

Presentation to:
THE LEGISLATIVE FINANCE
SUBCOMMITTEE OF THE WHOLE

State of New Mexico
Department of Information Technology
FY21 Rates

PRESENTED BY VINCENT MARTINEZ – CABINET SECRETARY AND STATE CIO

AUGUST 27, 2019



Agenda

- Rate Committee Statutory Charter
- DoIT Rate Committee Members
- Department of Information Technology Introduction
 - Overview
 - Services
 - Statewide Cost Allocation Plan (SWCAP)
 - Rate Development
- 2021 Rates Approved by Rate Committee
- Agency Impact
- Equipment Replacement Fund Discussion



IT Rate Committee Charter

- Laws of 2007, Chapter 290, Subsection 7; Laws of 2009, Chapter 146, Subsection 3
- Seven-member committee
 - Secretary, Department of Finance and Administration (DFA) - Chair
 - Secretary, Department of Information Technology (DoIT)
 - Representatives of five executive agencies that use DoIT services
- Duties
 - Review proposed rate and fee schedule to ensure they comply with Federal OMB Circular A-87 (or its successor)
 - Consider for approval an equitable rate and fee schedule based on cost recovery for state agencies using DoIT services and pay rates to an internal service fund
 - Present the Committee's proposed rate and fee schedule to the Office of the Governor, DFA and Legislative Finance Committee annually by June 1
 - Implement rate and fee schedule based on Committee expectations annually by July 15
 - NOTE: DoIT may reduce rates or fees without the Committee's approval if reduction is based on cost recovery and if Committee is notified timely



DoIT Rate Committee Members

- DFA - Secretary Olivia Padilla Jackson – Chairwoman
- DoIT – Secretary Vincent Martinez
- HSD – Secretary David Scrase
- DOT – Secretary Michael Sandoval
- Tourism – Secretary Jen Schroer
- SPO – Director Pam Coleman
- GSD – Secretary Ken Ortiz



DoIT Overview

- Laws of 2007, Chapter 290, Section 2:
 - Reduce or eliminate unnecessary duplication of technology services
 - Reduce cost through effective development, implementation and management of IT architecture, programs and services
 - Function as single executive branch department with authority to act as enterprise infrastructure service provider, including telecommunications
 - Perform oversight of technology-based projects and procurements for executive agencies



DoIT Services

- Network
- Security
- Enterprise Email
- Voice (traditional, mobile, call center)
- Hosting (mainframe, private cloud, data centers)
- Public Safety Communications (radio, VINE)
- SHARE
- Managed Desktop Support
- Enterprise Help Desk
- Application Administration and Maintenance
- Geospatial*
- Broadband*
- Oversight *



* Not billable through rates



Rate Development

- Rates set in accordance with Federal Circular OMB A-87 and Federal Regulations 2 CFR 200
- DoIT recovers costs to deliver services and sustain required infrastructure through rates
- Calculations
 - Cost of Service: $\text{Direct Cost} + \text{Indirect Cost} = \text{Total Cost of Service}$
 - Service Rate: $\text{Total Cost of Service} / \text{Usage} = \text{Service Rate}$

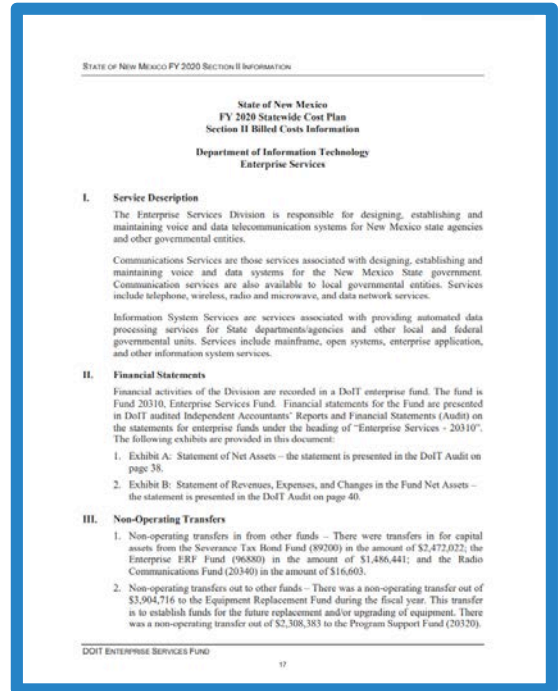


Statewide Cost Allocation Plan

SWCAP

SWCAP is a required document that identifies, accumulates, and allocates; or develops billing rates based on the allowable **costs** of services provided by a governmental unit to its departments and agencies. The **costs** of these services may be **allocated** or billed to benefiting agencies.

Federal Requirements: The identification and recovery of the cost of the State's central services from federally funded programs requires the annual development of a SWCAP in accordance with federal cost principles and procedures as presented in 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The SWCAP must be submitted to and approved by the Division of Cost Allocation of the U.S. Department of Health and Human Services.



Changes in FY 2021 DoIT Rates

Service	Rate Δ	Increase/Decrease	Justification
Mainframe Services	No	-	-
Colocation and Storage	No	-	-
Enterprise Licensing - Adobe	No	-	-
Cloud Services	Yes	Decrease	Cloud Services are on track to over-recover by 25%. Recommend decreasing the cloud storage rate from \$.58 GB/month to \$.29
Email Services	No	-	-
Data Network	No	-	-
File & Print Service	No	-	-
Wireless Local Area Network (LAN)	No	-	-
Application and Web Hosting	No	-	-
Victim Notification Service (VINE)	Yes	Increase	The Victim Notification Service will under-recover in FY19 by roughly 20%. This under-recovery is projected to continue in FY20. Recommend increase the Vine annual rate from \$95,945 to \$115,500 per subscriber.
Voice Services	No	-	-
Mobile Communications	No	-	-
Radio Services	Yes	Increase	FY 19 Radio services rates increased by 5% and under-recovered. Rates decreased by 15% for FY 20 and continued to the under-recover. <i>The FY21 approved rates represent a 23% increase over FY20 published rates but only a 4% increase compared to FY19.</i>
Desktop Support	No	-	-
Application Development and Design	No	-	-
SHARE	No	-	-

Approved FY 2021 DoIT Rates

RATES APPROVED BY THE ON JULY 12, 2019 DOIT RATE COMMITTEE



DEPARTMENT OF INFORMATION TECHNOLOGY				FY 17	FY 18	FY 19	FY 20	FY 21
Rate Committee Action 7-12-2019				APPROVED	APPROVED	APPROVED	APPROVED	APPROVED
				Based on FY15 Data	Based on FY16 Data	Based on FY17 Data	Based on FY18 Data	Based on FY19 Data
Mainframe Services								
	200005	SY-GeneralCPU, CICS, DB2	CPU second	0.350	0.350	0.400	0.400	0.400
	200009	ST-DiskOccupancy	GB /Day	0.610	0.610	0.610	0.610	0.610
	200010	ST-TapeOccupancy	Dataset	0.004	0.004	0.004	0.004	0.004
	200012	OP-PrintPages	Page	0.120	0.120	0.150	0.150	0.150
Cloud Services								
				RATE				
	200025	OS-ServerManagement	Server / month	450.000	450.000	450.000	450.000	450.000
	200028	OS-Enterprise Storage	GB / month	0.580	0.580	0.580	0.580	0.580
	200032	DM-Open Sys Backup	GB / month	2.390	2.390	2.390	2.390	2.390
	200050	EA-Application Hosting Fee	Application / month	235.060	235.060	235.060	235.060	235.060
	200154	VS - Cloud Server	CPU/month	86.630	86.630	86.630	86.630	86.630
	200155	VS - Virtual Server - Memory	GB of RAM / month	23.100	23.100	23.100	23.100	23.100
	200156	VS - Virtual Server - Storage	GB of STORAGE / month	0.580	0.580	0.580	0.580	0.290
	200169	EA Static Web Page Hosting	site/m.o.	50.000	50.000	50.000	50.000	50.000
	200017	SS-Winserver Dedicated	Server / month	550.000	550.000	550.000	550.000	550.000
Data Network								
	200100	NS-Internet Access	FTE / month	1.200	1.140	1.140	1.140	1.140
	200066	NS-WAN Services	cost	cost	cost	cost	cost	cost
	200170	NS-WAN 1-3 MEG	/month	475.000	475.000	475.000	475.000	discontinued
	200171	NS-WAN 4-7 MEG	/month	575.000	575.000	595.000	595.000	discontinued
	200172	NS-WAN MES Core	/month	743.000	743.000	769.005	769.005	discontinued
	200173	NS-WAN MES Core Shared	/month	371.000	371.000	383.985	383.985	discontinued
	200174	NS-WAN MES 10 MEG	/month	57.000	57.000	58.995	58.995	discontinued
	200175	NS-WAN 100 MEG	/month	373.000	373.000	386.055	386.060	discontinued
	200176	NS-WAN GIGABIT	/month	1,172.000	1,172.000	1,172.000	1,172.000	discontinued
	200178	NS-WAN GIG Core	/month	3,658.000	3,658.000	3,658.000	3,658.000	discontinued
	200179	NS-WAN GIG Core Shared	/month	1,830.000	1,830.000	1,830.000	1,830.000	discontinued
	200064	NS- Network Engineering	per Hour	88.000	88.000	88.000	88.000	88.000

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Email Services							
	200036	EM-MailBoxFee	Mailbox / month	8.500	8.500	8.500	8.500
	200037	EM-EmailStorage	1 GB additional storage/mo	7.500	7.500	7.500	7.500
	200150	EM- Email Encryption	Mailbox / month	1.500	1.500	1.500	1.500
Mobile Communications							
	200057	WS-Basic Access Fee	Line / month	35.000	35.000	36.000	36.000
	200058	WS-Enhanced Access Fee	Line / month	49.000	49.000	50.250	50.250
	200059	WS-PDA Access Fee	Line / month	67.000	67.000	68.500	68.500
	200060	WS-Broadband Access Fee	Line / month	42.000	42.000	43.000	43.000
	200061	WS-Wireless Equipment	each	cost	cost	cost	cost
	200063	WS-Data Tethering Service	Line / month	10.000	10.000	10.250	10.250
Voice Services							
	200085	NI-DialTone	Basic dialtone (fax) / mo.	30.000	30.000	31.500	31.500
	200086	NI-BasicDeskset	Desk telephone / month	35.500	35.500	37.250	37.250
	200087	NI-ReceptionPhone	Device /month	57.750	57.750	60.500	60.500
	200088	VS-TelephoneMovesAddsChanges	per hour	117.000	117.000	117.000	117.000
	200090	TS-LongDistance	per minute	0.050	0.050	0.050	0.050
	200093	TS-TollFreeService	per minute	0.050	0.050	0.050	0.050
	200098	VA-VoiceMail	Mail box / month	11.000	11.000	11.500	11.500
	200097	VA- Conf Calling - Standard	port / minute	0.150	0.150	0.150	0.150
	200138	VA- Conf Calling - Misc	cost	cost	cost	cost	cost
	200139	VA-Conf Calling Instant Meet	port / minute	0.090	0.090	0.090	0.090
	200144	VA-Auto Call Distribution	Agent / month	36.000	36.000	36.000	36.000
	200145	VA-Interactive Voice Response	per call	0.080	0.080	0.080	0.080
	200146	VA-Voice Recording	per month	15.000	15.000	15.000	15.000
	200161	VA-TEXT2SPEECH	per minute	0.040	0.040	0.040	0.040
	200162	TELEPHONE DATA SERVICE	per month	15.000	15.000	15.000	15.000
	200192	EST. HOLD WAIT TIME	per month	550.000	550.000	550.000	550.000
	200208	VA-SPEECH RECOGNITION	per license/month		45.500	45.500	45.500

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Radio Services								
	200185	RS-Base Station	Device / month	576.500	576.500	605.000	507.000	635.200
	200107	RS-Single-ChannelConsole	Device / month	594.000	594.000	623.000	525.000	654.000
	200108	RS-Multi-ChannelConsole	Device / month	1,545.500	1,545.500	1,620.000	1,360.000	1699.000
	200109	RS-MobileRadio	Device / month	75.900	75.900	79.700	67.000	83.500
	200190	RS-Mobile Repeater	Device / month	154.000	161.700	161.700	142.000	169.785
	200111	RS-Contracted Maintenance		contract amount	contract amount	contract	contract	contract
	200112	RS-PortableRadio	Device / month	146.300	146.300	153.615	130.000	155.000
	200113	RS-Telemotes	Device / month	75.900	75.900	79.695	67.000	83.650
Desktop Support								
	200041	CS-BasicDesktopSupport	per Hour	47.000	47.000	47.000	47.000	47.000
Application Development & Design								
	200048	EA-AppSystem Design & Dev	per Hour + materials	133.000	133.000	133.000	90.000	90.000
	200049	EA-AppSysMaint		cost	cost	cost	cost	cost
Active Directory & File Server								
	200042	CS-File&PrintService	User / month	55.000	55.000	55.000	55.000	55.000
Colocation								
	200024	DC-RackUnitFee	Rack Unit / month	32.000	32.000	32.000	32.000	32.000
Enterprise Licensing								
	200177	Adobe Software	User / month	1.470	1.470	1.470	1.470	1.470
Others								
	200157	EA-Victim Notification Service (at cost)		cost	cost	95,945.000	95,945.000	115,647.74
	200149	NS-Wireless LAN	connection point / mo.	62.400	62.400	62.400	62.400	62.400
	200187	IT Consulting	per hour	185.000	185.000	185.000	185.000	185.000
	200136	Training		cost	cost	cost	cost	cost
SHARE				revised 10-16				
	200125	SHARE Subscription Fee	FTE / year	350.000	385.000	385.000	415.000	415.000
	200165	SHARE - Agency Specific Ap Dev	per hour+ materials	150.000+	150.00+	150.00+	150.00+	150.00+



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Others								
*	200157	EA-Victim Notification Service (at cost)		cost	cost	95,945.000	95,945.000	115,647.74
	200149	NS-Wireless LAN	connection point / mo.	62.400	62.400	62.400	62.400	62.400
	200187	IT Consulting	per hour	185.000	185.000	185.000	185.000	185.000
	200136	Training		cost	cost	cost	cost	cost
SHARE				revised 10-16				
	200125	SHARE Subscription Fee	FTE / year	350.000	385.000	385.000	415.000	415.000
	200165	SHARE - Agency Specific Ap Dev/	per hour+ materials	150.000+	150.00+	150.00+	150.00+	150.00+

* Vine Costs \$462,590.96 are split equally across 4 departments:

- Department of Corrections
- Department of Public Safety
- Child Youth and Families Department
- Department of Homeland Security and Emergency Management



Agency Impact

See handouts comparing FY20 and FY21 by Agency

SHARE Cost Projection Handout:

- SHARE assessment based of authorized Full-Time Employees (FTE)s which includes PERM and TERM positions

Enterprise Agency Cost Projection Handout:

- IS Cost Projections include Mainframe, Email, File and Print, Enterprise Storage, Web Hosting, Vine and Desktop Support services
- Telecom Cost Projections includes Phones, Cloud Server, Internet Access, Network Engineering, and Wide Area Network services
- Radio Cost Projections include Radio and Microwave services



Profit and Loss

See handouts FY19 P/L by Service Category



Equipment Replacement Fund

ERF

- Technology Consumption Models Changing
- CAPEX vs OPEX
- ERF Based on Capex Model – Large Capital Refresh Expenditures
- OPEX More Prevalent – Utility Based Model XaaS – Cloud Based
 - Software as a Service
 - Infrastructure as a Service
 - Platform as a Services
 - Hosted Solutions
- Laws of 2007, Chapter 290, Section 2 – DOIT Statuted
 - Needs Revision to allow Utility Based Models

