
State of California
Department of Finance &
Office of the State Chief Information Officer
Information Technology
Cost Report
Preparation Instructions

SIMM 55

April 2010

INTRODUCTION TO THE INFORMATION TECHNOLOGY COST REPORT

Overview

Budget Letter 10-06, Information Technology Policy Letter 10-06, and the State Administrative Manual (SAM) Section 4903.2 require that, each year as instructed by the Department of Finance (Finance) and the Office of the State Chief Information Officer (OCIO), each agency must summarize its actual and projected information technology (IT) costs in a format defined by the OCIO. Agency computing and networking and telecommunications costs, as well as any IT-related Operating Expenses and Equipment (OE&E) cost savings are to be summarized in the IT Cost Report workbook. The IT Cost Report workbook must be completed and submitted to the Department of Finance as directed in BL 10-06. The IT Cost Report workbook and transmittal letter template are available for download on the OCIO's Web site (see http://cio.ca.gov/Government/IT_Policy/SIMM.html, Statewide Information Management Manual (SIMM), Section 55.)

The four cost summaries are defined as follows:

1. **A Summary of Computing Costs** – For the purposes of this report, computing costs include all IT costs related to the systematic performance of operations upon data (e.g., handling, merging, sorting, computing), and is synonymous with information processing (see page 2 for definitions).
2. **A Summary of Networking & Telecommunications Costs** – For the purposes of this report, networking and telecommunications costs include all IT costs related to voice, video, and data communications technologies (see page 2 for definitions).
3. **A Summary of IT OE&E Cost Reductions** – agencies should describe any IT related OE&E reductions previously reported to the Department of Finance as directed by Budget Letter 09-16.
4. **A Summary of Savings Opportunities** – agencies should identify and describe any IT related savings they believe can be achieved 2009-10.

There should be no overlap in costs reported on the worksheets. Costs must be reported on only one of the two worksheets (Computing or Networking & Telecommunications).

Information Technology Costs Transmittal Requirements

The Information Technology Costs Spreadsheets must be attached to a transmittal document which must be **signed by the following**:

- **The agency's Chief Information Officer;**
- **The agency's Budget Officer;**
- The agency's Director; and
- The Undersecretary for agencies that are within a Cabinet Agency.

Submittal to Finance

Please submit documents together via electronic mail to the following address: ITCUDOCs@dof.ca.gov. The Information Technology Cost Report Template shall be submitted electronically in an unlocked Excel file (2003 or later) and the signed transmittal letter as a scanned PDF. Please insert your organizational code followed by departmental acronym at the front of each file name (e.g. 8860_DOF_ITCostReport.xls).

INFORMATION TECHNOLOGY COST REPORTING INSTRUCTIONS

General Instructions

Report the requested information according to the definitions below.

Information Technology includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, and networking and telecommunications.

Computing includes the purchase, lease, operations, and maintenance of hardware, software, occupancy, transmission, and associated personnel expenditures related to the systematic performance of operations upon data (e.g., handling, merging, sorting, computing), and is synonymous with information processing. For reporting purposes, computing includes all information technology activities not identified in the definition of Networking & Telecommunications (see below).

Networking and Telecommunications includes the purchase, lease, operations and maintenance of hardware, software, occupancy, transmission, as well as the associated personnel for voice, video, and data communications technologies.

Information Technology Personnel includes all state personnel employed in IT or telecommunications classifications as defined by the Department of Personnel Administration and all personnel with other classifications within the agency who perform information technology activities at least 50 percent of their time. Users of office automation or personal computers are not included in this category unless they are in data processing or telecommunications classifications or spend at least 50 percent of their time performing information technology activities, as defined in SAM Section 4819.2.

The following general instructions apply to the Computing and Networking & Telecommunications cost worksheets.

1. Report the split of funds (General Fund vs. Other Funds) for IT costs. Exceptions to this split must be noted in an addendum to the IT Cost Workbook. Any addenda must utilize the same categories as listed in the Workbook.
2. Report data for two fiscal years, consisting of the Past Year, Current Year Actual, and Current Year Projected.
3. For FY 2009-10, an agency's total annual IT costs is equal to the sum of "Current FY actual" and "Current FY projected". As such, agencies should only include planned expenditures under the "Current FY projected" column.
4. Round costs to the nearest \$100 and report costs in \$1,000 increments. For example, \$49,325 should be reported as \$49.3.
5. Report the actual/projected amounts for personnel costs. State personnel costs shall include salary, salary-driven benefits and nonsalary-driven benefits.
6. For Inter-Agency Agreements and commercial contracts that provide supplemental staff resources, reported costs should be based on actual/projected expenditures against the agreement or contract.

7. For the "PYs/Metric" column, PY refers to Personnel Year or full-time equivalent (FTE) employee/contractor. In this column, metric refers to a unit of measure (e.g., data center square footage, a server).
8. Round personnel years (PYs) to the nearest one-tenth full-time equivalent (FTE).
9. Report all information technology costs and personnel years on either the Computing Costs worksheet or the Networking & Telecommunications Costs worksheet. **Do not duplicate costs or personnel years between worksheets or within a single worksheet.**
10. Allocate the cost of all information technology personnel on a proportionate basis to either computing or network, and report the allocated amounts on the appropriate worksheets.
11. Report each cost in the single category that is most appropriate. **Costs should not be duplicated within a worksheet or within the workbook.**
12. Agencies should report costs only for those categories that are applicable to their agency.

Instructions for Completing Specific Items

In addition to the general instructions listed above, the following instructions relate to the individual data items on the Agency Information Technology Costs worksheets. (Note: The item numbers following, below, correspond with item numbers on the worksheets.)

Computing Costs Worksheet

Note: *Items 1 and 2 below are rollup categories.*

1. Agency IT Personnel

This is a summation of all Agency Personnel Costs. Agency Personnel includes information technology staff, as defined in the General Instructions that have been budgeted, re-directed or established administratively.

1a. Training - Includes all costs related to technical training for information technology staff.

2. Supplemental Personnel

This is a summation of all supplemental personnel for Agencies that use interagency agreements or commercial contracts to supplement staff resources. Report costs associated with those staff resources using the rate structure provided in the agreement or contract. The following three classifications of supplemental personnel should be detailed:

2a. Interagency Agreement - includes personnel acquired through agreements with other state agencies. These personnel are typically under the direct supervision of the agency procuring the services, and costs are based upon an established hourly rate. Report PYs and dollars.

2b. Contract Personnel - includes personnel acquired through contracts with non-state entities (for example, through the Master Agreement for Information Technology Support Services). These personnel are typically under the direct

supervision of the agency procuring the services, and costs are based upon an established hourly rate. Report PYs and dollars.

2c. Consultant Support - includes services acquired through contracts with non-state entities to provide the agency with specific deliverable products. These independent contractors are typically self-supervised and compensation is closely tied to deliverables rather than hours worked. Reporting of personnel years is not required for this subcategory.

3. Project Management Office

Include staff assigned to a department's Project Management Office or who perform project management duties on IT projects.

4. Administration Staff

Include IT administrative support that do not fall into one of the other categories.

5. Application Developers

Include staff who perform application development or whose duty is to support applications for the department.

6. IT Managers

Include IT Managers who do not fall into one of the other categories.

7. IT Procurement

Include staff assigned to perform duties related to IT procurement services. This does not include staff assigned to general procurements.

8. Temporary Help (e.g. Student Assistants, Retired Annuitants)

Include staff who are hired for a limited duration. These positions are usually paid from the Temporary Help Blanket.

9. Agency Data Center Facilities

Agency data center facilities include the cost of physical facilities including floor space, site preparation, and modification, fire suppression systems, air conditioning, etc.

9f. Heat Management - is the process of managing heat exposure of computer components.

This item only covers data centers or computer rooms that are in facilities an agency owns or leases

10. Mainframe

Includes those mainframe platforms running: OS390, VM, VME, VSE, Z/OS, and includes costs associated with the purchase, lease, operations and maintenance of hardware, software, connectivity, disaster recovery, occupancy, as well as the associated personnel to support the environment.

10c. Number of Installed MIPS (weighted average) – is the weighted average of mainframe MIPS (a measurement of performance or capacity assigned to a fixed-point processor). For example, if a 50 MIPS processor was installed for

four months and a 75 MIPS processor for eight months, the annual weighted average is $50 \times 4/12 + 75 \times 8/12 = 67$.

This item only covers mainframe processing performed within an agency's data center or within the Customer Owned Equipment Managed Service (COEMS) environment at the Gold Camp or Cannery data centers operated by the Office of Technology Services.

11. Wintel Servers

Includes those Intel servers running: Windows NT, OS2, Windows 2000, Windows Server 2003, and includes the purchase, lease, operations and maintenance of hardware, software, connectivity, disaster recovery, occupancy, as well as the associated personnel to support the environment.

This item only covers Wintel processing performed within an agency's data center or within the Customer Owned Equipment Managed Service (COEMS) environment at the Gold Camp or Cannery data centers operated by the Office of Technology Services.

12. UNIX Servers

UNIX Servers running: UNIX, AIX, DEC, HP, Linux, SCO, SGI-Cray, Sun, Apple and includes the purchase, lease, operations and maintenance of hardware, software, connectivity, disaster recovery, occupancy, as well as the associated personnel to support the environment.

This item only covers UNIX processing performed within an agency's data center or within the COEMS environment at the Gold Camp or Cannery data centers operated by the Office of Technology Services.

13. Storage

This item includes provisioning and management of data storage across different tiers of storage (e.g., Direct Attached Storage, tape storage).

This item only covers electronic data storage performed within an agency's data center or within the COEMS environment at the Gold Camp or Cannery data centers operated by the Office of Technology Services.

14. Client & Peripherals

This includes spending/FTEs with regards to the full life cycle management of desktop, laptop, handheld and peripheral assets including acquisition, deployment, maintenance, change management. Costs include the purchase, lease, operations and maintenance of all hardware, software, occupancy, as well as the associated personnel required to support the environment.

15. Supplemental Data Center Services & Processing

These include information technology services received from State agencies (subcategory "9a. State Data Centers or Other Interagency Agreement") and from non-state entities (subcategory "9b. Contract Services and Processing"). **Do not duplicate costs reported under "prior line items" or contract costs for software rental, lease, purchase, or licensing included in other line items.**

16. Total Costs (Calculated Field)

This is the sum of all cost categories described above.

17. Reimbursements Received

Enter any reimbursements received through interagency agreement for the provision of data processing or telecommunications products and services to other State agencies.

18. Net Costs (Calculated field)

This is the difference between "Total Costs" and " Reimbursements Received".

19. Breakdown of Total Costs

Allocate total *Computing Costs* in dollar terms to development, operations, and maintenance as follows:

19a. System Development - represents costs associated with the analysis, design, programming, staff training, data conversion, acquisition, and implementation of new information technology applications.

19b. Operations - represents costs associated with the continued operation of applications of information technology as well as technology refresh. Among the costs categorized as operations would be those of personnel associated with computer operations.

19c. Maintenance - represents costs associated with the ongoing upkeep of operational applications of information technology. Among the costs categorized as maintenance would be those associated with correcting flaws or optimizing existing systems or applications and responding to minor changes in specified user requirements.

20. Footnotes

Include any explanation to provide clarification of the data entered into the cost report. Use the line item number as a reference. To enter multiple comments, use "Alt-Enter" at the end of the text to add another line in the footnote box.

Networking & Telecommunications Costs Worksheet

Note: *Items 1 through 6 below are rollup categories.*

1. Agency Personnel

This is a summation of all Agency Personnel Costs.

Agency Personnel includes information technology staff, as defined in the General Instructions that have been budgeted, redirected or established administratively.

1a. Training - Includes all costs related to technical training for information technology staff.

2. Supplemental Personnel

This is a summation of all supplemental personnel for Agencies that use interagency agreements or commercial contracts to supplement staff resources. Report costs

associated with those staff resources using the rate structure provided in the agreement or contract. The following three classifications of supplemental personnel should be detailed:

2a. Interagency Agreement - includes personnel acquired through agreements with other state agencies. These personnel are typically under the direct supervision of the agency procuring the services, and costs are based upon an established hourly rate. Report PYs and dollars.

2b. Contract Personnel - includes personnel acquired through contracts with non-state entities (for example, through the Master Agreement for Information Technology Support Services). These personnel are typically under the direct supervision of the agency procuring the services, and costs are based upon an established hourly rate. Report PYs and dollars.

2c. Consultant Support - includes services acquired through contracts with non-state entities to provide the agency with specific deliverable products. These independent contractors are typically self-supervised and compensation is closely tied to deliverables rather than hours worked. Reporting of personnel years is not required for this subcategory.

3. Hardware

This is a summation of all Hardware costs included in Network Costs listed in items 7 through 12 below.

Includes costs for equipment including, but not limited to: Multiplexers, Satellite Equipment, Boundary (Branch) Routers, Backbone Routers and Bridges, LAN Routers, Hubs, and Switches. Gateways, Dial Backup Modems, CSU/DSU, LAN Wireless, equipment, NOC Hardware Security, Firewalls, and Encryption Hardware, Domain Name Servers (DNS), Dynamic Host Configuration Protocol Distribution Servers (DHCP) and Uninterruptible Power Supplies (UPS).

4. Software

This is a summation of all Software costs included in Network Costs listed in items 7 through 12 below.

Includes costs for:

IT Management Software

Network Operating Systems - This includes a set of software utilities that, working in conjunction with an operating system, provides the local-area network (LAN) user interface and controls network operation.

All Network Systems Management (NSM) software costs related to the NOC's support of the client's network infrastructure. Includes Firewall and Encryption, DNC, DHCP, Security Software - Dedicated WAN Firewall Software, and WAN Encryption Software, Remote Access Services (RAS) software, Internet Access Services (IAS) software running on DNS servers and Internet Access/Proxy servers.

5. Transmission Facilities

This is a summation of all Transmission Facilities costs included in Network Costs listed in items 7 through 12 below.

Includes costs for all WAN/MAN Transmission Costs. Also includes Dial Backup Service - This is the process of, or the equipment or facilities involved in, establishing a temporary connection via the switched network for the purpose of providing a backup (redundancy) for dedicated services. Includes ISP Dialup, VPN, Toll free dial usage and access for Remote Access Services (RAS). Includes the annual cost for circuits connected to the Internet Service Provider.

6. Interagency Agreement

This is a summation of all Interagency Agreement costs included in Network Costs listed in items 7 through 12 below.

7. Wide Area Network

Connectivity and transmission of business-critical data between enterprise locations beyond a metropolitan area and includes the purchase, lease, operations and maintenance of hardware, software, transmission, facilities, as well as the associated personnel to support the environment.

7c. Hardware

Switching and Routing: Multiplexers, Satellite Equipment, Boundary (Branch) Routers, and Backbone Routers and Bridges.

Terminating: Gateways, Dial Backup Modems, and CSU/DSU (d-mark): CSU.

IT Management (NOC): This includes hardware that is located within a client's Network

Operations Center (NOC) used to support a client's centrally managed WAN infrastructure. Includes: Test Equipment and Remote Monitoring Equipment, Client Devices (PCs on NOC Desktops), and Network Management Servers (NOC).

Security: Dedicated WAN Firewall Hardware, and WAN Encryption Hardware.

Other Hardware: DNS (Domain Name Servers) and DHCP (Dynamic Host Configuration Protocol Distribution) Servers, UPS as well as any Unallocated Hardware

7d. Software

IT Management (NOC) Software: All Network Systems Management (NSM) software costs related to the NOC's support of the client's WAN infrastructure. This cost may need to be prorated between WAN and LAN.

Security Software: Dedicated WAN Firewall Software, and WAN Encryption Software

Other Software: DNS Software and DHCP Software. Switching

7e. Transmission Facilities

This category includes all Wide Area Data Network circuits.

8. Local Area Network

LAN accounts for the provisioning of communications and connectivity to critical business systems within enterprise sites and campuses and within a metropolitan area (MAN) and includes the purchase, lease, operation and maintenance of

hardware, software, occupancy, as well as the associated personnel to support the environment.

8c. Hardware

Switching and Routing: Routers, Hubs, and Switches

Terminating: Wireless Hardware

Security: LAN Security/Firewall Servers, and LAN Encryption Hardware

IT Management (NOC): Test Equipment and Remote Monitoring Equipment, Client Devices (PCs on NOC Desktops), and Network Management Servers (NOC)

Other Hardware: DNS (Domain Name Servers) and DHCP (Dynamic Host Configuration Protocol Distribution) Servers and UPS

Hardware Supplies (MAC Materials): MAC Hardware, and MAC Cable (Closet to Desktop) & any Unallocated Hardware.

9. Wide Area Voice (WAV)

Includes traditional Outbound **Long Distance and Inbound (Toll Free) voice services**. A client can support voice network services by either carrier provided Long Distance and Inbound calling in a virtual network arrangement, and/or their own private voice network for Outbound calling between specific client sites in a private tandem network infrastructure. Converged VoIP (Voice over IP) is excluded from WAV and is included in Wide Area Data Network (WAN). This category should be used to capture the voice processing/handling infrastructures in Call Centers.

9c. Hardware

Includes equipment for: Switching and Routing; Terminating and IT Management (NOC).

9d. Software

Software IT Management (NOC): Software, used by the NOC primarily to support/manage a client's voice network(s). The costs for this software may need to be prorated between voice and data services, depending on a client's NOC environment.

9e. Transmission Facilities

Includes facilities related to network access and usage.

10. Voice Premise Technology

Includes the purchase, lease, operations and maintenance of hardware, software, occupancy, transmission, as well as the associated personnel for **local voice services** including voice mail and all move/add/change activity associated with local voice equipment (e.g., switches, circuits and handsets), and local (i.e., not Long Distance) calling. These assessments can encompass PBX/PABX, CENTREX and Key System technologies. These assessments are not, however, intended to capture the voice processing/handling infrastructures in Call Centers

10c. Hardware

Telephone System Equipment: This includes the annual cost of applicable system components for PBX, ACD, voice mail or other similar voice processing technologies (e.g., Key Systems terminating CENTREX lines if appropriate). The costs for these components include the following, and should be aggregated in the appropriate Voice Switch/Server & Peripherals cells, depending on the VPT infrastructure being assessed, PBX, Traditional CENTREX, Key System, VoIP, or VoIP CENTREX: PBX/PABX, Voice Server, ACD, CENTREX, Key System, Interactive Voice Response Unit (IVRU, or IVR), Auto Attendant, UPS (Uninterruptible Power Supplies), Premise System Phones (Hand Sets and Voicemail Hardware(processors, storage, etc.), MAC Materials, and IT Management (NOC).

10d. Software

This cost category is intended to capture all voice processing software costs, except for those relating to voicemail and IT Management, or Network Management, software. This would include any software costs relating to the voice switch, ACDs, VRUs, etc. Voicemail Software Costs and IT Management (NOC) software costs to support VPT infrastructure.

10e. Transmission Facilities

Transmission includes the annual cost for local central office lines. For those clients where the local calling designation is still applicable, transmission costs for local calling include: Combination Trunks, Direct Inward Dial Trunks (DID) and Direct Outward Dial Trunks (DOD).

11. Cellular Communications

Includes all costs associated with voice and data cellular communications, including cell phones and other wireless devices.

12. Public Safety Communications

Includes the purchase, lease, operations and maintenance of hardware, software, occupancy, transmission, as well as the associated technical personnel related to the 9-1-1 Emergency Communications, Public Safety Radio and Satellite Communications.

13. Other Network Costs

Includes all network costs not included in any other category.

14. Total Costs (Calculated Field)

This is the sum of all cost categories described above.

15. Reimbursements Received

Enter any reimbursements received through interagency agreement for the provision of data processing or telecommunications products and services to other State agencies.

16. Net Costs (Calculated Field)

This is the difference between "Total Costs" and "Reimbursements Received".

17. Total Interagency Agreements Costs (Calculated Field)

The total of all Interagency Agreements listed on the cost report.

18. Breakdown of Total Costs

Allocate the percent of Total Costs and PYs to development, operations, and maintenance as follows:

- 18a. Percent for Development** - represents costs associated with the analysis, design, programming, staff training, data conversion, acquisition, and implementation of new information technology applications.
- 18b. Percent for Operations**--represents costs associated with the continued operation of applications of information technology.
- 18c. Percent for Maintenance**--represents costs associated with the ongoing upkeep of operational applications of information technology. Among the costs categorized as maintenance would be those associated with correcting flaws or optimizing existing systems or applications and responding to minor changes in specified user requirements.

19. Footnotes

Include any explanation to provide clarification of the data entered into the cost report. Use the line item number as a reference. To enter multiple comments, use "Alt-Enter" at the end of the text to add another line in the footnote box.

IT Operating Expenses and Equipment (OE&E) Cost Reductions Worksheet

On this worksheet agencies should identify and describe any IT related OE&E reductions previously reported to the Finance as directed by Budget Letter 09-16.

Agencies can report the typical split of funds (General Fund vs. Other Funds) for IT costs. Exceptions to this split should be noted within the worksheet.

Agency Identified Savings Opportunities Worksheet

On this worksheet agencies should identify and describe any IT related savings they believe can be achieved 2009-10. Each entry should include a clear description of the savings opportunity, corresponding Computing Cost or Network & Telecommunications Worksheet item number, and estimated value.