

# 2020 Biennial Performance Report

## State Technology Expenditures

This report addresses section 2054.055(b)(4) of the Government Code which requires the Texas Department of Information Resources (DIR) to provide a summary of total state information technology (IT) expenditures.

### Summary

Overall, Texas state government<sup>1</sup>, including state agencies and institutions of higher education (IHE), spent approximately \$3.1 billion from all funding sources on IT in fiscal year (FY) 2019 and \$3.5 billion in FY 2020. IT expenditures funded through legislative appropriations represented 2.36% of the state’s total net appropriations expenditures in FY 2019 and 2.38% of the state’s total net expenditures in FY 2020. These percentages are higher than the average of 2.20% from the previous five fiscal years, 2014-2018.

State agencies and IHEs are addressed separately in this report because their IT expenditure estimates were derived from different data sources. A combined estimate of the state-funded total technology expenditures, using only state data sources, is included in the final section of the report. Although DIR uses best-available data, it is difficult in some cases to distinguish between IT and non-IT expenditures with precision. A discussion of data sources and limitations is included at the end of this report.

### State Agency Technology Expenditures

Table 1 shows estimated state agency expenditures by category for the last seven fiscal years. In FY 2020, state-employed IT staff compensation made up approximately 16% of estimated agency technology expenditures while 84% of funds were spent on goods and services.

| Table 1: Estimated State Agency Expenditures by Technology Category<br>(dollars in millions) |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Type   | FY14           | FY15           | FY16           | FY17           | FY18           | FY19           | FY20           |
| <b>State Employee Staff</b>  |                |                |                |                |                |                |                |
| Staff Compensation   | \$258          | \$249          | \$286          | \$295          | \$299          | \$320          | \$312          |
| <b>Goods and Services</b>  |                |                |                |                |                |                |                |
| Computer Hardware & Software   | \$388          | \$335          | \$389          | \$416          | \$415          | \$406          | \$454          |
| Contract Services  | \$569          | \$586          | \$601          | \$561          | \$424          | \$509          | \$633          |
| Data Center Services   | \$193          | \$201          | \$230          | \$247          | \$252          | \$261          | \$282          |
| Telecom Hardware & Services  | \$301          | \$236          | \$259          | \$271          | \$262          | \$261          | \$257          |
| Training & Supplies  | \$29           | \$30           | \$32           | \$30           | \$29           | \$34           | \$36           |
| <b>Total</b>   | <b>\$1,738</b> | <b>\$1,637</b> | <b>\$1,797</b> | <b>\$1,820</b> | <b>\$1,681</b> | <b>\$1,791</b> | <b>\$1,943</b> |

<sup>1</sup>Unless otherwise noted, Texas state government includes state agencies and IHEs.



## Institutions of Higher Education Technology Expenditures

Table 2 shows estimated technology expenditures for IHEs by category for the last seven fiscal years. In FY 2020, IHE-employed IT staff compensation made up approximately 42% of estimated agency technology expenditures while 58% of funds were spent on goods and services.

| Type               | FY14           | FY15           | FY16           | FY17           | FY18           | FY19           | FY20 <sup>2</sup> |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Staff Compensation | \$534          | \$551          | \$618          | \$609          | \$617          | \$630          | \$652             |
| Goods and Services | \$744          | \$955          | \$984          | \$639          | \$701          | \$656          | \$896             |
| <b>Total</b>       | <b>\$1,278</b> | <b>\$1,506</b> | <b>\$1,602</b> | <b>\$1,248</b> | <b>\$1,318</b> | <b>\$1,286</b> | <b>\$1,548</b>    |

<sup>2</sup> Estimate based on average spending over FY14-19 as explained in the Data Sources and Limitations section of this report.

## State-Funded Technology Expenditures for State Agencies and IHEs

Table 3 shows estimated state-funded technology expenditures for state agencies and IHEs for the last seven fiscal years. In the FY 2019, IT expenditures represented 2.36% of estimated state expenditures, and in FY 2020 it represented 2.38%.

| Type                 | FY14         | FY15         | FY16         | FY17         | FY18         | FY19         | FY20         |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| IT Expenditures      | \$2,527      | \$2,305      | \$2,546      | \$2,588      | \$2,461      | \$2,837      | \$3,162      |
| All Expenditures     | \$99,655     | \$106,365    | \$114,507    | \$112,625    | \$116,554    | \$120,025    | \$133,118    |
| <b>IT Percentage</b> | <b>2.54%</b> | <b>2.17%</b> | <b>2.22%</b> | <b>2.30%</b> | <b>2.11%</b> | <b>2.36%</b> | <b>2.38%</b> |

## Data Sources and Limitation

### State Agency Technology Expenditure Data

Technology expenditures fall into two broad categories: staff compensation and goods and services.

For state agencies, the data for staff compensation come from the Comptroller’s Uniform Statewide Payroll/ Personnel System (USPS) and the Standardized Payroll/ Personnel Reporting System (SPRS). Texas has 1,087 job classifications, of which 78 are categorized as IT classifications. Because some state technology workers have non-technology job classifications, the figures from the payroll systems may understate the actual agency information technology staff expenditures.

The data for state agency expenditures on technology-related goods and services come from the Comptroller’s Uniform Statewide Accounting System (USAS). Technology expenditure estimates based on USAS are also approximate because some of the categories do not precisely differentiate between IT and non-IT expenditures.



Estimated state agency technology expenditure data shown in Table 1 was compiled from these data sources and is subject to these limitations.

### **IHE Technology Expenditure Data**

IHE technology expenditure data for both staff compensation and goods and services come from the annual Core Data Service (CDS) survey conducted by EDUCAUSE, Inc., a national nonprofit. This survey reflects a more accurate picture of institutional spending because it includes funding sources other than state appropriations. However, the data has limitations as further described below.

The reporting period for which EDUCAUSE collects the data differs from the state fiscal year captured in this report and not all Texas IHEs participate in the survey. Data reported for FY 2019 is an extrapolation based upon participation rate. Data for fiscal year 2020 was not available from EDUCAUSE at the time this report was published. FY 2020 amount is an estimate based on the average ratio of state agency to IHE technology spending over the 6 fiscal years.

Although not all IHEs participate in the survey, expenditures for non-participating IHEs are estimated by extrapolation based on institution size. This methodology introduces some uncertainty in the IHE technology expenditure estimates. Estimated IHE technology expenditure data shown in Table 2 was compiled from this data source and is subject to the CDS survey's assumptions and limitations.

### **State-Funded Technology Expenditure Data**

The Comptroller's Texas Annual Cash Report identifies total state appropriations by fiscal year. It does not include the portion of spending among IHEs derived from non-state sources. Data estimates reported in Table 3 should be considered independently of data estimates reported in previous sections.