



Department of Information Technology Legislative Finance Committee Las Cruces, NM May 20, 2021

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Secretary and State CIO

Presentation Overview

- **Cash Balances and Equipment Replacement Funds**
- **Enterprise Rates and Services**
- **Independent Oversight**

Cash Balances and Equipment Replacement Funds

➤ **Cash Balances - Operating Costs**

➤ **Agency maintains 60 Days working capital**

- **Ranges between \$11 million to \$16 million depending on annual expenditures**

➤ **Increase in collections are a result of hiring a collections manager**

- **Accounts Receivable balances have been reduced with an increase to cash**

Cash Balances and Equipment Replacement Funds

- **Evaluating depreciation schedules to determine appropriate replacement cycles for developing annual ERF plans**
- **Cash Balances – Equipment Replacement Funds (ERF)**
 - **FY21 Enterprise ERF Budget - \$10.4 million**
 - **FY21 Estimated ending cash balance for Enterprise ERF - \$11.5 million**

361 - Enterprise Replacement Fund (ERF - 96880)

	FY21	FY22
ERF Cash Balance as of May 18, 2021	\$ 26,953,731	\$ 11,518,866
Estimated depreciation for FY ending June 30, 2021 (Receivable due from Enterprise)		\$ 5,423,200
ERF Fund Balance	\$ 26,953,731	\$ 16,942,066
FY21 ERF Plan		
Self-Service Portal for Infrastructure as a Service	\$ (1,200,000)	
Statewide Email Upgrade Project	\$ (1,500,000)	
Network Communications	\$ (600,000)	
Public Safety Radio	\$ (1,711,659)	
FY21 ERF Plan Total	\$ (5,011,659)	
ERF Appropriations and Budget Adjustment Requests (BAR)		
Laws 2019, Ch. 277, Sec. 61 - Voice Upgrade		\$ (4,798,715)
Laws 2020, Ch. 81, Sec. 94 - Public Safety Radio Communications	\$ (5,000,000)	
Laws 2021, Ch. 139, Sec. 83 - Repurpose Voice Funding to Radio		\$ (1,500,000)
ERF BAR (FY20 Depreciation) - Modern Workplace Initiative	\$ (5,423,206)	
Total ERF Appropriations and Budget Adjustment Requests (BAR)	\$ (10,423,206)	\$ (6,298,715)
FY22 ERF Plan		
Voice Upgrade Project		\$ (500,000)
Network Communications		\$ (900,000)
Infrastructure as a Service Upgrade		\$ (795,000)
Statewide Modern Workplace Initiative (O365)		\$ (2,228,200)
Public Safety Radio		\$ (1,000,000)
Estimated FY21 ERF Expenditures	\$ (15,434,865)	\$(11,721,915)
Estimated ERF Ending Fund Balance	\$ 11,518,866	\$ 5,220,151
Estimated Available Cash Balance	\$ 11,518,866	\$ 5,220,151

Enterprise Rates and Services

- **New Billing System includes an integrated cost model module**
 - Imports financial data from the General Ledger
 - Improves accuracy of cost allocations and rate calculations
 - Provides for “what if” scenarios

- **Rates for FY23 are in development**

- **Rate methodology and process will be documented and shared with Department customers and posted on the website**

DoIT Billing Methodology

Begin with revenue projection requirements to support the organization for the entire fiscal year including using the following criteria:

- **Projected Personnel Costs**
- **Existing Contracts/Licensing Agreements**
- **ERF Depreciation amounts from prior fiscal year**

DoIT Billing Methodology

DoIT Indirect Costs

Personnel Costs

- **Office of the Secretary**
- **Administrative Services Division**
- **Physical Build Security**
- **Geospatial Mapping**
- **Broadband**
- **Cybersecurity**
- **Desktop Support**

Operating Costs

- **Sunshine Portal**
- **Geospatial Contracts**
- **Broadband Contracts**

DoIT Billing Methodology

e-Mail Billing Variables

e-Mail Direct Costs

- **Personnel Costs for e-mail team**
- **Server Costs for operating e-mail system**
- **Licensing Costs for email products**
- **Maintenance Contracts for e-mail products**
- **Portion of ERF Depreciation for e-mail assets**

e-Mail Indirect Costs

Percentage of DoIT Indirect costs based on e-Mail revenue generated the prior year

DoIT Billing Methodology

e-Mail Billing Rates

- ▼ **FY e-Mail Total Cost = e-Mail Direct Costs + e-Mail Indirect Costs**
- ▼ **e-Mail Billing Unit = Number of state agency e-Mail Boxes**
- ▼ **e-Mail Billing Rate = FY e-Mail Total Cost / e-Mail Billing Unit**

Enterprise Rates and Services

- **Service Level Agreements (SLA)**
 - **Currently researching best practices in place at other states**
 - **Evaluating the use of industry SLA development tools (Gartner)**
 - **Next step is to develop a DoIT SLA template**

Independent Oversight

- **Developing criteria for independent verification and validation (IV&V) waiver requests**
- **Reviewing and evaluating project management oversight processes and tools**
- **Modifying the membership of the Project Certification Committee (PCC) to include DFA, LFC and Agency Subject Matter Experts to reduce number of DoIT PCC members**
- **Exploring formulating a Technology Advisory Committee to provide assistance to DoIT on establishing strategic vision for state and to provide oversight of DoIT initiatives**

THANK YOU

QUESTIONS?

