

Agency of Digital Services SFY2024 Budget Request

House Appropriations Committee

Shawn Nailor – Secretary & CIO

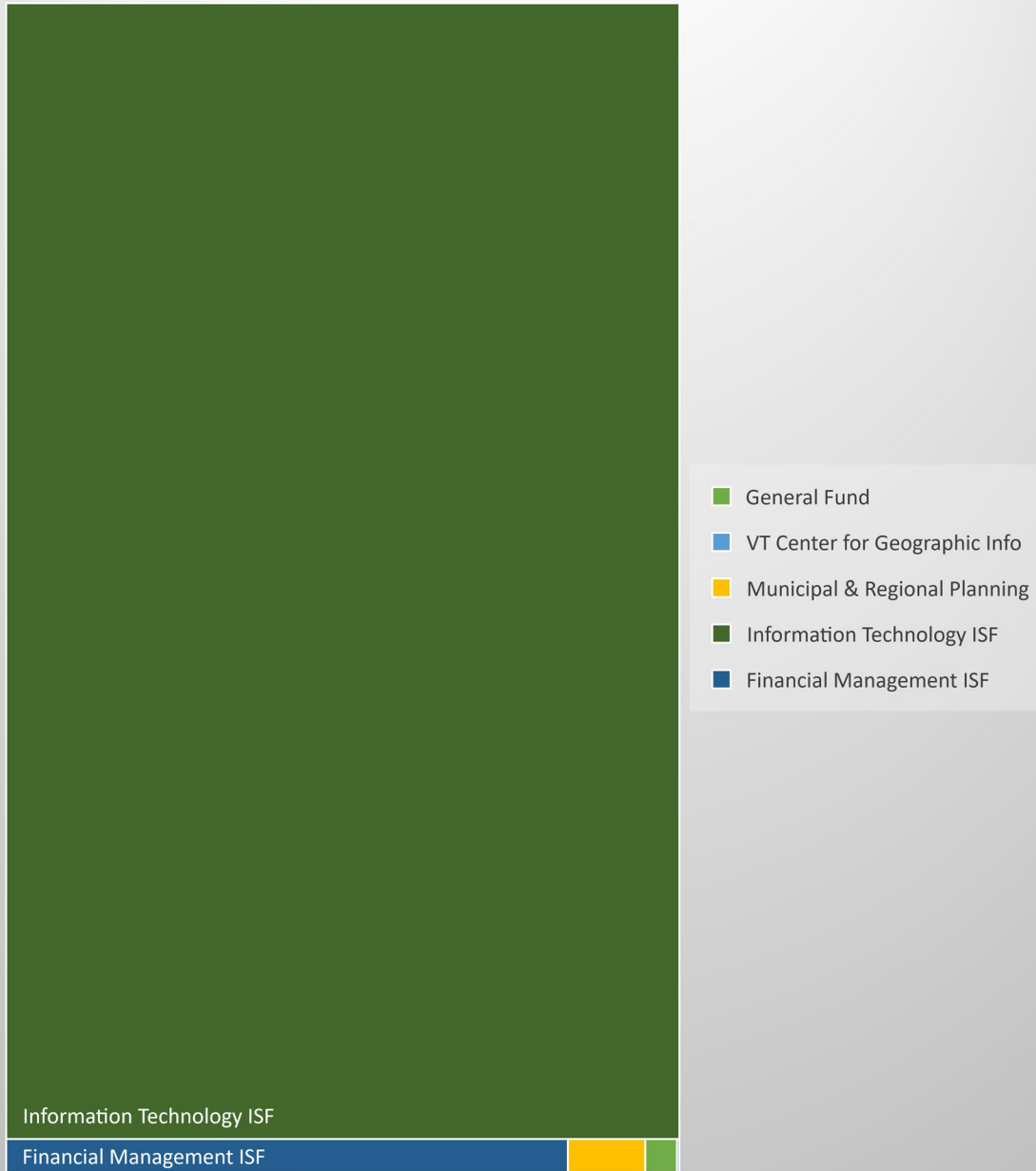
Kate Slocum – Chief Financial Officer

February 9, 2023

digitalservices.vermont.gov



Governor's Recommended Budget SFY24



SUMMARY & HIGHLIGHTS

- \$7.8 Identified as Statewide Savings or Cost Avoidance in CY2022, with an overall savings of over \$34.7M since the creation of ADS
- Total Base Budget \$138,628,452
- 18 Exempt, 389 Classified Positions
- Establishment of the IT Modernization Fund, FY24 Ask of \$15M
- Security Information and Event Management (SIEM) system
- Global Protect Rollout
- DMV Modernization on Schedule
- UI Modernization in Active Procurement
- All IT Modernization Projects Initiated
- Work on AI has Begun

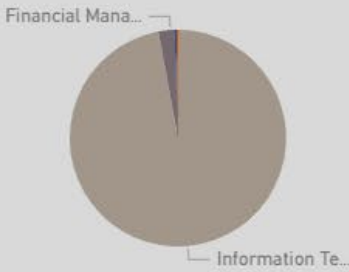
Agency of Digital Services



ADS FY2024 Budget Request

\$138,628,452

ADS Funding Sources



- Information Technology \$134,653,444
- Financial Management Fund \$3,316,671
- Municipal & Regional Planning \$457,289
- General Fund \$186,726
- VT Center for Geographic Info \$14,322

Savings To Date ?

\$34,777,017

Office of the CIO

Provides direction and oversight for all Information Technology, Data, and Security Services within the Executive Branch of the State of Vermont. Establishes Policy and Standards for IT.

Staff Training Hours	Apps Modernized	Security as % of IT Staff	Contract Cycle Time, Days
9.3K	101	3.60%	6.0
?	?	?	?

Project Management

Provides project management, oversight, and procurements services for Partner Agencies. Ensures IT projects are managed to accepted standards, proper stakeholder engagement, and success.

Projects in Progress	On-Target Projects	New Initiative Projects	Maintenance Projects
80	72.0%	93%	7%
?	?	?	?

Agency Support

Embedded staff in our Partner Agencies. Provide daily support of users, applications, & enhancements. Ensure technology investments meet Agency needs & align with IT direction.

Users Supported	Customer Satisfaction	Embedded Staff	Applications Supported
11,650	B+	167	1,165
?	?	?	?

Shared Services

Through economies of scale provides IT services for Partner Agencies in the areas of Email, Collaboration, Mainframe, ERP, and Desktop Support.

Supported Computers	Internet Availability	On Time Ticket Closure	Tickets Opened
9,280	99.9%	90.0%	69,630
?	?	?	?

Thwarted Cyber Threats

10.9M



VIC Online Transactions

910.8K



Public-Facing Services

280



Percentage of Positions Vacant

9.5%



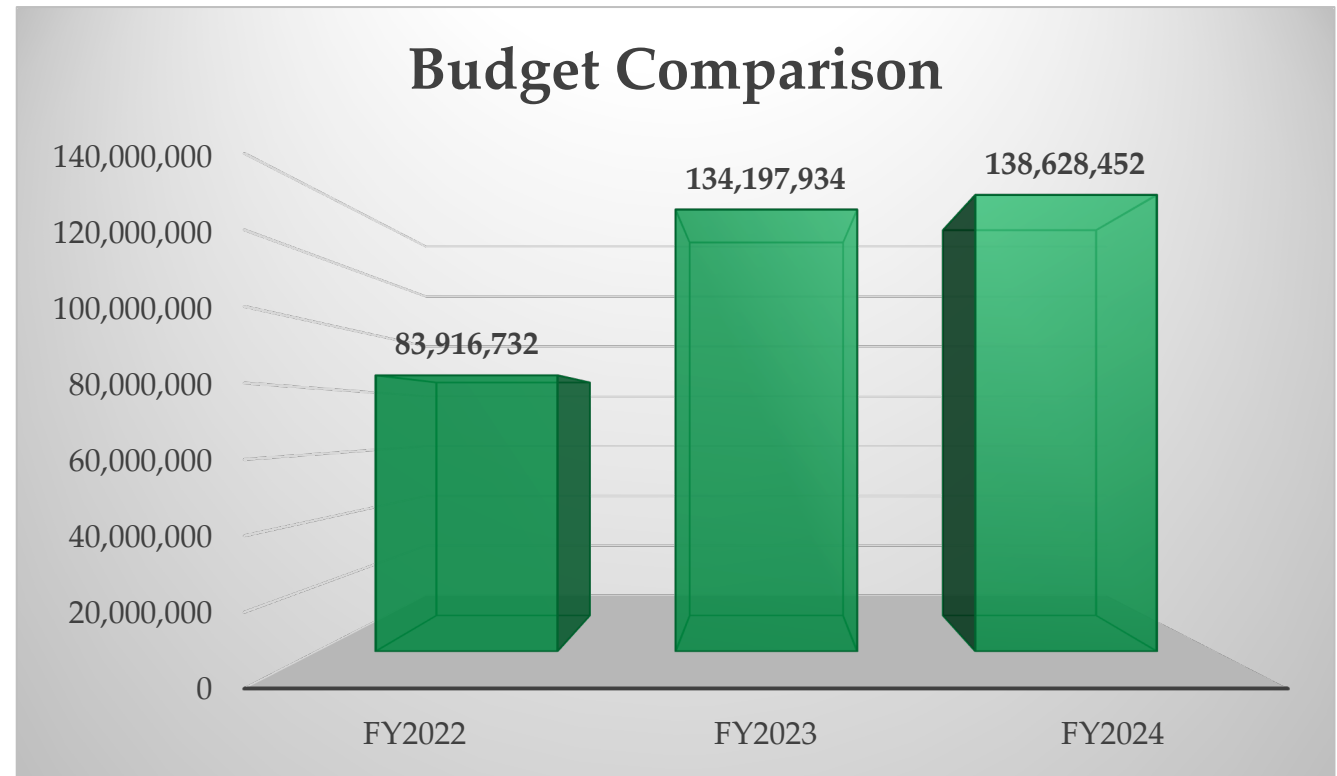
ADS Confirmed Savings and Budget



Proposed ADS Base Budget

\$4.4M Overall Increase to Base:

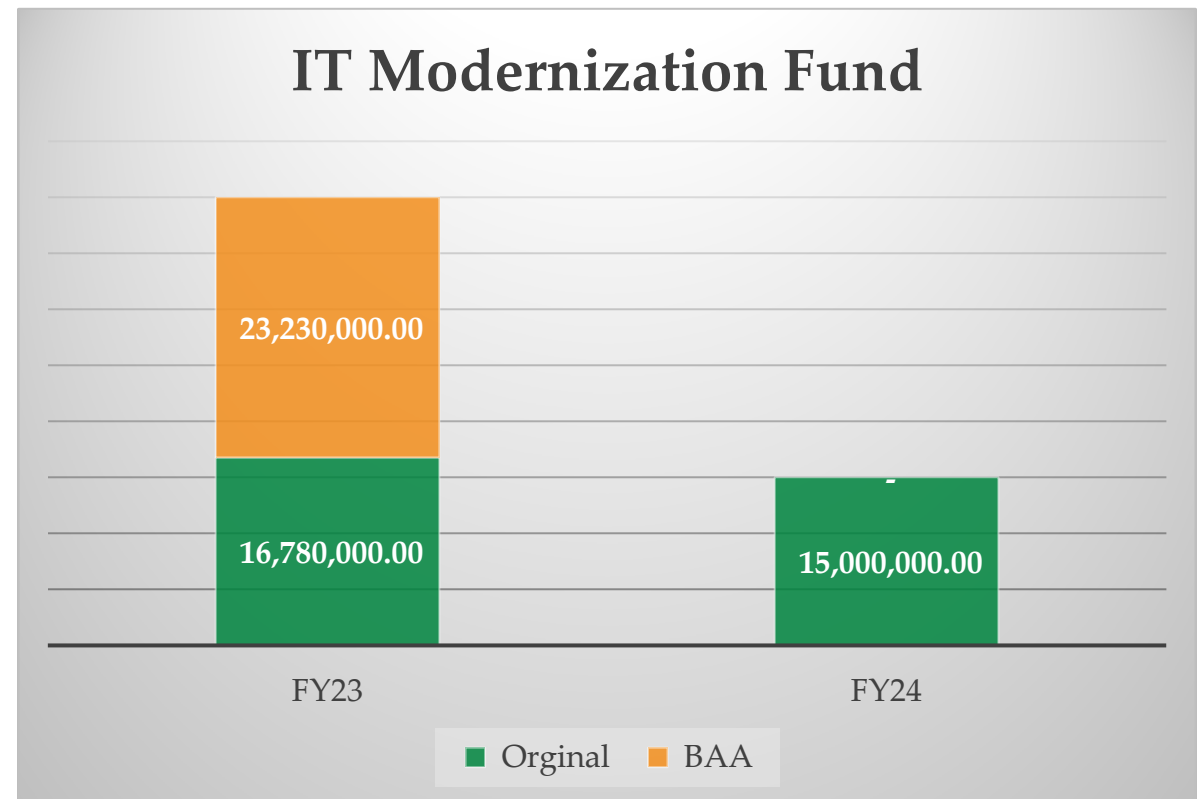
- Business Partner Projects/Demand
- Staffing Pressures



Proposed ADS One Time Appropriation

\$15M IT Modernization Funding

- \$10M for Network Upgrades/Reengineering
- \$5M for IT Investments



Structure - Internal Service Fund (ISF)

In order for us to maintain operations we need resources which translates into funding. We do this through an Internal Service Fund, the Communication and Information Technology Fund. The nature of an internal service fund requires all expenditures to be recovered. This fund is managed by the Agency of Digital Services (ADS) who bills for services provided via five payment mechanisms:

- ADS Allocation
- ADS SLA (Hosting, Enterprise Application Support, Enterprise Licensing)
- ADS Timesheets
- Telephone/Collaboration Billing
- Bespoke Charges



Structure - ISF, ADS Allocation

- Internet and other network connectivity
- Cyber Security
- Windows operating systems
- Service Desk
- Vermont.gov management
- Technology Contracting and Procurement support
- Firewall, VPN and secure certificate services, support and maintenance
- Internet border intrusion detection and prevention
- Incident handling consultation and facilitation
- Enterprise Project Management Office (EPMO) Administration/Legislative Reporting
- Enterprise Penetration testing and vulnerability assessment
- Staff involved with Security, IT Service Desk, IT Finance & Administration, GIS Professionals and Data Network professionals



Structure - ISF, ADS SLA

Many business units purchase specific services from ADS and are billed for what they consume under the SLA Billing Model. This billing is estimated annually based on a prior year reconciliation of actual costs and consumption against planned budget and known changes specific to the department's need or request. The following services are found within the SLA model:

- Private Cloud
- Desktop Support
- Enterprise Application Licenses e.g. Adobe, Microsoft, Salesforce
- Enterprise Application Services
- Department Specific Security Services
- Agency Dedicated Support Services
- Secure Enhanced File Transfer Services
- Automatic Call Distributor Solution
- Mainframe Product



Structure - ISF, Timesheet

For project specific staff resources, ADS bills out to its customers based on a Federally approved rate.

Staff which are classified as follows are captured within this rate structure:

- Enterprise Project Management, Enterprise Architecture, Security, are billed out at \$88/hour
- Non-Enterprise Application Support are billed out at a rate of \$84 per hour

These rates are calculated using currently budgeted costs divided by an estimate of hours available (1412) to bill during the fiscal year. The inputs to the rate include 3 items:

We take total hours available in a year

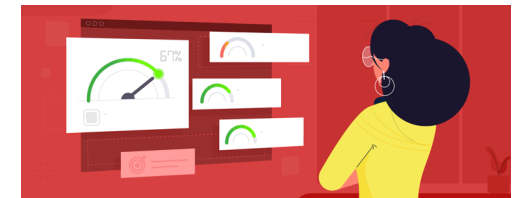
- Total Hours (2080) and deduct sick, leave, vacancy savings, training and staff meetings

The Estimated salary and benefits from the budgeting system (Vantage)

- Salaries & Fringe Numbers

The Indirect Costs associated with the Staff assigned to the ADS Timesheets

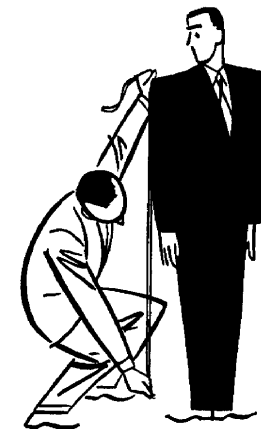
- Indirect & Overhead



Structure - ISF, Telephony & Bespoke

Telephony/Collaboration/VoIP: The telephony/collaboration rate is established by statute for the analog/centrex lines by taking the cost per lines and charging a markup of 11.5% for the amounts paid to vendors whom we paid for the service. The VOIP rates are established in conjunction with Finance & Management and are currently across 3 service options (Standard, Foundation, and Essential) that are dependent on the phone type on the user's workstation. These rates are established to charge the cost ADS pays to the vendor with a markup that covers the implementation costs of the VOIP project, replacement cycle for the phones, staff time to support the service, and any ancillary software, hardware, and contractual services.

Bespoke Charges; Certain costs are required to be billed back on a bespoke basis (Hardware and other end-user devices, Software, Independent reviews, other contractual services, specific training related to projects/systems, hardware outside the SLA charges, Wireless Access Points, and telephony equipment associated with ACD).



Technology Modernization Fund

- Established in the 2022 Legislative Session (Act 185)
- Administered by The Agency of Digital Services
- Appropriated \$16.7M to 4 IT modernization Projects
 - Enterprise Resource Planning (ERP), Workplace Information Management System (WIMS), Fire Safety Modernization, Case Management system (AGO)
- \$40M to the fund in 23' BAA
 - Includes above projects and DMV Core Modernization & UI Modernization



FY24 IT Fund Investments

- **\$10M Network & Security Infrastructure Modernization**
 - Rearchitect and replace all firewalls and routers to facilitate modern network standards, remove legacy connections, and optimize data flow.
- **\$5M IT Investment Funding**
 - IT investments by way of modernizing existing IT systems or automation manual processes by adding IT solutions.



Network & Security Infrastructure

Current Environment

- 1700+ Network Devices
- 12000 Devices connected to network
- 4000+ users accessing VPN daily
- ADS owned through acquisition
- Aging model build in 1990's (pre-Cloud)
- Not sustainable in current mobile, hybrid, public first environment
- Performance inconsistencies among Agencies
- Inequities in User Experience



Proposed Vermont Secure Network



Accessible by ALL

Secure and Protected

Software Defined (SD-WAN)

Prioritize Access for Critical workloads

Equitable Agency and Public Access

High performing

Build for modern technologies



Budget Considerations

- Phased approach deployment & timeline – 24 Month Plan
 - Phase I – Design Workshops (3 months)
 - Phase II – Overall Architecture Design (2 month)
 - Phase III – Pilot deployment to 2 Agencies (6 months)
 - Phase IV – Roll-Out to all remaining SOV locations (12 months)
- Budgetary Costs
 - Hardware & Software - \$8.2 million
 - Professional Services and Maintenance - \$1.6 million
 - Project Support Costs - \$2.5 million
- Subtotal - \$12.3M
- Use Allocation funding for 2 years on lifecycle replacements for remainder - \$2.34M
- Net – \$9.96M



Modernizing Existing IT Investments

\$5M

- IT investments by way of modernizing existing IT systems or automation manual processes by adding IT solutions.
- Funds may be for unplanned or unexpected needs, or for needs that we know must be addressed, but have not had available funding in the past.
- Envisioned Projects:
 - Security Risk Management - \$530,000
 - Ticketing/Project Management Tool/Inventory Management - \$360,000
 - Monitoring – \$290,000
 - Citizen Portal \$1.9M
 - Municipality Portal \$1.9M



Budget Cross Walk

General \$\$ Special \$\$ Internal Service \$\$ Total \$\$

Approp #1 Agency of Digital Services: FY 2023 Approp	179,572	449,965	116,856,021	117,485,558
Other Changes: Act 83 of 2022 sec 46 - BAA Cyber Security	3,300,000			3,300,000
FY 2023 Other Changes	3,300,000	0	0	3,300,000
Total Approp. After FY 2023 Other Changes	3,479,572	449,965	116,856,021	120,785,558
Allocation Increase			276,142	276,142
Demand Salary & Benefit Increase	3,708	20,559	372,760	397,027
Demand Operating Increase		1,087	126,239	127,326
Internal Service Fund Increase	173			173
DFM Review Increase	3,273			3,273
Demand Increase/Decrease by Agency:				0
AHS			345,401	345,401
AOT			1,760,430	1,760,430
ANR/ACCD			(616,072)	(616,072)
AoA			6,227,211	6,227,211
DPS			1,084,340	1,084,340
AOE			2,494,059	2,494,059
AGR			(941,672)	(941,672)
VDOL			9,985,257	9,985,257
Decrease in One Time Cyber Security Funds	(3,300,000)			(3,300,000)
Subtotal of Increases/Decreases	(3,292,846)	21,646	21,114,094	17,842,894
FY 2024 Governor Recommend	186,726	471,611	137,970,115	138,628,452
ADS FY 2023 Appropriation	179,572	449,965	116,856,021	117,485,558
Reductions and Other Changes	3,300,000	0	0	3,300,000
FY 2023 Total After Other Changes	3,479,572	449,965	116,856,021	120,785,558
TOTAL INCREASES/DECREASES	(3,292,846)	21,646	21,114,094	17,842,894
Agency of Digital Services FY 2024 Governor Recommend	186,726	471,611	137,970,115	138,628,452

