

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION  
Revision 1

April 25, 2005

**TO:** Honorable David Swinford, Chair, House Committee on State Affairs

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB2698** by Swinford (Relating to the use of state data centers by state agencies and institutions of higher education.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2698, As Introduced: a positive impact of \$5,514,636 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$1,838,212
2007	\$3,676,424
2008	\$5,514,637
2009	\$7,352,849
2010	\$9,191,061

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from GENERAL REVENUE FUND 1	Probable Savings from GR DEDICATED ACCOUNTS 994	Probable Savings from FEDERAL FUNDS 555	Probable Savings from OTHER FUNDS 997
2006	\$1,838,212	\$166,740	\$1,488,464	\$573,425
2007	\$3,676,424	\$333,481	\$2,976,928	\$1,146,849
2008	\$5,514,637	\$500,221	\$4,465,392	\$1,720,274
2009	\$7,352,849	\$666,962	\$5,953,855	\$2,293,698
2010	\$9,191,061	\$833,702	\$7,442,319	\$2,867,123

Fiscal Year	Probable (Cost) from OTHER FUNDS 997	Change in Number of State Employees from FY 2005
2006	(\$14,488,357)	(62.5)
2007	(\$14,685,232)	(131.6)
2008	(\$14,882,107)	(200.7)
2009	(\$15,078,982)	(269.8)
2010	(\$15,275,857)	(338.9)

Fiscal Analysis

The bill requires the Department of Information Resources (DIR) to operate, or through cooperative

agreement, manage operations of the state data center system at Angelo State University and at the Austin Disaster Recovery and Operations Center.

**Methodology**

The bill requires the Department of Information Resources (DIR) to operate, or through cooperative agreement, manage operations of the state data center system. Current annual cost for data center operations at the 24 agencies with the largest independent data centers is \$130.8 million. Based on an analysis of peer organizations this analysis assumes Texas’ costs for operating its independent data centers is approximately 22.6% higher than those of its consolidated peers. Texas’s data center operations costs in the consolidated environment would total \$101.2 million, resulting in annual net savings of \$29.6 million in all funds. This savings will be achieved through the reduction of 568 FTEs at the 24 agencies with the largest independent data centers. The bill requires that at least 3 data center environments be migrated to the system each fiscal year. Assuming 3 data center environments are migrated to the system each fiscal year, the full \$29.6 million in net savings would be realized in fiscal year 2014. The consolidation of 3 data center environments each fiscal year would also result in an annual reduction of 71 FTEs statewide.

Total costs for data center consolidation is estimated to be \$119.4 million in other funds primarily interagency contracts between state agencies and DIR. The funding sources at state agencies would consist of general revenue related, federal and other funds. Capital improvement costs of \$21 million will be incurred for facility upgrades at the data centers, including uninterruptible power supplies, air conditioning, and other facility improvements required to develop a Tier III facility. Labor and system upgrade costs for the transition of data center operations to a consolidated environment is estimated at \$75.2 million. In this analysis, \$14.3 million is shown each fiscal year representing the cost to migrate 3 data center environments per year. DIR will require additional staff of 6.6 FTEs on a temporary basis to manage the implementation of the outsource vendor contract and the transition process. Once all data centers are consolidated, DIR will require 15 FTE for the management and administration of the data system, therefore this analysis reflects the addition of 1.9 FTEs each fiscal year until a total of 15 FTEs is acquired in fiscal year 2014.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 308 State Auditor's Office, 454 Department of Insurance, 710 Texas A&M University System Administrative and General Offices, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 320 Texas Workforce Commission, 329 Real Estate Commission, 362 Texas Lottery Commission, 405 Department of Public Safety, 455 Railroad Commission, 456 Board of Plumbing Examiners, 507 Board of Nurse Examiners, 529 Health and Human Services Commission, 551 Department of Agriculture, 582 Commission on Environmental Quality, 601 Department of Transportation, 720 The University of Texas System Administration, 802 Parks and Wildlife Department

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