

Dear Senators MCKENZIE, Davis, Stennett, and
Representatives LOERTSCHER, Batt, Smith:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the
Department of Administration:

IDAPA 38.06.01 - Rules of the Department of Administration Governing Billing Procedures of
the Office of the Chief Information Officer (New Chapter) - Proposed Rule (Docket
No. 38-0601-1401).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 10/21/2014. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 11/19/2014.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4834, or send a written request to the address on the
memorandum attached below.



Eric Milstead
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate State Affairs Committee and the House State Affairs Committee
FROM: Senior Legislative Research Analyst - Ryan Bush
DATE: October 1, 2014
SUBJECT: Department of Administration

IDAPA 38.06.01 - Rules of the Department of Administration Governing Billing Procedures of the Office of the Chief Information Officer (New Chapter) - Proposed Rule (Docket No. 38-0601-1401)

The Department of Administration submits notice of proposed rulemaking at IDAPA 38.06.01 - Rules of the Department of Administration Governing Billing Procedures of the Office of the Chief Information Officer (New Chapter). The Department states that this new chapter documents calculation methods for allocating technology overhead costs and for technology service charges billed from the Department's Office of the Chief Information Officer. Specifically, this rulemaking addresses the areas of Idaho agency IT support, network services, telephone services, cybersecurity services, the Idaho Technology Authority, internet service and consolidated services.

The Department states that negotiated rulemaking was conducted and that Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the June edition of the Idaho Administrative Bulletin. There is no fiscal impact associated with this rulemaking.

The proposed rule appears to be within the statutory authority granted to the Department in Sections 67-5701 and 67-5747, Idaho Code.

cc: Department of Administration
Teresa Luna

IDAPA 38 - DEPARTMENT OF ADMINISTRATION

38.06.01 - RULES OF THE DEPARTMENT OF ADMINISTRATION GOVERNING BILLING PROCEDURES OF THE OFFICE OF THE CHIEF INFORMATION OFFICER

DOCKET NO. 38-0601-1401 (NEW CHAPTER)

NOTICE OF RULEMAKING - PROPOSED RULE

AUTHORITY: In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Sections 67-5701 and 67-5747, Idaho Code, and HB 647 from the 2014 legislative session.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than October 22, 2014.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

This rule documents calculation methods for allocating technology overhead costs and for technology service charges billed from the Department of Administration, Office of the Chief Information Officer to State government organizations.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased:

The specific descriptions of the fees or charges imposed are incorporated in the body of the rule. The formulas for the fees are outlined in the rule. Costs allocated are controlled by legislative appropriation. This rule documents historical practice for technology service fees and technology related overhead cost allocation.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking:

This rule will not require a new or increased appropriation.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(1), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the June 4, 2014 Idaho Administrative Bulletin, [Vol. 14-6, page 98](#).

INCORPORATION BY REFERENCE: Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule:

There are no materials to be incorporated by reference to this rule.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Erin Seaman, (208) 332-1876 or Greg Zickau, (208) 332-1875. Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 22, 2014.

DATED this 29th Day of August 2014.

Teresa Luna, Director
Department of Administration
650 W. State Street, Room 100
P.O. Box 83720
Boise, Idaho 83720-0042
Phone: (208) 332-1827 / Fax: (208) 334-2307

THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 38-0601-1401

IDAPA 38
TITLE 06
CHAPTER 01

**38.06.01 - RULES OF THE DEPARTMENT OF ADMINISTRATION GOVERNING BILLING
PROCEDURES OF THE OFFICE OF THE CHIEF INFORMATION OFFICER**

000. LEGAL AUTHORITY.

This chapter is adopted under the legal authority of Sections 67-5701 and 67-5747, Idaho Code, and 2014 Idaho Session Law 227 that requires the Department of Administration to promulgate the billing methodology in agency rule. ()

001. TITLE AND SCOPE.

01. Title. This chapter is cited as IDAPA 38.06.01, "Rules of the Department of Administration Governing Billing Procedures of the Office of the Chief Information Officer". ()

02. Scope. This rule documents calculation methods for allocating technology overhead costs and for technology service charges billed from the Department of Administration to State government organizations. ()

002. WRITTEN INTERPRETATIONS.

In accordance with Section 67-5201(19)(b)(iv), Idaho Code, this agency may have written statements that pertain to the interpretation of the rules of this chapter, or to compliance with these rules. Any such documents are available for public inspection and copying at the Department of Administration's central office. ()

003. ADMINISTRATIVE APPEALS.

The application of the methodology does not result in an order pursuant to Section 67-5201(12), Idaho Code. Accordingly, there are no administrative appeals provided under this chapter. Disputes regarding the application of the billing methodology to Idaho agencies shall be resolved by the Division of Financial Management. ()

004. INCORPORATION BY REFERENCE.

There are no documents incorporated by reference in this chapter. ()

005. OFFICE -- OFFICE HOURS -- MAILING ADDRESS -- TELEPHONE NUMBER -- FAX NUMBER -- INTERNET WEBSITE ADDRESS.

01. Office. The central office of the Idaho State Department of Administration, Office of the Chief Information Officer, is located at 650 W. State St., Boise, ID 83720. ()

02. Office Hours. Office hours are 8 a.m. to 5 p.m., Mountain Time, Monday through Friday, except holidays designated by the state of Idaho. ()

03. Mailing Address. The mailing address for the central office is Idaho State Department of Administration, Office of the Chief Information Officer, PO Box 83720-0042. ()

04. Telephone Number. The telephone number of the central office is (208) 332-1824. ()

05. Fax Number. The fax number of the central office is (208) 334-2307. ()

06. Internet Website Address. The Idaho State Department of Administration, Office of the Chief Information Officer's internet website is <http://cio.idaho.gov/>. ()

006. PUBLIC RECORDS ACT COMPLIANCE.

All records associated with these rules are subject to the provisions of the Idaho Public Records Act, Title 9, Chapter 3, Idaho Code. ()

007. -- 009. (RESERVED)

010. DEFINITIONS.

- 01. Aggregated Costs.** A component of network services which are shared by multiple Idaho agencies. ()
- 02. Billing Methodologies.** The procedures or processes outlined in this chapter which result in a cost allocation or fee assessed to an Idaho agency. ()
- 03. Communications Systems.** All present and future forms of hardware, software or services used or required for transmitting voice, data, video, or images over a distance. ()
- 04. Communications Services.** Telecommunication provided through communications systems.()
- 05. Consolidated Services.** Information technology services operated or provided by the Department which are shared by multiple agencies. ()
- 06. Cybersecurity Services.** Resources, equipment, or systems necessary to protect official information technology and communications systems. ()
- 07. Department.** The Idaho Department of Administration. ()
- 08. Direct Costs.** A component of network services which are attributable to a single Idaho agency. ()
- 09. Direct Services.** A component of communication services which are attributable to a single Idaho agency. ()
- 10. Fiscal Year.** The Idaho government operating period for tracking finances which runs across calendar years from July 1st through June 30th. ()
- 11. Idaho Agency.** Any agency of the state government created under the laws of the state of Idaho, including all officers, departments, divisions, bureaus, boards, commissions and institutions of the state. ()
- 12. Idaho Technology Authority.** The body created by Section 67-5745B, Idaho Code, and any agency or body that succeeds to the powers granted to the Idaho Technology Authority. ()
- 13. Information Technology.** All present and future forms of computer hardware, computer software, and services used or required for automated data processing, computer-related office automation, or communications systems. ()
- 14. Internet Service.** Infrastructure, security and network services which connect an Idaho agency or information technology system to the World Wide Web. ()
- 15. Network Services.** Services that interconnect or link information technology systems. ()
- 16. Number of Positions.** The equivalent quantity of personnel assigned or working within an Idaho agency as determined by the Division of Human Resources or other official sources. ()

17. Shared Services. A component of information technology services which are shared by multiple organizations. ()

18. Supported Devices. Information technology equipment used by or supporting an Idaho agency which are operated or maintained by the Department. Examples of supported devices include laptops, personal computers, servers, printers, and mobile phones. ()

19. Telephone Services. A specific subset of communications systems that are primarily used or required for transmitting voice signals over dedicated network services. ()

20. Usage Allocation. An alternative method for allocating cybersecurity or internet service costs which are based on measurable usage by an Idaho agency. ()

21. Workload Factors. Measurable or definable attributes that consume or require resources in providing information technology support to Idaho agencies. ()

011. -- 049. (RESERVED)

050. RESTRICTIONS.

01. Expenditure Recovery. No billing under this rule will be used to recover expenditures from the general fund by the Department. ()

02. Other Interagency Agreements. Billing methodologies under this rule do not preclude arrangement for other services through interagency agreement. ()

03. Cash Reserves. Average cash reserves of the Department over a twelve-month period will not exceed two (2) months operating reserve for the funds which receive revenue under this rule. ()

051. -- 099. (RESERVED)

100. IDAHO AGENCY INFORMATION TECHNOLOGY (IT) SUPPORT.

Idaho agencies receiving information technology support from the Department are billed based on the appropriation for costs set by the legislature. Cash for the appropriation is allocated to supported Idaho agencies on a proportional basis determined by two (2) workload factors, each applied to half of the total appropriation. The proportional costs from each workload factor are summed to derive a total allocation for a given Idaho agency. These two (2) workload factors are: ()

01. Number of Positions. The first factor is the number of positions equivalent to full-time positions. For example, an agency with ten percent (10%) of the total full-time equivalent positions of all supported Idaho agencies would be allocated ten percent (10%) of half the appropriation based on this workload factor. ()

02. Number of Supported Devices. The second factor is the number of supported devices (e.g. laptops, personal computers, servers, printers, mobile phones, etc.) For example, an agency with fifteen percent (15%) of the total supported device count for all supported agencies would be allocated fifteen percent (15%) of half the appropriation based on this workload factor. ()

101. -- 199. (RESERVED)

200. NETWORK SERVICES.

Idaho Agencies are billed for usage of network services contracted by or through the Department based on the cost of contracted services plus a fee to fund the appropriation set by the legislature. There are two (2) types of services billed under this rule: direct costs and aggregate costs. Direct costs are attributable to an individual Idaho agency. Aggregate costs are for services shared by more than one (1) Idaho agency. ()

01. Direct Costs. Direct costs are allocated based on the total cost of the network service, including the percent of the total cost represented by the network service provided to the Idaho agency. For example, an Idaho agency purchasing five percent (5%) of network services would be allocated five percent (5%) of the appropriation set

by the legislature. ()

02. Aggregated Costs. Charges for aggregated network services are shared across using Idaho agencies based on the per unit quantities purchased by the using Idaho agency. The per unit cost is based on the total cost for the aggregated service divided by the total quantity of units purchased and includes the percent of the total cost represented by the aggregated service provided to the Idaho agency to fund the appropriation set by the legislature. ()

201. -- 299. (RESERVED)

300. TELEPHONE SERVICES.

Idaho agencies using telephone services contracted or provided by the Department, are billed based on the total cost of telephone services, including a fee to fund the appropriation set by the legislature. There are two (2) types of telephone service billed under this rule: shared services and direct services. A prorated portion of the appropriation will be recovered through allocations on shared services. The balance of the prorated appropriation will be recovered through allocations on direct services. ()

01. Prorating Appropriation. The division of the appropriation will be determined by the percent of distribution between shared services and direct services. For example, if seventy-five percent (75%) of all telephone services are shared services, then seventy-five percent (75%) of the appropriation will be funded through allocations on shared services. ()

02. Shared Services. Costs are allocated based on the total cost of the telephone service and include the percent of the total cost represented by the telephone service provided to the Idaho agency. For example, costs to an Idaho agency purchasing fifteen percent (15%) of telephone services would include an allocation of fifteen percent (15%) of the prorated appropriation. ()

03. Direct Services. Costs are allocated based on the total cost of the telephone service and include the percent of the total cost represented by the telephone service provided to the Idaho agency. For example, costs to an Idaho agency purchasing five percent (5%) of telephone services would include an allocation of five percent (5%) of the prorated appropriation. ()

301. -- 399. (RESERVED)

400. CYBERSECURITY SERVICES.

Idaho agencies are billed for cybersecurity services contracted by or provided by the Department based on the appropriation for cybersecurity services set by the legislature. The Department is authorized two (2) alternative methods for determining allocations for cybersecurity services. Only one (1) alternative method may be used in a fiscal year. Changing from one alternative to the other requires approval of the Idaho Technology Authority. The two (2) alternatives are: ()

01. Number of Positions. The first alternative is to allocate costs based on the number of positions. For example, an Idaho agency with five percent (5%) of the total number of positions of all Idaho agencies would be allocated five percent (5%) of the appropriation for cybersecurity services. ()

02. Usage Allocation. The second alternative is to allocate costs based on the percent of total internet bandwidth utilization consumed by an Idaho agency. For example, an Idaho agency whose ninety-fifth (95th) percentile average utilization was ten percent (10%) of the aggregate ninety-fifth (95th) percentile average utilization would be allocated ten percent (10%) of the cybersecurity services appropriation. ()

401. -- 499. (RESERVED)

500. IDAHO TECHNOLOGY AUTHORITY.

Idaho agencies are billed based on the appropriation for the Idaho Technology Authority set by the legislature. Cash for the appropriation is allocated on a proportional basis determined by two (2) factors, each applied to half of the total appropriation. The proportional costs from each factor are summed to derive a total allocation for a given Idaho agency. These two (2) factors are: ()

01. Number of Positions. The first factor is the number of positions. For example, an Idaho agency with five percent (5%) of the total number of positions of all Idaho agencies would be allocated five percent (5%) of half the appropriation based on this factor. ()

02. Technology Expenditures. The second factor is the three-year (3) average expenditures on information technology and communications systems, as determined by data recorded by the State Controller. For example, an agency whose three-year average (3) expenditures were fifteen percent (15%) of the total three-year (3) average expenditures for all Idaho agencies would be allocated fifteen percent (15%) of half the appropriation based on this factor. ()

501. -- 599. (RESERVED)

600. INTERNET SERVICE.

Idaho agencies are billed for internet service contracted by or provided by the Department based on the cost of internet service. The Department is authorized two (2) alternative methods for determining allocations for internet service. Only one (1) alternative method may be used in a fiscal year. Changing from one alternative to the other requires approval of the Idaho Technology Authority. The two (2) alternatives are: ()

01. Number of Positions. The first alternative is to allocate costs based on the number of positions. For example, an agency with five percent (5%) of the total number of positions of all Idaho agencies would be allocated five percent (5%) of the appropriation for internet service. ()

02. Usage Allocation. The second alternative is to allocate costs based on the percent of total internet bandwidth utilization consumed by an Idaho agency. For example, an Idaho agency whose ninety-fifth (95th) percentile average utilization was ten percent (10%) of the aggregate ninety-fifth (95th) percentile average utilization would be allocated ten percent (10%) of the cost for internet service. ()

601. -- 699. (RESERVED)

700. CONSOLIDATED SERVICES.

Idaho agencies using consolidated services are billed for the cost of the consolidated services on a per user basis, where the total costs of a consolidated service are divided by the total number of users and billed to a given Idaho agency based on the number of users in the Idaho agency. ()

701. -- 999. (RESERVED)