

# MEMORANDUM

---

**To:** State Agencies  
**From:** Greg Hoffman, Director – Administrative Services  
Information Technology Department  
**Date:** Tuesday, April 5, 2016  
**Subject:** **BUDGET GUIDELINES FOR 2017-2019 BIENNIUM**

---

The Information Technology Department (ITD) has projected service rates for the 2017-2019 biennium. The rate schedules and a brief description of the services for Data Processing and Telecommunications 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 2015-2017 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. Agencies who utilize the mainframe and AS/400 platforms will need to budget for the effect of fewer agencies sharing the costs for these computing platforms as some agencies migrate to other solutions. The technology fee for state agencies will increase. Rates for telephone services are expected to remain steady. Agencies utilizing Software as a Service (SaaS) applications require a signed waiver from ITD and will see rates associated with ITD's ongoing role in brokering cloud services.

## **Enterprise Project Management Office**

Agencies with large projects will be billed a fee to cover the costs associated with the Enterprise Project Management Office and large project reporting requested by the Legislature. The fee will be \$2,500 per every \$500,000 of project costs. This fee will be capped at \$25,000 per project per fiscal year.

## **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:

- \$11.33 per month for each legislatively authorized FTE identified in the 2015-2017 Legislative Appropriations book.
- \$7.58 per month for every \$1 million appropriated to the agency as identified in the 2015-2017 Legislative Appropriations book.

## **Software Development Toolset Upgrades**

The ITD Software Development Division supports many software development tools and languages. As part of our cybersecurity posture ITD upgrades versions of our tools and languages on a regular basis. 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 2017-2019 Biennium**

**April 5<sup>th</sup>, 2016**

**Page 2 of 4**

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

Endpoint network rates for fiber locations will remain the same as the 2015-17 biennium. Base connectivity for state agencies with non-fiber endpoints on STAGEnet is currently 10 Mbps and agencies should budget for this minimum bandwidth at all endpoint locations. 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 there is an associated broadband add-on charge in addition to vendor cost of the broadband connection. The add-on rates will remain the same for the 2017-2019 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.

The Technology Fee rate will increase from \$59.00 to \$64.00 to cover increases for professional staff and security enhancements. The usage metric is based on the number of legislatively authorized FTE identified in the 2015-2017 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 2016.

During the 2017-19 biennium, endpoint hardware will be upgraded. The upgrades will increase port connectivity from 10/100Mbps to 1gb at the endpoints. There will no longer be an additional charge for gigabit connectivity at the endpoint.

### **Storage Rates**

ITD storage rates are expected to decrease from the 2015-2017 budget rates. Premium storage, basic storage and file share storage will decrease for both on-demand and dedicated disk. TSM backup storage will also decrease. 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. ITD continues to explore storage options available from cloud providers.

### **Application Broker Fees**

Agencies utilizing Software as a Service (SaaS) applications require a signed waiver from ITD. If the waiver is approved ITD will partner with agencies to broker the initial contract and ongoing vendor relationship. This may include periodic security reviews, architecture reviews or annual meetings to discuss product roadmaps. The rates associated with this service will be a surcharge of 3.5% of the annual amount paid to the vendor providing the solution. The fees will be billed monthly with a minimum of \$10 per month and a maximum of \$1,000 per month. Legacy SaaS applications will see this charge starting in July 2017.

# Budget Guidelines 2017-2019 Biennium

April 5<sup>th</sup>, 2016

Page 3 of 4

## 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. Agencies should review the detailed Data Processing rate schedule to determine increases for specific hosting services.

## Website Hosting

ITD will be offering web site hosting based on a tiered system in the 2017-19 biennium. Sites will fit into a tier from the table below based on the needs and requirements of the site. ITD will notify agencies of the tiered pricing models by the end of May 2016.

<b>Tier 1 Web Hosting - \$20.00</b> <ul style="list-style-type: none"><li>- Shared Server running basic http site.</li><li>- No Scripting</li><li>- No High Availability</li><li>- No Content Management</li><li>- No Database</li><li>- Restricted administrative rights</li><li>- Optional agency specific domain</li><li>- OS level patching</li><li>- SFTP</li><li>- No PII or PHI</li></ul>	<b>Tier 2 Web Hosting - \$50.00</b> <ul style="list-style-type: none"><li>- Dedicated Container</li><li>- Dynamic content</li><li>- Scripting - php and .net</li><li>- Interface with predefined datacenter servers</li><li>- Optional DR</li><li>- Optional agency specific domain</li><li>- OS level patching</li><li>- SFTP</li><li>- No PII or PHI</li> <li>- ITD can provide Content Management in Drupal for additional fee.</li></ul>	<b>Tier 3 Web Hosting - \$345.00</b> <ul style="list-style-type: none"><li>- Dedicated Server</li><li>- More scripting choices</li><li>- Custom interfaces - whitelist, DC or Cloud</li><li>- Optional DR/HA</li><li>- Optional agency specific domain</li><li>- OS level patching</li><li>- SFTP</li></ul>
--	--	---

## SharePoint Hosting

Agencies using SharePoint Foundation (WSS) should budget for the cost of moving to SharePoint Enterprise. Microsoft has announced SharePoint Foundation will no longer receive upgrades past the release of SharePoint 2016. While ITD will continue to provide SharePoint Foundation as a solution, we will work to determine a migration path for users by the end of the 2017-19 biennium.

## 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. Agencies running SQL 2008 and older or Oracle 11g and older should plan to have upgrades completed during the 2015-2017 biennium with the legacy surcharge taking effect July 2017 for applications that are running versions older than SQL 2012 SP2, Oracle 12c, and/or Websphere 8.0

Applications that are running Windows Server 2003R2 and older will incur a legacy surcharge for efforts that need to be made to lockdown and secure an unsupported operating system. This surcharge will take effect July 2017.

## Mainframe and AS/400 Computing

During the 2017-19 biennium there will be a continued effort by agencies to rewrite applications and migrate away from mainframe or AS/400 based applications. Due to the continued hardware, software and staff requirements of these systems, remaining agencies will see cost increases as usage is migrated off. ITD will be having specific meetings with remaining agencies about budgeting cost increases.

## **Budget Guidelines 2017-2019 Biennium**

**April 5<sup>th</sup>, 2016**

**Page 4 of 4**

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

The rate for Basic Phone service will remain the same as the 2015-17 biennium. 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. Rightfax services are 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.

### **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 2017-2019 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.