**KCIT Services Operating**

Analyst: Terra Rose

|  |  | **Expenditures** |  | **Revenues** |  | **FTEs** |  | **TLTs** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2021-2022 Revised Budget |  | $248,220,805 |  | $220,618,995 |  | 382.0 |  | 0.0 | |
| 2023-2024 Base Budget Adjust. |  | ($1,094,129) |  | ($4,547,065) |  | 0.0 |  | 0.0 | |
| 2023-2024 Decision Packages |  | $17,923,069 |  | $46,148,300 |  | 1.0 |  | 0.0 | |
| **2023-2024 Proposed Budget** |  | **$265,050,000** |  | **$262,221,000** |  | **383.0** |  | **0.0** | |
| % Change from prior biennium |  | 6.8% |  |  |  |  |  |  | |
| Dec. Pkg. as % of prior biennium |  | 7.2% |  |  |  |  |  |  | |
| **Major Revenue Sources:** Internal service charges to county agencies | | | | | | | | |
| **Base Budget Assumptions:** (1) salary and benefit adjustments; (2) one-time funding of $13.7M removed; (3) annualize supplemental budget changes. | | | | | | | | |

**Description**

The King County Department of Information Technology (KCIT) provides technology services across County government. KCIT manages the County's information technology (IT) infrastructure, resources, and investments, including but not limited to, support of the County's network, IT equipment replacement (e.g., employee laptops), and the central help desk. Other services are provided for interested agencies based on their specific needs (e.g., assistance selecting or providing project management support for new or replacement software that targets unique agency needs, etc.). The KCIT budget is supported by internal service charges to County agencies.

**Summary of Proposed Budget and Changes**

The 2023-2024 proposed budget for KCIT would increase by approximately $16.8 million, or 6.8 percent relative to the 2021-2022 Revised Budget. In the proposed budget, FTEs are to remain flat.

Executive staff indicate that the total amount of the KCIT central rates, which are comprised of the internal service charges to other county agencies, is projected to increase by 23 percent relative to the 2021-2022 biennium and note that the increase is driven by a number of factors. These factors include increases in costs for licenses and network infrastructure replacement, as well as increased agency demand for application enhancement, legacy system support, and number of workstations, peripherals, and workstation licenses. However, there is wide variation in rates paid by County departments because departmental IT usage (on which departmental rates are based) differs. Noteworthy proposed budget requests are described below.

* **Microsoft Enterprise Agreement: $4.4M** The proposed budget would add $4.4 million to reflect cost increases in Microsoft services and additional demand in Microsoft products. Executive staff indicate in agency-proposed budget materials that the total cost of Microsoft products in 2023-2024 is estimated to be $34.7 million. Microsoft Enterprise tools include, among other things, the Microsoft 365 software programs for all County users (e.g., Outlook, Teams) and the Dynamics platform which is expected to be used in the Jail Management System project, Assessor's Property Tax Accounting System, and multiple Department of Community and Human Services client reporting systems.
* **Operation and Maintenance Cost Increases: $2.4M** The proposed budget would add $2.4 million to reflect cost increases for the operation, support, and maintenance provided by technology vendors for a variety of tools used by the County (e.g., Cisco Network support).
* **Zoom and Other Agency-Specific Licenses: $1.9M** The proposed budget would add $1.9 million for Zoom licenses and other licenses that KCIT procures but passes through to the agencies that use the applications. Executive staff indicate that while Teams is the preferred method for meetings and calls, they understand it does not work well for public engagement needs (e.g., telemedicine, attorney-client meetings, etc.) and that continued use of Zoom is expected in some settings.
* **Network Equipment Replacement: $4.1M** The proposed budget would add $4.1 million to support replacement of network hardware (e.g., network switches, applications, and security devices). Executive staff indicate in agency-proposed budget materials that more than 90 percent of the County's hardware is at the end of its lifecycle or end of support and that it would cost an estimated $33 million to bring all equipment current. Executive staff further state that equipment replacement in the upcoming biennium will be prioritized based on operational criticality and level of security risk and that the additional appropriation requested in this budget would cover the gap between existing equipment replacement fund balance and the cost to replace the most critical hardware. According to Executive staff, risks of delaying replacement include unexpected and extended downtime resulting in inability to access needed systems and/or provide services to customers, as well as security risks because the vendor is no longer providing technical fixes and security patches.

**Key Issues**

Staff have not identified any issues for this budget.

UPDATE: No updates from the Week 1 staff report.

**Response to Council Inquiries**

**Question 1: Is it correct to say that FTEs are flat when one is added in the summary table?**

Answer: It would have been more accurate to say in the Week 1 staff report that "In the proposed budget, FTEs are to remain *relatively* flat*, in particular by comparison to other appropriation unit requests*." One FTE is proposed to be added by the Executive's proposed budget as is noted in the summary table at the top of the staff report.