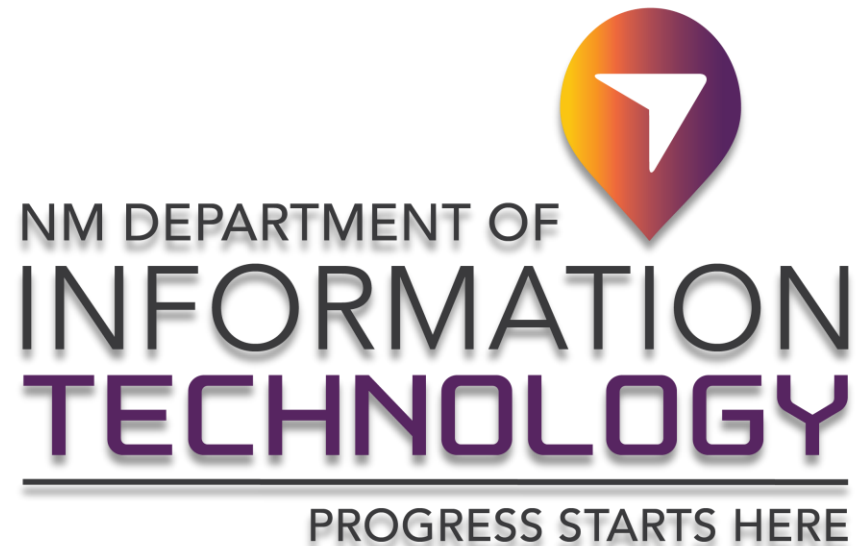# FY25 APPROPRIATION REQUEST

Legislative Finance Committee
November 14, 2023

Raja Sambandam, Acting Cabinet Secretary
State Chief Information Officer
State Chief Information Security Officer

NM DEPARTMENT OF
INFORMATION
TECHNOLOGY

PRESENTATION OVERVIEW

NM DEPARTMENT OF INFORMATION TECHNOLOGY

PROGRESS STARTS HERE

➢ Agency Overview

➢ Budget Comparison

➢ FY25 Sources and Uses

➢ Equipment Replacement Fund (ERF)

➢ FTE Analysis and Vacancy Rate

➢ FY25 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 executive agencies
- ➢ Performs oversight of IT projects and procurements
- ➢ Delivers high-quality and cost-effective IT services
- ➢ Reduces exposure of the State's computer assets to cybersecurity risks
- ➢ Provides government technology investment oversight, with transparency, consistency, and fiscal responsibility

Agency Overview cont'd

CHANGES

TRANSITIONS

CHALLENGES

- ➢ Leadership Change June 2023
- ➢ Mainframe has been decommissioned
- ➢ Laws 2023 (SB280) Cybersecurity Act Office of Cybersecurity administratively attached to DoIT
- ➢ Office of Broadband and Expansion
  - ➢ State Budget Division approval for its own business unit
- ➢ Intent to transfer the DoIT SHARE team to Department of Finance and Administration
- ➢ 2024 Audit Rule – SOC 2, Type 2 Audit
  - ➢ Gap assessment
  - ➢ Resources impact

FY25 – FY24 BUDGET COMPARISION

FY25 Appropriation Request and FY24 Operating Budget	Total (in thousands)
FY25 Agency Request	$87,687.0
FY24 Operating Budget[1]	$85,276.1
FY25 Base Request Increase: 2.8%	**$2,410.9**

[1]FY24 Base operating budget does not include $1,369.5 for the Office of Broadband and Expansion (OBAE).

FY25 APPROPRIATION REQUEST SOURCES
(in thousands)

Sources	FY24 Operating Budget	FY25 Base Request	Difference	% Change
General Fund	$5,720.9	$5,720.9	$0.0	0.0%
Other Transfers	$9,458.0	$9,376.7	($81.30)	-0.9%
Other Revenues	$65,438.3	$62,196.2	($3,242.10)	-5.0%
Fund Balance	$4,658.9	$10,393.2	$5,734.3	123.1%
Total Request	**$85,276.1**	**$87,687.0**	**$2,410.9**	**2.8%**

Fund Balance increases support P784 - Equipment Replacement Fund (ERF) transfers (depreciation) and unforeseen network upgrades.

FY25 BASE USES BY PROGRAM

(in thousands)

Uses	P771	P772	P773	P784	P791	FY25 Base Request
Personal Services and Employee Benefits (200s)	$4,453.5	$940.9	$12,983.6	$0.0	$780.0	$19,158.0
Contractual Services (300s)	$46.0	$0.0	$5,587.4	$0.0	$3,000.0	$8,633.4
Other Services (400s)	$305.7	$0.0	$32,749.3	$16,779.0	$684.9	$50,518.9
Other Financing Uses (500s)	$0.0	$0.0	$9,061.6	$0.0	$315.1	$9,376.7
Total Uses:	**$4,805.2**	**$940.9**	**$60,381.9**	**$16,779.0**	**$4,780.0**	**$87,687.0**

Program Code Legend

P771   Program Support
P772   Compliance and Project Management
P773   Enterprise Services
P784   Equipment Replacement Fund
P791   Cybersecurity Office

FY25 BUDGET EXPANSION COMPARISION

FY25 Appropriation Request	Total (in thousands)
FY25 Total Request with Expansion	$90,441.4
FY25 Base Request	$87,687.0
FY25 Base Request Increase: 3.1%	**$2,754.4**

FY25 SUMMARY BY PROGRAM
(in thousands)

Uses	FY25 Base Request	FY25 General Fund Expansion	FY25 Total
P771 - Program Support	$4,805.2	$650.0	$5,455.2
P772 - Compliance and Project Management	$940.9	$76.0	$1,016.9
P773 - Enterprise Services	$60,381.9	$0.0	$60,381.9
P784 - Equipment Replacement Fund	$16,779.0	$0.0	$16,779.0
P791 - Cybersecurity Office	$4,780.0	$2,028.4	$6,808.4
Total	**$87,687.0**	**$2,754.4**	**$90,441.4**

Source: DoIT Files

CYBERSECURITY OFFICE

(in thousands)

P791 - Cybersecurity Office	FY25 Base Request	FY25 Expansion	FY25 Total
Total Request (General Fund)	**$4,780.0**	**$2,028.4**	**$6,808.4**
Uses			
Personal Services and Employee Benefits (200s)	$780.0	$828.4	$1,608.4
Contractual Services (300s)	$3,000.0	$1,000.0	$4,000.0
Other Services (400s)	$684.9	$200.0	$884.9
Other Financing Uses – Transfers (500s)	$315.1	$0.0	$315.1
Total	**$4,780.0**	**$2,028.4**	**$6,808.4**

CYBERSECURITY BUDGET ANALYSIS

DoIT FY24 Operating Budget (in thousands)	
PS&EB (200s)	$18,431.0
Contractual Services (300s)	$9,654.9
Other (400s)	$48,078.9
Other Financing Uses (500s)	$9,111.3
Total	**$85,276.1**

*According to a Deloitte Study, the average business will invest **between 6% and 14% of its annual IT budget** in cybersecurity. This represents less than a quarter of the total budget allocated to cybersecurity overall. In general, most spend an average of **10% of their IT budget on cybersecurity.** 11/30/21*

CYBERSECURITY BUDGET ANALYSIS

Total State Agency's Actual IT Operating Costs (in thousands)	
FY19	$244,343
FY20	$240,460
FY21	$270,947
FY22	$283,413
FY23 (Unaudited)	$297,728
FY24 (OpBud)	$321,184
6-Year Total	**$1,658,075**

Source: State Agency IT Strategic Plans (C-1 Form)

Total IT Appropriations Computer System Enhancement Fund (in thousands)	
FY19	$92,158
FY20	$52,412
FY21	$115,057
FY22	$56,348
FY23	$146,675
FY24	$187,439
6-Year Total	**$650,089**

Source: General Appropriation Acts

EQUIPMENT REPLACEMENT FUND

Equipment Replacement Fund (ERF) (in thousands)	FY24 OpBud	FY25 Request
SHARE ERF	$3,169.9	$3,341.2
Enterprise ERF	$9,539.2	$13,437.8
Total	**$12,709.1**	**$16,779.0**

Section 9-27-11(B) NMSA 1978, created the equipment replacement revolving funds for the purpose of acquiring and replacing capital equipment and associated software used to provide enterprise services to DoIT customers.

DoIT records amounts due to the equipment replacement funds each fiscal year, based on the calculation of amortization and depreciation applicable to each enterprise service as reflected in the department's published service rates.

FY24 FTE STATUS

FY24 Operating Budget - July		Current Status - November	
Authorized	177	Authorized[1]	166
Filled	138	Filled	138
Vacant	39	Vacant	28
Overall Vacancy Rate	**22%**	**Vacancy Rate** (11/2023)	**17%**

[1]OBAE - P789 was removed from the FY24 status as of November

FY25 FTE REQUEST

❑ Additional 10 FTE for Program Support and Enterprise Services are supported by cost savings in contractual services

❑ Cybersecurity Office FTE costs are included in the FY25 general fund expansion request

FY25 FTE Budget Request	
Authorized	166
Expansion	16
Total	**182**

Additional FTE for FY25 includes:
❑ 4 FTE for Program Support
❑ 6 FTE for Enterprise Services, and
❑ 6 FTE for the Cybersecurity Office.

FY25 IT FUNDING (C2) REQUESTS

Seventeen agencies submitted FY25 IT funding requests for 29 projects on September 1st to DoIT, DFA and LFC
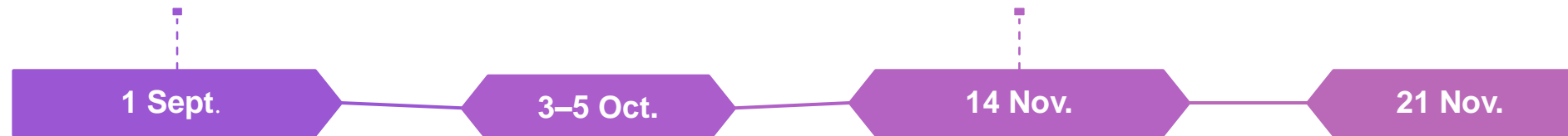
DoIT recommendation due to DFA on November 14th

1 Sept. — **3–5 Oct.** — **14 Nov.** — **21 Nov.**

Agencies presented business cases to C2 Committee

DoIT-DFA recommendation due to LFC on November 21st

SUMMARY

FY25 AGENCY IT FUNDING (C2) REQUESTS

❑ Twenty-nine projects totaling $135.4 million:

- ❖ $81.5 million – General Fund
- ❖ $11.2 million – Other State Funds
- ❖ $42.7 million – Federal Funds

❑ Fifteen new project requests and 14 on-going projects

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EVALUATION CRITERIA

- ❑ Project risk
- ❑ Continuation of an ongoing project
- ❑ Internal project manager
- ❑ Project management vendor
- ❑ Independent Validation and Verification (IV&V)
- ❑ Availability of Federal fund match
- ❑ Project can be phased
- ❑ Consider partial funding

Preliminary recommendation includes 26 projects totaling $116.3 million

- ❖ $65.4 million – General Fund
- ❖ $11.2 million – Other State Funds
- ❖ $39.7 million – Federal Funds

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