



2022 Biennial Performance Report

State Technology Expenditures

This report addresses Section 2054.055(b)(4) of the Government Code, requiring the Texas Department of Information Resources (DIR) to include in the Biennial Performance Report a summary of the total expenditures for information resources¹ and information resources technologies² by the state.

Background

For the purposes of this report, technology expenditures³ by the state are comprised of staff compensation and goods and services purchased by state agencies and institutions of higher education (IHEs). State agencies' information technology (IT)⁴ spending generally comes from state-appropriated funds, while expenditures by IHEs may be funded through state and non-state revenue.

State agencies and IHEs are not required to report their technology expenditures directly to DIR. Instead, DIR uses existing data from secondary sources to derive estimates, as explained in the *Methodology* section. Estimates for IHEs are particularly subject to assumptions and data limitations, also detailed in the *Methodology* section.

Summary

In fiscal years (FY) 2021 and 2022, Texas state government⁵ spent approximately **\$4.2 billion** per year on IT. Revenue sources included state-appropriated funds, federal funds, and other funding sources.

Table 1: Estimated Technology Expenditures, All Funding Sources
(Dollars in Millions)

Type	FY16	FY17	FY18	FY19	FY20	FY21	FY22
State Agency IT Expenditures	\$1,797	\$1,820	\$1,681	\$1,791	\$1,975	\$2,646	\$2,692
IHE IT Expenditures	\$1,602	\$1,248	\$1,318	\$1,286	\$1,556	\$1,587	\$1,514
Total State IT Expenditures	\$3,399	\$3,068	\$2,999	\$3,077	\$3,531	\$4,233	\$4,206

Note: Sum of IHE expenditures for FY22 includes some projected components. See the Table 4 note for more information.

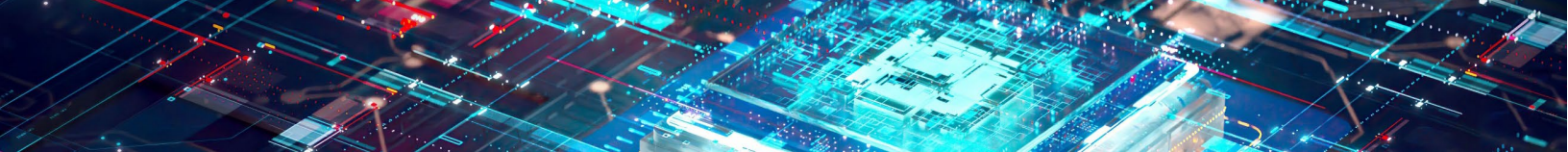
¹ See Government Code Section 2054.003 (7) for the definition of information resources.

² See Government Code Section 2054.003 (8) for the definition of information resources technologies.

³ The terms "technology expenditure" and "IT expenditure" are used interchangeably in this report to include expenditures on information resources and information resources technologies.

⁴ *Ibid.*

⁵ Unless otherwise noted, "Texas state government" includes state agencies and IHEs. Government Code Section 2054.003(13).



From **state funding sources alone**, Texas state government spent approximately **\$3.7 billion** per year on technology expenditures in FY 2021 and FY 2022.

**Table 2: Estimated Technology Expenditures, State Funding Sources
(Dollars in Millions)**

Type	FY16	FY17	FY18	FY19	FY20	FY21	FY22
State Agency IT Expenditures	\$1,797	\$1,820	\$1,681	\$1,791	\$1,975	\$2,646	\$2,692
IHE IT Expenditures	\$772	\$769	\$781	\$787	\$990	\$1,030	\$1,001
Total State-Funded IT Expenditures	\$2,569	\$2,589	\$2,462	\$2,578	\$2,965	\$3,676	\$3,693
Net State Expenditures	\$114,507	\$112,625	\$116,554	\$120,025	\$133,118	\$146,550	\$161,758
IT Percentage	2.24%	2.30%	2.11%	2.15%	2.23%	2.51%	2.28%

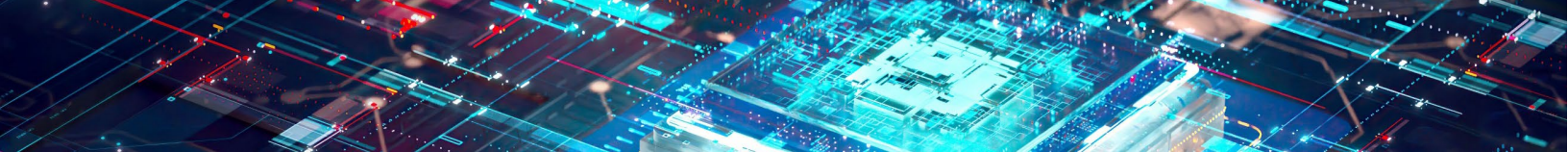
Note: FY22 IHE values include some projected components. See the Table 4 note for more information.

State Agency Technology Expenditures by Category

In FY 2022, state-employed IT staff compensation made up approximately 12% of estimated agency technology expenditures while agencies spent 88% of funds on goods and services.

**Table 3: Estimated State Agency Expenditures by Technology Category
(Dollars in Millions)**

Type	FY16	FY17	FY18	FY19	FY20	FY21	FY22
State Employee Staff							
Staff Compensation	\$286	\$295	\$299	\$320	\$312	\$317	\$329
Goods and Services							
Computer Hardware	\$176	\$186	\$189	\$178	\$211	\$193	\$234
Computer Software	\$213	\$230	\$226	\$228	\$242	\$288	\$319
Contract Services	\$601	\$561	\$424	\$509	\$633	\$1,145	\$1,030
Data Center Services	\$230	\$247	\$252	\$261	\$282	\$353	\$439
Supplies	\$19	\$15	\$16	\$18	\$20	\$18	\$17
Telecom Hardware	\$115	\$127	\$119	\$111	\$107	\$118	\$125
Telecom Services	\$145	\$144	\$143	\$150	\$153	\$200	\$182
Training	\$13	\$14	\$13	\$16	\$15	\$13	\$16
Subtotal, Goods and Services	\$1,511	\$1,524	\$1,382	\$1,471	\$1,663	\$2,329	\$2,363
Total	\$1,797	\$1,820	\$1,681	\$1,791	\$1,975	\$2,646	\$2,692



Note: Totals may not sum due to rounding.

IHE Technology Expenditures by Category

In FY 2022, estimates indicate that IHE-employed IT staff compensation made up approximately half of estimated agency technology expenditures, while IHEs spent the other half of the funds on goods and services.

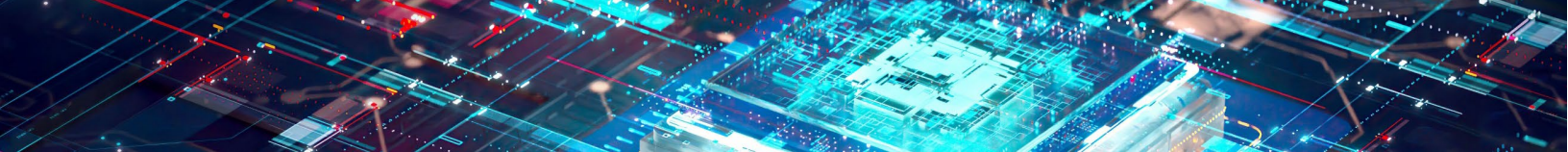
Table 4: Estimated IHE Expenditures by Technology Category and Funding Source (Dollars in Millions)							
Type	FY16	FY17	FY18	FY19	FY20	FY21	FY22
State Employee Staff							
Staff Compensation	\$618	\$609	\$617	\$630	\$730	\$751	\$763*
Goods and Services							
Computer Hardware	\$46	\$47	\$49	\$43	\$52	\$39	\$50
Computer Software	\$46	\$36	\$30	\$30	\$40	\$46	\$48
Contract Services	\$23	\$40	\$52	\$55	\$88	\$117	\$76
Supplies	\$3	\$4	\$3	\$2	\$42	\$39	\$26
Telecom Hardware	\$7	\$5	\$4	\$4	\$4	\$8	\$2
Telecom Services	\$27	\$26	\$23	\$21	\$33	\$28	\$35
Training	\$2	\$3	\$2	\$2	\$2	\$3	\$3
Subtotal, State-Funded Goods and Services	\$154	\$160	\$164	\$157	\$260	\$279	\$238
State-Funded Total	\$772	\$769	\$781	\$787	\$990	\$1,030	\$1,001*
Other Goods and Services Expenditures (Not State-Funded)	\$830	\$479	\$537	\$499	\$566	\$557	\$513*
Total, All Goods and Services	\$984	\$639	\$701	\$656	\$826	\$836	\$751*
Grand Total, All Funding Sources	\$1,602	\$1,248	\$1,318	\$1,286	\$1,556	\$1,587	\$1,514*

* Projection based on spending over FY16-21 as explained in the *Methodology* section. FY22 figures in orange are projected values or sums with projected components.

Note: Totals may not sum due to rounding.

Methodology

As noted above, this report incorporates data from several sources to provide comprehensive estimates of state government IT expenditures. Figures provided in this report may differ slightly from those in previous reports because of revised prior estimates or refinements to the methodology.



DIR's state government source, the Texas Comptroller of Public Accounts (CPA), cannot provide complete, detailed data on IHE IT staff compensation or all goods and services spending. DIR incorporates other data to provide a more comprehensive examination of IHE expenditures.

Namely, this report includes data provided by EDUCAUSE, a national, non-profit research organization that conducts the Core Data Service (CDS), an extensive annual survey of IHEs. Institutions participating in the CDS report their IT staff compensation and their total IT expenditures; DIR uses those figures with CPA data to derive estimates of IHEs' IT staff compensation and spending on goods and services. See *Assumptions and Limitations* below for additional details.

Data Sources

Table 1 provides a high-level overview of IT expenditures by state agencies and IHEs, from state-funded and non-state-funded revenue sources.

The state agency total is the sum of:

- IT compensation as reported in CPA's Uniform Statewide Payroll / Personnel System (USPS) and the Standardized Payroll / Personnel Reporting System (SPRS); and
- IT goods and services as reported in CPA's Uniform Statewide Accounting System (USAS).

The IHE total is the sum of IT staff compensation and goods and services expenditures, calculated using CDS survey data.

Table 2 summarizes spending from state-funded sources only. The state agency total is the same as that in Table 1. The IHE total consists of the staff compensation estimate from Table 1 plus IHEs' goods and services spending reported in USAS.

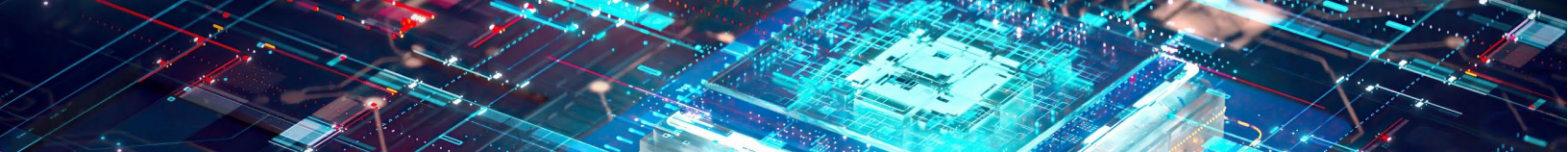
Total net expenditures through FY 2021 are taken from CPA's State of Texas Annual Cash Report and represent spending from all funds excluding trust funds. The FY 2022 value is an estimate based on CPA data available at the time of publication.

Table 3 provides state agency expenditure data. Goods and services spending is broken out by category. Data is from CPA's USPS, SPRS, and USAS systems.

Table 4 provides IHE staff compensation (CDS), state-funded goods and services expenditures by category (USAS), and non-state-funded goods and services expenditures (calculated by subtracting the state-funded amount from the total reported in the CDS). Because FY 2022 data is currently unavailable from EDUCAUSE (see below), those values for staff compensation and non-state-funded goods and services are an extrapolation of prior years.

Assumptions and Limitations

Technology expenditure estimates based on USAS are approximate because some categories include IT and non-IT expenditures. For some expenditure codes, DIR estimates an IT portion based on an analysis of the previous years' spending. Further, DIR assumes that USAS data includes all of agencies and IHEs' state-funded goods and services spending. See Table 5 below for a list of the specific expenditure codes comprising each spending category listed in Tables 3 and 4.



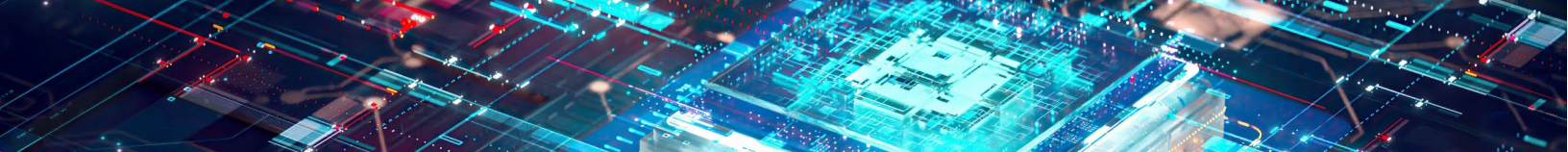
Of the 1,135 state job classifications maintained by the State Auditor’s Office, 80 are categorized as IT. Because some state IT workers have non-technology job classifications, the data from USPS and SPRS may understate the actual agency IT staff expenditures.

Estimated calculations derived from the EDUCAUSE CDS have several limitations and assumptions. First, DIR assumes that all compensation reported in the CDS is from state funding sources, and that all expenditures on goods and services over the amount reported in USAS (see above) are funded by non-state sources. Because not all Texas IHEs participate in the survey, DIR estimates non-participating IHEs’ expenditures by extrapolation based on the institutions’ number of FTEs. Reporting periods for IHEs’ survey responses differ and may not necessarily correspond with the state fiscal year.

Finally, EDUCAUSE did not have the 2022 CDS data available when this report was published, so FY 2022 values are projections based on the trend of IHE IT spending in the previous six fiscal years. The total IHE spending projection for FY 2020 as calculated in the 2020 report was approximately 0.5% lower than this report’s estimated total for that year, derived from actual data.

Table 5: USAS Expenditure Code Categories

Category	Title	Expenditure Code
Computer Hardware	Personal Property - Maintenance and Repair - Computer Equipment - Expensed	7267
	Parts - Computer Equipment - Expensed	7335
	Personal Property - Furnishings and Equipment - Capitalized	7373
	Personal Property - Furnishings and Equipment - Controlled	7374
	Personal Property - Computer Equipment - Expensed	7377
	Personal Property - Computer Equipment - Controlled	7378
	Personal Property - Computer Equipment - Capitalized	7379
	Personal Property - Computer Equipment - Capital Lease	7385
	Rental of Furnishings and Equipment	7406
	Rental of Computer Equipment	7411
Computer Software	Personal Property - Maintenance and Repair - Computer Software - Expensed	7262
	Intangible Property - Computer Software - Expensed	7380
	Rental of Computer Software	7415
Contract Services	Consulting Services - Information Technology (Computer)	7242
	Other Professional Services	7253
	Temporary Employment Agencies	7274
	Information Technology Services	7275
	Purchased Contracted Services	7299



Data Center Services	Computer Services - Statewide Technology Center	7285
Supplies	Consumables	7300
Telecom Hardware	Statewide Telecommunications Network	7293
	Telecommunications - Parts and Supplies	7510
	Personal Property - Telecommunications Equipment - Capitalized	7512
	Real Property - Infrastructure - Telecommunications - Maintenance and Repair - Expensed	7514
	Personal Property - Telecommunications Equipment - Expensed	7517
	Telecommunications - Dedicated Data Circuit	7518
	Real Property - Infrastructure - Telecommunications - Capitalized	7520
	Real Property - Infrastructure - Telecommunications - Expensed	7521
	Telecommunications - Equipment Rental	7522
	Telecom Services	Communication Services
Data Processing Services		7284
Telecommunications - Long Distance		7503
Telecommunications - Monthly Charge		7504
Telecommunications - Other Service Charges		7516
Training	Tuition - Employee Training	7202
	Registration Fees - Employee Attendance at Seminars and Conferences	7203
	Educational/Training Services	7243
	Subscriptions, Periodicals, and Information Services	7303