

2017-19 Biennium Budget Decision Package

Agency: 163 - Consolidated Technology Services (WaTech)

Decision Package Code/Title: A3 - Mainframe Allocation

Budget Period: 2017-19

Budget Level: PL – Performance Level

Agency Recommendation Summary Text: Consolidated Technology Services (WaTech) requests that a portion of mainframe operation costs be included in the Enterprise Systems Fee allocation. Funding this request will allow WaTech to continue to support the enterprise applications operating on mainframe platform.

Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 458-6	0	0	0	0
Fund 472-6	0	0	0	0
Total Cost	0	0	0	0
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 458-6	0	0	0	0
Fund 472-6	380,000	380,000	380,000	380,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	0	0	0	0

Package Description

Some of Washington State enterprise systems operate on the mainframe platform. These systems include Agency Financial Reporting System (AFRS), part of Human Resource Management System (HRMS), and part of Capital Asset Management System (CAMS). All state agencies are required to use these systems. In June 2016, WaTech billed 77 State agencies and 30 community colleges for mainframe services. The biggest customers are Department of Social and Health Services (DSHS), Department of Labor and Industries (L&I), Employment Security Department (ESD), and Department of Retirement Systems (DRS). Aside from the enterprise systems mentioned (AFRS, HRMS, CAMS) each of these customers has its own major applications that are supported by the WaTech mainframe. For example DSHS uses the mainframe to support its Social Service Payment System (SSPS) and JOBS Automated System, L&I for its pensions and loss control programs, ESD for benefits payments, and DRS for its own internal information systems and state actuary production.

Through the years, major agencies have moved off the mainframe, sometimes under legislative direction, which has resulted in a loss of revenue for this service. In the 2013-15 biennial budget, the Legislature funded, from the Data Processing Revolving Fund, the replacement of Department of Revenue core tax collection systems that were supported by the mainframe. The same budget also funded moving the Department of Corrections' Offender Management Network Information (OMNI) system off the mainframe into a virtual server environment. Through FY 2016 WaTech operated mainframe services on two platforms: IBM and Unisys. At the end of FY 2016 WaTech sunset the Unisys mainframe services at the request of DSHS which was the sole customer of the Unisys mainframe services.

WaTech also anticipates losing customers due to state agencies migrating their agency systems from the mainframe platform to web-based or server-based platforms. WaTech was notified that L&I is scheduled to migrate half of Linux workload off the mainframe platform by July 2016. Although the customer pool is shrinking, the costs of maintaining the mainframe will not be reduced substantially. Software licenses and hardware maintenance agreements still need to be maintained for the remaining systems and debt service for the IBM box still has to be paid.

Due to the reasons listed above, WaTech anticipates the operating loss for mainframe services will increase in future biennia. A complete shutdown of the mainframe is not feasible because of the state enterprise systems operating on the platform. WaTech requests an increase to the Enterprise System allocation to fund that portion of mainframe operating costs not covered by customer sales.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

This proposal is not an expansion or alteration of a current service. The proposal requests to fund a portion of the mainframe services from a different fund source, and only for the difference between revenues and expenditures.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

WaTech assumes the operating loss for the IBM platform will remain the same as FY 2016 at approximately \$379,572 annually.

Decision Package Justification and Impacts. What specific performance outcomes does the agency expect?

WaTech expects to continue providing excellent mainframe services to the state agencies that need them. The budget request supports WaTech's strategic roadmap to right-size the IBM mainframes.

Performance Measure detail:

The decision package supports the Results Washington goal #5: Efficient, Effective and Accountable Government.

Fully describe and quantify expected impacts on state residents and specific populations served.

This request does not directly impact state residents. It will enable WaTech to continue the support for state agencies that use mainframe platform including state wide systems: AFRS, CAMS, and HRMS.

The decision package supports the Results Washington goal #5: Efficient, Effective & Accountable Government.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: This proposal will increase the Enterprise Systems Fee paid by state agencies.
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections	None	

Please provide a detailed discussion of connections/impacts identified above.

The only impact identified is the increase of the Enterprise Systems Fee allocation related to the support of enterprise systems such as AFRS, HRMS, and CAMS. The current tailored agreements with customers would be held harmless.

What alternatives were explored by the agency and why was this option chosen?

The only other option would be to transition all the customers' systems including all AFRS, HRMS, and CAMS off WaTech mainframe services. The costs associated with this option will be very high; thus, this option is not feasible.

What are the consequences of not funding this request?

WaTech will continue to operate the mainframe service at a loss until all applications, including AFRS, are removed and the service can be retired.

How has or can the agency address the issue or need in its current appropriation level?

WaTech does not have funding to address this issue within the current revenue level. The mainframe service has no operating reserve.

Other supporting materials:

None

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)