



TEXAS DEPARTMENT OF INFORMATION RESOURCES

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KAREN W. ROBINSON
Interim Executive Director

February 16, 2010

— ♦ —
DIR BOARD OF
DIRECTORS

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joe Straus, Speaker of the House

CHARLES BACARISSE
Chair

Dear Gentlemen:

RAMÓN F. BAEZ

In response to your request dated January 15, 2010, the Department of Information Resources' (DIR) plan to meet the targeted five percent biennial reduction in 2010-2011 general revenue appropriations is provided below. In addition to the targeted reduction of internal expenses, DIR has implemented measures which lower the operating costs of other state and higher education entities that use DIR services. Information regarding the cost savings generated for other state entities through these measures is also provided below.

ROSEMARY R.
MARTINEZ

THE HONORABLE
DEBRA MCCARTT

RICHARD S. MOORE

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PICKERING, JR.

Reduction of DIR Internal Expenses

To achieve the targeted five percent biennial reduction, DIR proposes to reduce salary expenses for the TexasOnline Program by \$79,268. TexasOnline is the only DIR program which receives general revenue funding. DIR does not anticipate that the reduction in TexasOnline salary expenses will have a negative impact on services used by Texas citizens or reduce the projected amount of general revenue the TexasOnline program generates for the State.

JOHN COX
Ex Officio

BRAD LIVINGSTON
Ex Officio

CARTER SMITH
Ex Officio

Reduction of State Agency and Higher Education Operating Costs

With the exception of the TexasOnline program, DIR operations are not funded through general revenue, but rather through a "mark- up" (cost recovery fee) added to the cost of services provided to other state entities. As such, DIR is strategically positioned to lower the operating costs of other state agencies and institutions of higher education that use these services, which in turn provides the state entities with "savings" which can be redirected to their core mission responsibilities. Specifically, DIR has implemented the following cost-saving measures:

- Reduced the fee charged for various telecommunication services provided through the TEX-AN Program. Based on current usage trends, DIR estimates that the fee reduction will **lower the cost of telecommunication services** purchased by state entities **by approximately \$10 million dollars during the 2010-2011 biennium.**

February 16, 2010

Page 2

- Reduced the fee charged on many of the Information and Communication Technology cooperative contracts from 2 percent of the purchase total to 1.25 percent. Based on current purchasing trends, DIR estimates that the fee reduction will **lower the cost** of information technology goods and services purchased by state entities **by approximately \$2 million dollars during the 2010-2011 biennium.**

DIR is committed to providing cost-effective services and ensuring that taxpayer dollars are spent prudently. We are available to provide additional information regarding the information included in this letter at your convenience.

Sincerely,

Karen W. Robinson
Interim Executive Director

cc: John O'Brien

ITEM REDUCTIONS BY METHOD OF FINANCING
 81st Regular Session, 2010-11 Item Reductions
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 2/12/2010
 Time: 10:14:31AM
 Page: 1 of 1

Agency code: 313

Agency name: **Department of Information Resources**

Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
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1 General Revenue 5% Reduction - Texas Online - Salaries

Item Comment: The reduction will be made from salary expenses, with the goal of using lapsed salary funds to the extent possible. The reduction may result in increased workload on staff if vacancies remain unfilled, and the timing of contract management activities may be impacted. There is no anticipated significant impact to key performance measures or Texas Online revenue production.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$39,634	\$39,634		
General Revenue Funds Total	\$39,634	\$39,634		
Item Total	\$39,634	\$39,634		
Agency General Revenue Total	\$39,634	\$39,634		
Agency GR Dedicated Total				
Agency Grand Total	\$39,634	\$39,634	\$79,268	\$79,268

* - Indicates amount does not meet target requirements.