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DEPARTMENT OF DATA PROCESSING
BY THE CITY COUNCIL

DEC 3 1985

OFFICE OF THE CITY CLERK
November 21, 1985

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Systems & Programming Manager
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City Council
Sacramento, CA.

Honorable Members in Session

Subject: Increase in costs for outside key data entry services

SUMMARY:

This report was prepared in response to a Council request for a report back on the FY 85/86 increase in costs for outside key data entry (KDE) services. Through the final KDE phasing out process, the City was able to reduce KDE staff by six positions and eliminate the expense of the KDE hardware. The results were a savings of \$109,000 even after increasing last year's outside KDE service cost by \$50,000.

This report is for information, no action is required.

BACKGROUND:

Beginning in FY 83-84, the Data Processing Department initiated a program of phasing out the key data entry unit through attrition and transfers to other departments. The movement to on-line, interactive data entry has resulted in a reduced requirement for key data entry services. Also, the cost for outside key data entry services is less than the cost of City staff performing the same function. These are the reasons that the Data Processing Department has been able to achieve significant cost savings without a corresponding reduction in services.

FINANCIAL

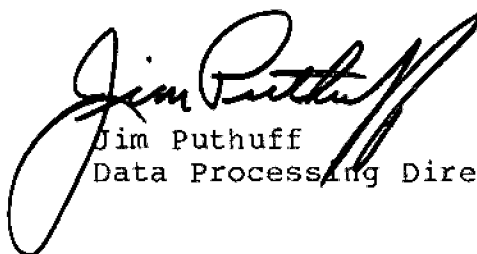
The benefits include a direct dollar savings. The net savings to the Data Processing Department is the elimination of the remaining key data entry positions plus the elimination of maintenance cost of the KDE computer. Then by subtracting the increase for outside key data entry service the results are a savings of \$109,077.

Staff and KDE equipment maintenance costs	-	\$159,647
Less: Increase for outside key data entry	-	50,570
 Net Savings		 \$109,077


RECOMMENDATION

It is recommended that the City Council file this report. No further action is required.

Respectfully submitted,


 Jim Puthuff
 Data Processing Director

For City Council Information:



 Walter J. Slupe, City Manager

