

FY22 Appropriation Request Presentation to: Legislative Finance Committee

Presented by:
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Presentation Overview

- ▶ Agency Overview
- ▶ Budget Comparison
- ▶ FY22 Sources and Uses
 - Request by Program
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- ▶ FTE Analysis and Vacancy Rate
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- ▶ FY22 Agency IT Funding (C2) Requests and Recommendations

AGENCY OVERVIEW

Created in 2007, the Department of Information Technology (DoIT):

- ▶ Develops the State's strategic direction for information technology (IT)
- ▶ Delivers enterprise IT services and telecommunications for the State's executive agencies
- ▶ Performs oversight of IT projects and procurements
- ▶ Strives to improve and streamline executive branch IT systems
- ▶ Delivers high-quality and cost-effective IT services
- ▶ Reduces exposure of the state's computer assets to cybersecurity risks
- ▶ Continues to adopt emerging technologies to modernize the state's computing infrastructure
- ▶ Provides government technology investment oversight, with transparency, consistency, and fiscal prudence

FY22 and FY21 BUDGET COMPARISON

FY22 Appropriation Request and FY21 Operating Budget	Amount (in thousands)
FY22 Agency Request	\$ 70,638.2
FY21 Base Budget	\$ 71,221.3
FY22 Base Request Decrease: -0.1%	(\$583.1)

- ▶ General Fund: reduced by 5% or \$41.8 thousand
- ▶ Other Transfers: increased by \$271.8 thousand due to depreciation to Enterprise Equipment Replacement Fund (ERF)
- ▶ Other Revenues – decreased by \$813.1 thousand in enterprise revenues due a reduction in IT rates

FY22 APPROPRIATION REQUEST SOURCES

(Dollars in thousands)

Sources	FY21 Operating Budget	FY22 Request	Difference	Percentage Change
General Fund	\$835.9	\$794.1	(\$41.8)	-5.0%
Other Transfers	\$8,423.4	\$8,695.2	\$271.8	3.2%
Other Revenues	\$61,962.0	\$61,148.9	(\$813.1)	-1.3%
Total Request	\$71,221.3	\$70,638.2	(\$583.1)	-0.8%

- ▶ General fund request represents one percent of the budget for Compliance and Project Management program (P772)
- ▶ Other Transfers include internal transfers for Program Support (P771), other overhead (broadband and cybersecurity), and ERF (P784)
- ▶ Other Revenues (99%) are generated from services provided by the Enterprise Services program (P773)

FY22 APPROPRIATION REQUEST USES

(Dollars in thousands)

USES	FY21	FY22	Difference	Percentage Change
Personal Services & Employee Benefits (200s)	\$16,710.5	\$15,780.0	(\$930.5)	-5.6%
Contractual Services (300s)	\$10,051.1	\$5,818.8	(\$4,232.3)	-42.1%
Other Services (400s)	\$36,036.3	\$40,344.2	\$4,307.9	12.0%
Other Financing Uses – Transfers (500s)	\$8,423.4	\$8,695.2	\$271.8	3.2%
TOTAL	\$71,221.3	\$70,638.2	(\$583.1)	-0.8%

SUMMARY REQUEST BY PROGRAM

(Dollars in thousands)

Program	FY21 Operating Budget	FY22 Request	Difference
P771- Program Support	\$3,312.5	\$3,779.0	\$466.5
P772 - Compliance and Project Management	\$2,449.9	\$2,483.0	\$33.1
P773 - Enterprise Services	\$57,225.2	\$55,854.1	(\$1,371.1)
P784 - Equipment Replacement Fund	\$8,233.7	\$8,522.1	\$288.4
Total Request	\$71,221.3	\$70,638.2	(\$583.1)

PROGRAM SUPPORT (P771)

(Dollars in thousands)

P771	FY21	FY22	Difference	Percentage Change
Total Request	\$3,312.5	\$3,779.0	\$466.5	14.1%
USES				
Personal Services and Employee Benefits (200s)	\$2,960.5	\$3,426.3	\$465.8	15.7%
Contractual Services (300s)	\$24.4	\$31.6	\$7.2	29.5%
Other Services (400s)	\$327.6	\$321.1	(\$6.5)	-2.0%
Other Financing Uses – Transfers (500s)	\$0.0	\$0.0	\$0.0	0.0%
TOTAL	\$3,312.5	\$3,779.0	\$466.5	14.1%

Program Support is included as overhead in IT enterprise services rate structure.

COMPLIANCE AND PROJECT MANAGEMENT (P772)

(Dollars in thousands)

P772	FY21	FY22	Difference	Percentage Change
Total Request	\$2,449.9	\$2,483.0	\$33.1	1.4%
USES				
Personal Services & Employee Benefits (200s)	\$2,144.4	\$2,157.6	\$13.2	0.6%
Contractual Services (300s)	\$21.5	\$21.5	\$0.0	0.0%
Other Services (400s)	\$94.3	\$130.8	\$36.5	38.7%
Other Financing Uses – Transfers (500s)	\$189.7	\$173.1	(\$16.6)	-8.8%
TOTAL	\$2,449.9	\$2,483.0	\$33.1	1.4%

General Fund supports the Compliance and Project Management program, currently referred to as the state's Enterprise Project Management Office (EPMO). The transfers requested fund Program Support assessment costs.

ENTERPRISE SERVICES (P773)

(Dollars in thousands)

P773	FY21	FY22	Difference	Percentage Change
Total Request	\$57,225.2	\$55,854.1	(\$1,371.1)	-2.4%
USES				
Personal Services & Employee Benefits (200s)	\$11,605.6	\$10,196.1	(\$1,409.5)	-12.1%
Contractual Services (300s)	\$6,783.2	\$5,765.7	(\$1,017.5)	-15.0%
Other Services (400s)	\$30,602.7	\$31,370.2	\$767.5	2.5%
Other Financing Uses (500s)	\$8,233.7	\$8,522.1	\$288.4	3.5%
TOTAL	\$57,225.2	\$55,854.1	(\$1,371.1)	-2.4%

Other Financing Uses provides for transfers to the Equipment Replacement fund (P784).

FY22 ENTERPRISE SERVICE RATES

The department implemented a cost modeling module in the new billing system to provide transparency, and a maintainable IT service catalog chargeback methodology in line with leading industry practices.

- ▶ July 2020 - IT Rate Committee approved DoIT's FY22 service rates for customers
 - Rates decrease in FY22
 - IT enterprise service rates decrease by a little over 3 percent, with a cost reduction of \$1.7 million
 - SHARE subscription fees decrease by 12 percent, with a cost reduction of \$1.3 million

EQUIPMENT REPLACEMENT FUND (ERF)- P784

The equipment replacement revolving funds created by Section 9-27-11(B) NMSA 1978, allows for the expenditure of capital investments necessary for the department to provide services to its enterprise customers.

Equipment Replacement Fund (in thousands)	FY21	FY22 Request
Share ERF	\$3,221.9	\$3,098.9
Enterprise ERF	\$5,011.8	\$5,423.2
Total	\$8,233.7	\$8,522.1

EQUIPMENT REPLACEMENT FUND (ERF)- P784

- ▶ Enterprise replacement revolving funds are non-reverting.
- ▶ The department records amounts due to the equipment replacement revolving funds each fiscal year in line with the calculation of amortization and depreciation.
- ▶ The department establishes and maintains an annual enterprise replacement plan for each of the department's enterprise functions.
- ▶ The ERF plan reflects the replacement and/or upgrade of equipment which has reached end of life.
- ▶ The department submits an annual reconciliation for actual expenditures to ERF.

FTE ANALYSIS

FY21 Operating Budget FTE	
Authorized	203
Filled	138
Vacant	65
¹ Inactivated Vacant	36
Authorized Post Inactivation	167
Remaining Vacant Positions	29

FY22 Budget Request FTE	
Authorized	167
Filled	138
Vacant	29
Overall Vacancy Rate	17.4%

¹At the direction of the Governor's office and DFA Positions vacant for greater than two years were inactivated.

VACANCY RATE

	Nov-19	Aug-20	Nov-20
Authorized	203	167	167
Filled	137	138	138
Vacant	66	29	29
Overall Vacancy Rate	32.5%	17.4%	17.4%

The change in authorized FTE reflects inactivation of positions greater than two years.

OUTSTANDING ACCOUNTS RECEIVABLE BALANCES

Accounts Receivable Aging Balances			
(in thousands)			
as of 10/30/2019			
1-30 days	31-60 days	>60 days	Outstanding A/R Total
\$9,794.2	\$771.3	\$2,784.8	\$13,350.3
as of 10/30/2020			
1-30 days	31-60 days	>60 days	Outstanding A/R Total
\$4,624.6	\$922.9	\$2,922.0	\$8,469.5

- ▶ **1-30:** Current billing period amount due
- ▶ **31-60:** Outstanding balances from current year
- ▶ **>60:** 62 percent or \$1.8 million of outstanding balances due are greater than six years, representing carry over prior to the inception of DoIT
 - Amounts outstanding also include disputes remaining from prior years
 - Department cannot write-off balances

CAPITAL OUTLAY

(Dollars in thousands)

P25 – Digital Trunk Radio System Request: \$28,067.1

Hardware, Software and Licensing:	\$ 23,941.9
Engineering and Implementation:	\$ 3,321.6
Project Management:	<u>\$ 803.6</u>
Total	\$ 28,067.1

CAPITAL OUTLAY

(Dollars in thousands)

John F. Simms Building Remodel and Renovation

Request: **\$10,039.6**

<u>Total Project Budget:</u>	\$10,489.6
Funded to date	<u>\$ 450.0</u>
Additional Funding Requested	\$10,039.6

Funding Request Summary

Phase 1:	\$ 6,579.4
Phase 2:	<u>\$ 3,460.2</u>
Total Request	\$10,039.6

Source: General Services Department

FY22 SPECIAL APPROPRIATION REQUESTS

Request by Priority (in thousands)		
Priority One:	Digital Workplace	\$8,000.0
Priority Two:	Broadband	\$10,000.0
Priority Three:	ABQ Radio Communications Building	\$1,500.0
Total		\$19,500.0

FY22 IT AGENCY FUNDING (C2) REQUESTS

- ▼ Eighteen agencies submitted FY22 IT funding requests on September 1st to DoIT, DFA and LFC
- ▼ Agencies presented business cases to C2 Committee on October 6th – 7th
- ▼ DoIT recommendation due to DFA on November 14th
- ▼ DoIT-DFA recommendation due to LFC on November 21st
- ▼ Twenty-six projects totaling \$82.0 million:
 - \$39.2 million – General Fund
 - \$9.9 million – Other State Funds
 - \$32.9 million – Federal Funds
- ▼ Ten on-going projects and 16 new projects

DoIT AGENCY IT FUNDING (C2) RECOMMENDATIONS

▼ Evaluation Criteria

- Continuation of an ongoing project
- Internal project manager
- Project management vendor
- Independent Validation and Verification (IV&V)
- Federal fund match availability
- Project can be phased
- Consider partial funding
- DoIT currently offers the service needed

▼ Recommendation includes nineteen projects totaling \$58.8 million:

- \$19.7 million – General Fund
- \$6.2 million – Other State Funds
- \$32.9 million – Federal Funds

THANK YOU

QUESTIONS?

