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2014-15 Governors Budget - Office of Enterprise Technology (MNiT)

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Mission:

We provide high quality, secure and cost effective information technology that meets the business needs of government, fosters innovation, and improves outcomes for the people of Minnesota.

Statewide Outcome(s):

MN.IT Services supports the following statewide outcome(s).

Efficient and accountable government services.

In addition, MN.IT Services supports all of the remaining statewide outcomes such as health, public safety, employment, education, and natural resources, by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

Context:

MN.IT Services seeks to:

- Improve service management
- Focus the state portfolio
- Implement organizational consistency
- Foster leadership and encourage high performance and innovation
- Practice financial management and accountability

Strategies:

- Mn.IT Services (formerly OET) provides all information technology (IT) services for the executive branch, having consolidated all IT under the State CIO (Chief Information Officer) as prescribed by 2011 law. Services, for which separate budget activity narratives have been prepared, are as follows:
    - Standard IT Services: The basic, shared infrastructure, software and end user services provided to state agencies for business operations, ranging from data center management, hosting and network, to email, phones and collaboration tools.
    - Applications: The ongoing management of applications unique to individual lines of business.
    - Projects and Initiatives: Activity related to the development of new technologies and applications and/or the decommissioning of old technologies, and other finite initiatives to improve service management and operations.
    - IT Leadership: All functions related to MN.IT's oversight responsibilities (IT policies and standards, risk management, security compliance and portfolio management) as well as organizational management activity (HR, Finance, etc.).
- MN.IT also provides optional services to, and collaborates with cities, counties and educational institutions.
- Services are managed through comprehensive Service Level Agreements (SLAs) with agency customers. Centrally provided services are primarily funded through an enterprise technology fund (chargeback to established agency IT budgets), with lesser amounts coming from general fund appropriations for oversight and security activities, and federal and special revenue funds for specific IT-related projects and activities.

Measuring Success:

MN.IT is currently establishing measureable service metrics that will pertain to the newly consolidated organization. They will measure specific service effectiveness, overall customer satisfaction and progress toward the goals outlined in the State's Master Plan, i.e., the degree to which information technology enables state agencies to better accomplish their business goals and to more efficiently and effectively deliver services to the citizens of Minnesota (http://mn.gov/oet/images/Master_Plan_2012.pdf).

MN.IT Services
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$11,924	$225,575	$327	$237,827
Current Law Expenditures (FY 2014-15)	$11,928	$890,209	$8	$902,145
Governor's Recommended Expenditures (FY2014-15)	$4,832	$986,667	$8	$991,507
$ Change from FY 2014-15 Current Law to Governor's Rec	(7,096)	$96,458	$0	$89,362
% Change from FY 2014-15 Current Law to Governor's Rec	(59%)	11%	0%	10%

MN.IT Services
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$16,352		$16,352
REVENUE		$970,316	$8	$970,324
APPROPRIATION	$4,862	$0	$0	$4,862
SOURCES OF FUNDS	**$4,862**	**$986,668**	**$8**	**$991,538**
BALANCE FORWARD OUT				
TRANSFERS OUT	$30			$30
EXPENDITURES	$4,832	$986,667	$8	$991,507
PAYROLL EXPENSE	$3,389	$348,583	$1	$351,973
OPERATING EXPENSES	$1,285	$581,916	$7	$583,207
OTHER FINANCIAL TRANSACTIONS	$158	$34,066		$34,224
GRANTS, AIDS AND SUBSIDIES		$1,304		$1,304
CAPITAL OUTLAY-REAL PROPERTY		$20,799		$20,799
USES OF FUNDS	**$4,862**	**$986,667**	**$8**	**$991,537**

MN.IT Services

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium

E-Government and Innovation Partnership

The Governor recommends authorizing MN.IT to enter into a public-private partnership agreement for the development of new e-government services and a citizen-centric state web portal, in order to facilitate increased online citizen engagement and government service reform. A vendor, selected through state procurement procedures, would invest in the development of new e-services for business cutomers of the state. Costs would be recovered through fees applied to electronic business-government transactions facilitated through the partnership. Based on the experience of other states, about $4 million annually in fee revenue could be generated beginning in FY 2015. The revenue would be used to support the development of e-government services, both fee-based and free e-services for citizens, as well as management of a revamped state web portal.

Performance Measures:
The performance of this partnership will be measured by Minnesota's ranking in the Digital States Survey conducted by the Center for Digital Government

Other Funds	Expenditure	0	4,000	4,000	4,000	4,000	8,000
Other Funds	Revenue	0	4,000	4,000	4,000	4,000	8,000
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**

IT Security Leadership

The Governor recommends a biennial reduction of $396,000 in funding for leadership activities related to IT security. This reduction will be accomplished through efficiencies resulting from consolidation, and MN.IT will continue to develop effective security policies and standards, assist agencies with threat management, assist with continuity of operations planning, and provide security incident responses.

Performance Measures:
Minnesota state government will continue to have secure IT systems at a lower cost.

General Fund	Expenditure	(198)	(198)	(396)	(198)	(198)	(396)
	Net Change	**(198)**	**(198)**	**(396)**	**(198)**	**(198)**	**(396)**

General Reduction Related to Consolidation Efforts

The Governor recommends reducing the MN.IT general fund appropriation by $6.7 million over the biennium. Services currently funded by this appropriation will be accomplished through reorienting IT security to a central service approach, leveraging security investments of individual agencies for the benefit of the enterprise, and other efficiencies. Through centralization efforts and efficiencies, MN.IT will continue to maintain a sound and reliable security profile with a reduced appropriation.

Performance Measures:
Through centralization efforts and efficiencies, MN.IT will continue to maintain a sound and reliable security profile with a reduced appropriation.

General Fund	Expenditure	(3,350)	(3,350)	(6,700)	(3,350)	(3,350)	(6,700)
	Net Change	**(3,350)**	**(3,350)**	**(6,700)**	**(3,350)**	**(3,350)**	**(6,700)**

MN.IT Services

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium

New IT Projects--Other Agencies

This item reflects the aggregated amount of MN.IT funding and expenditures for projects requested by other agencies and recommended by the Governor. MN.IT has reviewed all of the Governor's recommendations with major IT components and determined that those projects represent significant business needs, with a relatively high likelihood of successful completion within the budget presented. For projects approved by the Governor and the legislature, the services to be provided by MN.IT and the amounts MN.IT will receive for those services will be set out in service level agreements (SLAs) between MN.IT and its customer agencies.

Performance Measures:
The performance measures for IT projects requested by other agencies will be reflected with the budget requests of those agencies

Other Funds	Expenditure	46,229	46,229	92,458	0	0	0
Other Funds	Revenue	46,229	46,229	92,458	0	0	0
	Net Change	**0**	**0**	**0**	**0**	**0**	**0**
Net All Change Items	General Fund	(3,548)	(3,548)	(7,096)	(3,548)	(3,548)	(7,096)
	Other Funds	0	0	0	0	0	0
	Net Change	**(3,548)**	**(3,548)**	**(7,096)**	**(3,548)**	**(3,548)**	**(7,096)**

MN.IT Services
All Funds FTE by Activity

Activity	Current FY 2013	Forecast Base FY 2015	Governor's Recommendation FY 2015
Budget Activity: Enterprise Technology Fund	0.4	0.4	0.4
Budget Activity: Enterprise IT Security	16.8	16.8	16.8
Budget Activity: Info/Telecom Technology Acct	0.1	0.1	0.1
Budget Activity: IT Standard Services	93.4	611.1	611.1
Budget Activity: Application Developmnt/Support	103.7	912.8	912.8
Budget Activity: Projects/Initiatives	30.5	246.2	320.2
Budget Activity: Leadership	167.4	298.8	298.8
MN.IT Services	412.2	2,086.2	2,160.2

MN.IT Services
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	FEDERAL GRANTS		580	8	588
	DEPARTMENTAL EARNINGS		4,520		4,520
	INVESTMENT INCOME		50		50
	ALL OTHER		965,166		965,166
	Subtotal		970,316	8	970,324
	Total		**970,316**	**8**	**970,324**

MN.IT Services
Standard IT Services
http://mn.gov/mnit/

Statewide Outcome(s):

Standard IT Services supports the following statewide outcome(s).

Efficient and accountable government services.

Sustainable options to safely move people, goods, services and information.

This activity also supports all of the remaining state outcomes including health, education, employment, public safety, stable families, and natural resources by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

Context:

The key issue that this program addresses is the need for an effective, secure and reliable IT infrastructure capable of providing the wide range of IT services and business functionality required by agencies to meet program goals and objectives. The primary customers are state government entities and, by extension, the citizens of Minnesota. This activity seeks to:

- Maximize the use of web based processes to enable citizens to efficiently transact business with government.
- Facilitate the State's ability to uphold the law and carry out statutory obligations through effective and reliable tools.
- Make government more transparent through readily available data and results oriented measurements
- Provide technologies that enable collaboration among the government entities that serve the same clients and address the same issues.
- Foster and enable data driven decision making; be proactive in identifying opportunities for the state to improve knowledge sharing and integrated services between business lines and across boundaries.
- Enable the state workforce to conduct business "anytime anywhere" through effective technologies and policies.
- Provide appropriate training tools that assist the state's efforts to enhance and improve leadership skills in the state workforce.
- Provide technology solutions for back office and business process improvements that result in delivering government services to citizens faster and more effectively.
- Manage technology investments in a manner that minimizes costs and generates savings dollars for investments in the future.
- Provide tools and develop processes that speed up and reduce the cost and complexity of IT purchasing.
- Continue development of shared processes to minimize the frequency and impact of adverse security events.
- Minimize risk and maximize redundancy in major systems and facilities.

This program is funded through the enterprise technology fund (chargeback), general fund appropriation, special revenue funds and grants.

Strategies:

Strategies for IT Standard Services come from the FY12 Master Plan:
(http://mn.gov/oet/images/Master_Plan_2012.pdf)

- Standard IT Services encompass the basic, shared infrastructure, software and end user services provided to state agencies for business operations, ranging from data center management, hosting and network, to email, phones and collaboration tools.

- Standard IT Services are defined in the Agency Centralized Reference Model developed in March 2012 to define common services for all MN.IT services, whether they are provided centrally or from agency-based offices.
  http://mn.gov/oet/images/031412_Agency_Central_IT_Reference_Model.pdf
- Standard IT Services also includes enabling services such as server support, storage, and network that are ingredients or building blocks for IT standard services.
- Due to the operational and cost effective advantage to the state, some of the services in this area are offered beyond the executive branch. For instance, MN.IT Services maintains MN.NET or the "information superhighway" which provides a safe, secure network backbone used by virtually all of state government.
- MN.IT's Standard IT Services activity is managed through Service Level Agreements (SLAs) with each agency setting forth agreed upon expectations as to service levels and costs for all services.

The strategies outlined above support the statewide outcome of providing 'efficient and accountable government services' and 'sustainable options to safely move…information.''

The key partners in developing and implementing the strategies are the State Chief Information Officer (CIO), MN.IT Services leadership and staff, the Governor's Office, the legislature, MN.IT governance bodies, including the Technology Advisory Committee (TAC), and agency business leadership.

Results:

IT strategies are working when IT enables state agencies to deliver services in an efficient and cost-effective manner and citizens are satisfied with the services they receive from the state in return for their tax dollar investment.

- MN.IT Services is actively working on service strategies that will take advantage of statewide consolidation to optimize the delivery of IT services and simplify the Standard Services environment.
- Several technological and economic factors are driving the potential for further business process improvements and cost reduction including: the evolution of cloud computing and virtualization, data center consolidation, social media, mobile devices, dramatic increases in bandwidth, business intelligence/analytics, and savings made possible through enterprise agreements.

Performance Measures	Previous	Current	Trend
No. of service desks	20	Not yet available	N.A.
Total combined data center space	74,781	Not yet available	N.A.
Customer Satisfaction Survey Results	N.A.	Not yet available	N.A.

Performance Measures Notes:

1. Number of service desks and data center space are from 2010 Enterprise Assessment report (Excipio) and will be updated as part of an enterprise data collection effort.
2. Customer satisfaction survey is a new performance measurement to be conducted annually at time of SLA renewal.

Budget Activity: IT Standard Services
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		$75,803		$75,803
Current Law Expenditures (FY 2014-15)		$253,544		$253,544
Governor's Recommended Expenditures (FY2014-15)		$253,544		$253,544
$ Change from FY 2014-15 Current Law to Governor's Rec		$0		$0
% Change from FY 2014-15 Current Law to Governor's Rec		0%		0%

Budget Activity: IT Standard Services
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$10,494		$10,494
REVENUE		$243,051		$243,051
SOURCES OF FUNDS		**$253,544**		**$253,544**
EXPENDITURES		$253,544		$253,544
PAYROLL EXPENSE		$96,901		$96,901
OPERATING EXPENSES		$150,360		$150,360
OTHER FINANCIAL TRANSACTIONS		$5,539		$5,539
GRANTS, AIDS AND SUBSIDIES		$260		$260
CAPITAL OUTLAY-REAL PROPERTY		$485		$485
USES OF FUNDS		**$253,544**		**$253,544**

MN.IT Services
Applications
http://mn.gov/mnit/

Statewide Outcome(s):

Applications supports the following statewide outcome(s).

Efficient and accountable government services.

Sustainable options to safely move people, goods, services and information.

This program also supports all of the remaining state outcomes including health, education, employment, public safety, stable families, and natural resources by managing the applications that run agency programs.

Context:

This budget activity seeks to:

- Maximize the use of web based processes to allow citizens to efficiently transact business with government.
- Facilitate the State's ability to uphold the law and carry out statutory obligations.
- Make government more transparent through readily available data and results oriented measurements.
- Provide technologies that enable collaboration among the government entities that serve the same clients and address the same issues.
- Foster and enable data driven decision making; be proactive in identifying opportunities for the State to improve knowledge sharing and integrated services.
- Enable the state workforce to conduct business "anytime anywhere" through effective technologies and policies.
- Provide appropriate training tools that assist the State's efforts to enhance and improve leadership skills in the state workforce.
- Provide technology solutions for back office and business process improvements that result in delivering government services to citizens faster and more effectively.
- Manage technology investments in a manner that minimizes costs and generates savings dollars for investments in the future.
- Provide tools and develop processes that speed up and reduce the complexity of IT purchasing.
- Continue development of shared processes to minimize the risk and impact of adverse security events.

Application services are funded through chargeback, general appropriation, special revenue funds and grants.

Strategies:

The overall strategies and objectives for application development come from the 2012 Minnesota IT Master Plan http://mn.gov/oet/images/Master_Plan_2012.pdf.They include:

- MN.IT Services manages all back office and citizen facing applications and systems required by state agencies to meet their program objectives.
- Examples of application service categories are application development, application management, data management, database administration, and middleware administration.
- MN.IT's application services are managed through Service Level Agreements (SLAs) with each agency that set forth agreed upon business requirements and service levels. The state currently manages more than 2000 individual applications in the executive branch at the annual cost of $159 million.
- The upcoming optimization phase of IT consolidation will review opportunities to share or design systems that can simplify the environment and reduce the number overall.
- Several technological and economic factors are driving the potential for further business process improvements and cost reduction including the evolution of cloud computing and virtualization, data center consolidation, social media, mobile devices, increases in bandwidth, business intelligence/analytics, and savings made possible through enterprise agreements.

The strategies outlined above support the statewide outcome of providing 'efficient and accountable government services' and 'sustainable options to safely move…information' and were developed with input from the State Chief Information Officer (CIO), MN.IT Services leadership and staff, the Governor's Office, the legislature, MN.IT governance bodies, including the Technology Advisory Committee (TAC), and agency business leadership. MN.IT develops and maintains individual applications based on the business needs and requirements of its agency customers, and in consultation with business leadership.

Results:

Applications are successful when they enable state agencies to deliver services in an efficient and cost effective manner and citizens are satisfied with the services they receive from the State in return for their tax dollar investment.

MN.IT Services measures its success through progress towards minimizing redundancy and complexity in its applications environment. Recent examples include: development of a shared e-licensing system for professional licenses; migration to a single, cloud based email and collaboration toolset for all 30,000 state employees; and advantageous enterprise licensing agreements such as Microsoft Select and BMC Remedy.

Performance Measures	Previous	Current	Trend
Digital State Survey by the Center for Digital Government, a review of all 50 states' electronic government capabilities	B+	A-	Improving
Number of applications shared by more than one agency	N/A	Not yet available	N/A
Number of enterprise-wide software licenses	1	4	Improving
% of applications adhering to state architecture standards	N/A	Not yet available	N/A

Performance Measures Notes:

1. The current Digital State Survey measure was issued in October 2012, and the previous measure represents the grade issued in 2010.
2. The number of applications shared by more than one agency is a new performance measurement. Data collection will commence during FY 2013, most likely as part of the Enterprise IT Portfolio Report, and is expected to be available for reporting during FY 2014.
3. The number of enterprise-wide software licenses is as follows: previous (one-2009); current (four-September 2012).
4. The percent of applications adhering to state architecture standards is a new performance measurement. Data collection will begin during FY 2013 and is expected to be available for reporting during FY 2014.

Budget Activity: Application Developmnt/Support
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$20	$84,628	$327	$84,975
Current Law Expenditures (FY 2014-15)	$20	$379,213	$8	$379,241
Governor's Recommended Expenditures (FY2014-15)	$20	$379,213	$8	$379,241
$ Change from FY 2014-15 Current Law to Governor's Rec	$0	$0	$0	$0
% Change from FY 2014-15 Current Law to Governor's Rec	0%	0%	0%	0%

Budget Activity: Application Developmnt/Support
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$5,559		$5,559
REVENUE		$373,655	$8	$373,663
APPROPRIATION	$20	$0	$0	$20
SOURCES OF FUNDS	**$20**	**$379,214**	**$8**	**$379,242**
BALANCE FORWARD OUT				
EXPENDITURES	$20	$379,213	$8	$379,241
PAYROLL EXPENSE	$0	$139,611	$1	$139,612
OPERATING EXPENSES	$20	$228,373	$7	$228,399
OTHER FINANCIAL TRANSACTIONS		$10,192		$10,192
GRANTS, AIDS AND SUBSIDIES		$605		$605
CAPITAL OUTLAY-REAL PROPERTY		$432		$432
USES OF FUNDS	**$20**	**$379,213**	**$8**	**$379,241**

MN.IT Services
Projects and Initiatives
http://mn.gov/mnit/

Statewide Outcome(s):

Projects and Initiatives supports the following statewide outcome(s).

Efficient and accountable government services.

Sustainable options to safely move people, goods, services and information.

This activity also supports all of the remaining state outcomes including health, education, employment, public safety, stable families, and natural resources by initiating projects and improvements in IT computing and telecommunications systems that support agency business goals and improve agency outcomes.

Context:

The Projects and Initiatives goals originate from the agency's strategic plan:

- Focus the State portfolio
  - Reassess and revitalize key enterprise initiatives that take into account the newly consolidated environment and meet the goals of the IT Master Plan.
  - Assess and improve statewide project and portfolio management.

The key issue that this activity addresses is the need to provide IT staffing and project management that ensures that IT systems and operational improvements are managed in an efficient and effective manner. The primary customers are state government entities and, by extension, the citizens of Minnesota. This program is funded through an Enterprise Technology Fund (chargeback), general fund appropriations, special revenue funds and grants.

Strategies:

MN.IT Services' Projects and Initiatives budget activity includes all activity related to the development of new technologies and applications and/or the decommissioning of old technologies, and other finite initiatives to improve service management and operations. This includes IT portfolio and project management to ensure timely and on-budget delivery of IT projects and systems and reporting, business and process analysis, and program management.

The portfolio of projects includes both large, public facing system development such as the health care exchange being implemented by the departments of Commerce, Human Services, and Health; the Department of Public Safety's MnLars system, enterprise e-licensing implementation, and Revenue's Gentax system. It also includes smaller internal systems development, upgrades and operational improvements.

MN.IT's project and initiatives activity is managed through Service Level Agreements (SLAs) with each agency. SLAs outline agreed upon business requirements for current projects. These SLAs fluctuate as projects are started and completed, or as new projects are legislatively initiated.

Projects are managed according to state project management policies:
http://mn.gov/oet/images/PPM_PD_Project_Portfolio_Management_2006-02.pdf

The strategies outlined above support the statewide outcome of providing 'efficient and accountable government services' and 'sustainable options to safely move…information.'

Results:

Strategies are working when IT projects are delivered on schedule and within budget and are deemed to have positive impact to customers.

Several factors are driving the potential for continued improvement in project management and initiatives: advanced project management tools, increased collaboration and communication between agencies as a result of IT consolidation, and increased emphasis on innovation through the establishment of a group within MN.IT Services focusing on transformative change.

Performance Measures	Previous	Current	Trend
Percent Projects Completed on Schedule	N.A.	Not yet available	N/A
Percent Projects Completed within Budget	N.A.	Not yet available	N/A
Number of projects-completed	N.A.	293	N/A

Performance Measures Notes:

1. Project performance measurements are not currently available at an enterprise level. A data collection methodology and system will need to be developed.

Budget Activity: Projects/Initiatives
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		$15,682		$15,682
Current Law Expenditures (FY 2014-15)		$113,716		$113,716
Governor's Recommended Expenditures (FY2014-15)		$210,174		$210,174
$ Change from FY 2014-15 Current Law to Governor's Rec		$96,458		$96,458
% Change from FY 2014-15 Current Law to Governor's Rec		85%		85%

Budget Activity: Projects/Initiatives
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		$299		$299
REVENUE		$209,875		$209,875
SOURCES OF FUNDS		**$210,174**		**$210,174**
EXPENDITURES		$210,174		$210,174
PAYROLL EXPENSE		$56,969		$56,969
OPERATING EXPENSES		$144,570		$144,570
OTHER FINANCIAL TRANSACTIONS		$8,044		$8,044
GRANTS, AIDS AND SUBSIDIES		$235		$235
CAPITAL OUTLAY-REAL PROPERTY		$356		$356
USES OF FUNDS		**$210,174**		**$210,174**

MN.IT Services
IT Leadership
http://mn.gov/mn.it/

Statewide Outcome(s):

IT Leadership supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Efficient and accountable government services.

Context:

As outlined in the agency's 2012 operational strategic plan, this activity seeks to:

- Improve service management
- Focus the state portfolio
- Implement organizational consistency
- Foster leadership and encourage high performance and innovation
- Practice financial management and accountability

The key issues addressed by this activity are: clear accountability to stakeholders for IT direction and management; accountability to and participation by agency business customers in decision making and service management; clear leadership in operational management of the organization and strategic direction.

The key partners in IT Leadership are the Governor's Office, the legislature, agency business leadership and MN.IT Services management and staff. The primary funding sources are general fund appropriation and chargeback to agency IT budgets.

Strategies:

- This activity includes all functions related to MN.IT's leadership and oversight responsibilities as well as organizational management activity for all executive branch IT, as mandated by statute in 2011. It includes central leadership at the executive level as well as divisional and agency based office leadership activity.
- Oversight activity, mandated by statute, includes security policy and compliance; portfolio management policy, compliance and reporting; architecture; and Geographic Information Systems (GIS) oversight.
- Organizational management activity includes internal decision making and governance as outlined in the IT Governance Framework (http://mn.gov/oet/governance/igov/gov-structure.jsp), legislative affairs human resource management, financial oversight, procurement, communications, service level management and customer relations.
- Planning activity includes statewide and organizational strategic planning for state IT direction and systems as well as tactical operational plans and service strategy for executive branch IT delivery.

Results:

Strategies are working when the MN.IT Services is actively engaged with executive branch agencies to improve IT service delivery in order to help agencies meet their business objectives.

Several "early wins" in a consolidation optimization strategy have resulted in greater efficiency and savings to the organization, in particular, the development of comprehensive service level agreements between MN.IT Services and every state agency that, for the first time, equate an agency's IT budget directly with the services received. As the next optimization phase proceeds, opportunities for greater efficiencies and savings will be identified and implemented.

Performance Measures	Previous	Current	Trend
IT Spend percent of total state expenditures -Gartner Government (State/Local)	1.81 percent	1.82 percent 2.25 percent	Stable
Employee development (training) per IT staff	$458	Not yet available	N/A
Audit compliance percentage	N/A	Not yet available	N/A
Annual customer satisfaction survey	N/A	Not yet available	N/A
Number of agencies adopting GIS technology	8	16	Improving
Percent service level agreements complete and up-to-date	N/A	100 percent	N/A

Performance Measures Notes:

1. IT spend percent for FY 2008/2009 biennium (previous) and FY 2010/2011 biennium (current) are per the Consolidated MN IT Report issued in January 2010 and January 2012, respectively, which includes large state expenditure items like education aid payments to public schools, human service payments to individuals and counties, and local government aid payments. Reported figures have been adjusted for 15 percent indirect cost factor. Gartner benchmark is for 2011 state/local entities with operating expenses of $10B+.
2. Employee development per IT staff is per the Consolidated MN IT Report (March 2012) and will be updated as part of the FY 2014-15 biennial budget process.
3. Audit compliance percent is a new performance measurement. Data collection will be initiated during FY 2013 and reported during FY 2014.
4. Customer satisfaction survey is a new performance measurement that is anticipated to be conducted at the time of annual SLA updates (July 2013).

Budget Activity: Leadership
Current, Base and Governor's Recommended Expenditures
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	$11,904	$49,463		$61,367
Current Law Expenditures (FY 2014-15)	$11,908	$143,735		$155,643
Governor's Recommended Expenditures (FY2014-15)	$4,812	$143,735		$148,547
$ Change from FY 2014-15 Current Law to Governor's Rec	(7,096)	$0		(7,096)
% Change from FY 2014-15 Current Law to Governor's Rec	(60%)	0%		(5%)

Budget Activity: Leadership
Sources and Uses
(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
REVENUE		$143,735		$143,735
APPROPRIATION	$4,842	$0		$4,842
SOURCES OF FUNDS	**$4,842**	**$143,735**		**$148,577**
TRANSFERS OUT	$30			$30
EXPENDITURES	$4,812	$143,735		$148,547
PAYROLL EXPENSE	$3,389	$55,102		$58,491
OPERATING EXPENSES	$1,265	$58,613		$59,878
OTHER FINANCIAL TRANSACTIONS	$158	$10,291		$10,449
GRANTS, AIDS AND SUBSIDIES		$204		$204
CAPITAL OUTLAY-REAL PROPERTY		$19,525		$19,525
USES OF FUNDS	**$4,842**	**$143,735**		**$148,577**