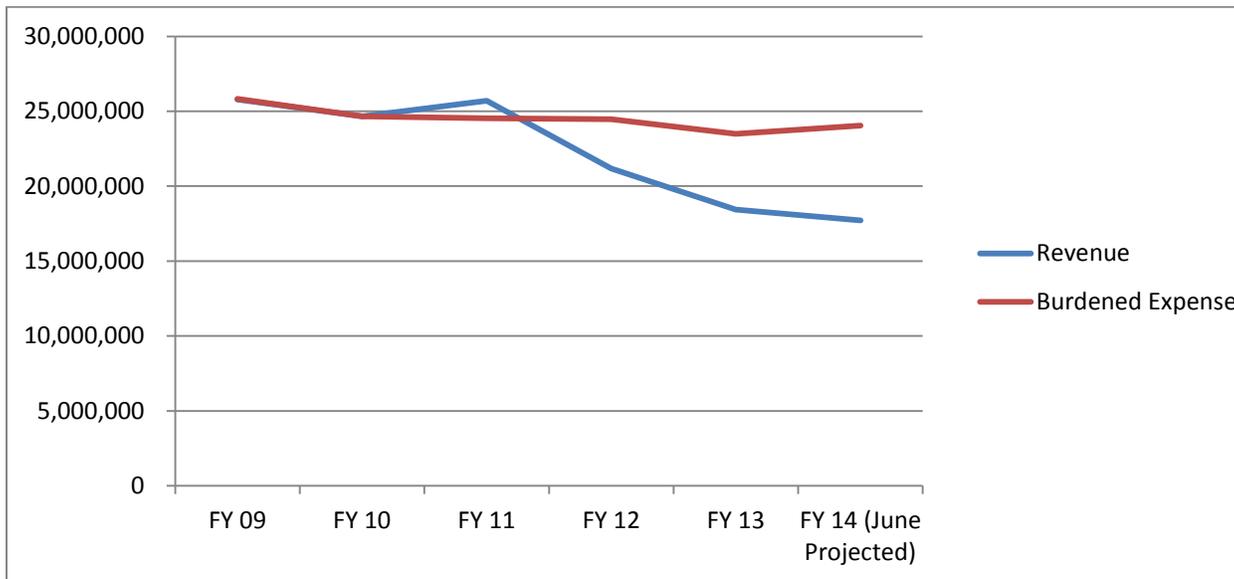


CTS-- Context for Network Funding Discussion

Network Revenue and Expenditures

FYs 2009 through 2014



Since 2009:

- Revenue has declined by 31.36% (\$8.1 million).
- A 31% reduction in the rates charged for Network ports was implemented in the fall of 2011.
- K-20 Network is moving to OFM. Revenue collection for K-20 has ceased. Expenditures for network infrastructure continue regardless of the revenue stream.
- The IGN lost about \$1.8 million in annual revenue when the LCB stores were closed.
- CTS continues to move to less expensive technologies and those cost reductions are passed to customers resulting in a consistent decline in revenue.
- Expenditures have declined by 6.9% (\$1.8 million) as CTS evolves technology.

FY 2014

- Projected expenditures are \$24 million.
- Projected revenue is \$17.7 million.

Customers:

- Include counties, cities, state agencies, tribes, federal agencies, commissions.
- Top ten customers by revenue are DSHS, CTS, DOL, DOC, ESD, OFM, L&I, DES, DFW, DOR.
- 70% of the Network revenue is provided by the top four customers.
- CTS's consumption is mostly passed on to other CTS services through internal sales.

Rates and billing

- 31% reduction in port charges implemented November 2011
- 757 separately billed charges every month
- 150 individual customers
- Negotiated SLAs are the norm and are expensive to maintain
- Expenditures driven by customer demand

Draft Proposal for Network Allocation, Funding Level, and GF-S Impact

	Current Share of EDN Revenue	Current Revenue	Proposed Amount	Proposed Share of Revenue No CTS Sales	Annual Change Total Funds	% GF-S 001-1	GF-S Impact				
3000 DSHS--Dept of Social & Health Services	21.07%	3,315,989.28	5,477,319.22	23.67%	2,161,329.94	47.77%	\$ 1,032,467.31				
2400 Licensing, Dept of	15.89%	2,500,677.36	4,130,594.83	17.85%	1,629,917.47	0.81%	\$ 13,202.33				
3100 Corrections, Dept of	9.75%	1,534,959.36	2,535,431.12	10.96%	1,000,471.76	98.20%	\$ 982,463.27				
IC - TSD Planning & Design	25.02%	3,938,268.00	-	0.00%	(3,938,268.00)		\$ -				
IC 473 - Server Hosting Services	6.13%	-	-	0.00%	-		\$ -				
5400 Employment Security	6.02%	948,229.08	1,566,275.68	6.77%	618,046.60	0.00%	\$ -				
1050 Office of Financial Management	3.71%	583,651.08	964,069.24	4.17%	380,418.16		\$ -				
2350 Labor & Industries	3.16%	496,800.12	820,609.66	3.55%	323,809.54	5.28%	\$ 17,097.14				
1790 DES	3.10%	488,695.80	807,223.03	3.49%	318,527.23	2.10%	\$ 6,689.07				
4770 Fish and Wildlife	2.29%	360,711.24	595,819.36	2.58%	235,108.12	16.19%	\$ 38,064.00				
IC 35 - Enterprise Security Services	2.08%	-	-	0.00%	-		\$ -				
IC 471 - Enterprise Business Solutions	1.83%	-	-	0.00%	-		\$ -				
1400 Revenue, Dept of	1.78%	280,508.88	463,341.87	2.00%	182,832.99	84.68%	\$ 154,822.98				
4610 Ecology, Dept of	1.63%	256,487.04	423,662.83	1.83%	167,175.79	11.10%	\$ 18,556.51				
IC 455 - Enterprise Storage Management	1.60%	-	-	0.00%	-		\$ -				
2250 WA State Patrol	1.50%	235,704.00	389,333.60	1.68%	153,629.60	12.28%	\$ 18,865.72			90% of Network Revenue	
0550 Administrator for the Courts	1.47%	232,020.00	383,248.41	1.66%	151,228.41	61.91%	\$ 93,625.51				
3030 Health, Dept of	1.18%	185,838.24	306,965.82	1.33%	121,127.58	11.23%	\$ 13,602.63				
0850 Secretary of State	0.89%	139,609.32	230,605.33	1.00%	90,996.01	25.72%	\$ 23,404.17				
1160 WA State Lottery Commission	0.72%	113,784.36	187,947.91	0.81%	74,163.55	14.87%	\$ 11,028.12				
3050 Dept of Veteran's Affairs	0.72%	113,308.56	187,161.99	0.81%	73,853.43	12.52%	\$ 9,246.45				
1100-0 Office of Administrative Hearings	0.64%	100,498.68	166,002.75	0.72%	65,504.07	0.00%	\$ -				
4900 Natural Resources, Dept of	0.60%	93,816.36	154,964.96	0.67%	61,148.60	21.73%	\$ 13,287.59				
4950-0 Agriculture, Dept of	0.58%	91,457.64	151,068.85	0.65%	59,611.21	19.70%	\$ 11,743.41				
3150 Dept of Services for the Blind	0.55%	86,657.28	143,139.66	0.62%	56,482.38	16.13%	\$ 9,110.61				
4650-0 Parks and Recreation Commission	0.50%	78,447.84	129,579.39	0.56%	51,131.55	6.63%	\$ 3,390.02				
1070 WA Health Care Authority	0.49%	77,580.00	128,145.90	0.55%	50,565.90	32.70%	\$ 16,535.05				
2450 Military Department	0.46%	72,771.36	120,203.03	0.52%	47,431.67	1.18%	\$ 559.69				
1000 Attorney General	0.46%	72,600.00	119,919.98	0.52%	47,319.98	8.95%	\$ 4,235.14				
8290 Skagit County	0.46%	72,518.76	119,785.79	0.52%	47,267.03	0.00%	\$ -				
1170-0 WA State Gambling Commission	0.45%	70,217.40	115,984.43	0.50%	45,767.03	0.00%	\$ -				

Proposed Annual Revenue				23,137,558.98		
Increase from FY 2014						5,295,102.34

CTS customers would incur savings in other non-network services if internal sales of network services were ended.

Estimated impacts, for example, are:

- DSHS -\$630,000
- DOL -\$84,000
- DOC -\$129,000
- ESD -\$106,000
- LNI -\$280,000