and an ongoing monthly fee. The fees include hardware acquisition, hardware replacement, the Microsoft Office Suite and staff services to support the devices. See the Data Processing rate schedule for the rates for this service and the Desktop Service Brochure for an overview of the service. Agencies that are interested in using this service should coordinate with ITD and OMB to discuss how they might benefit from the service and ensure the correct amounts are included in their budget request.

### **General Hosting Rates**

A few of the general hosting rates will increase to cover increases for professional staff and software maintenance. The cost for standard virtual servers will decrease slightly. ITD will notify agencies of rates changes for specific applications (Oracle, SQL, Websphere) that have tiered pricing models by the end of May 2014. Agencies should review the detailed Data Processing rate schedule to determine increases for specific hosting services.

### **Legacy Application Surcharges**

Several agencies are running older versions of SQL, Oracle or Websphere applications that have not been upgraded to a currently supported version. These agencies will need to upgrade those applications to current supported versions of these software products. Agencies who run on older versions should budget for a minimum surcharge of 25% to cover the operating costs of the legacy hosting environments. The legacy surcharge will take effect July 2015 for applications that are running versions older than SQL 2008, Oracle 11g, and/or Websphere 8.0. Agencies running SQL 2008 should plan to upgrade during the 2015-2017 biennium with the legacy surcharge taking effect January 2017 for applications that are running versions older than SQL 2012.

### **Rightfax Rates**

Basic Rightfax capabilities have been included in the Basic Phone rate. Some agencies have applications that generate a significant amount of incoming and outgoing fax traffic. These accounts will be reviewed and charged a tiered monthly application fee if their usage or high availability requirements necessitates any significant infrastructure upgrades or investments.

### **Basic Phone Service and Professional Display Phone**

The rate for Basic Phone service will decrease from \$24.00 to \$20.00. Basic phone service includes a state specific phone number and a basic phone device. This service also allows the state phone number to be configured to deliver phone calls to an employee's cellular phone in addition to the employee's office phone. The rate for an Professional Display Phone will decrease from \$5.00 to \$3.00.

### **Micrographics Rates**

ITD will continue to coordinate micrographics services in state government but has outsourced the actual processing of microfilm due to equipment costs coupled with the declining use of microfilm in state government. Agencies using Micrographic services should contact ITD to determine what rates to budget for the 2015-2017 biennium.

These are the major changes ITD will implement for the next biennium. Please review the detailed rate schedules for specific rate increases. If you have any questions, please feel free to give me a call at 328-4006.

Thank you.