



**State of Vermont
Office of the CIO
Department of Information & Innovation**

Vermont Web Portal

Testimony to House Ways & Means

February 4, 2016

Richard Boes, CIO & Commissioner

Background

- Purpose
 - Improved customer satisfaction through:
 - More online services available 24x7
 - Consistent look and feel throughout Vermont.gov
 - Improved efficiency through reduction in errors, instantaneous payments and the freeing up of staff
- History
 - NIC's New England Interactive (NEI) built services for the state in 2004
 - In October, 2006 the VIC contract was signed
 - In 2012 the contract expired and a new RFP was published
 - The new contract with VIC was signed in 2013
- Outcome over the past 9 years
 - over 160 services built and managed by VIC
 - In FY15, the service was used to process more than \$350 million in financial transactions online

Business Model

- The Legislature requested a report from DII on the appropriateness of the self-funded business model for the state of Vermont. That report considered three possible business models.
 - Self funded (the current model)
 - The most common model used by state governments; currently used in over 30 states
 - Traditional
 - The second most common alternative
 - Software as a Service
 - The most common model for small business
- Conclusion
 - Continue self funded model but with some modifications

Challenges

- Vermont's Population – Small State
 - Development effort remains roughly the same for each service in each state but the revenue returned for that effort is significantly less in Vermont.
 - While there is no mitigation for this, the number of fee for service applications we now have makes the model viable
- Perception that Contract Work Was Free
 - Web development is not charged directly, so developer time was not valued
 - This is being mitigated by separating design from development work
- State's varying Intentions & Decision maker discomfort
 - The State has not always been consistent with using the self funded model
 - This has abated over time and with experience
 - Also mitigated through alterations in the contract that allow the use of one-time funds (grants or federal funding sources)
- Funding
 - Perception that most fees are paid by the citizens when 80% are not

Fees Paid by the Public

- Services where citizens pay directly (2015):
 - Drivers License Reinstatement Payment, Court Fines and Payments, DMV In Person credit card Transactions, Vital Records
 - Total for these is \$120,056 or 7% of VIC revenue (does not include fees to credit card companies)
 - Total state funds processed by these services - \$15,302,017
- Additional Information
 - Other payment options are available for all citizen transactions.
 - \$1,058,940 or 62% of VIC's revenue comes from Motor Vehicle Records, which is not a citizen based fee
 - The remainder is primarily business based consisting of:
 - Licenses
 - Purchase of State Records (Criminal Background Checks, Court Dockets)

Recommendations

- Capacity
 - Require specific functional requirements for all new projects.
- Funding
 - Contract amendment to allow prepayment of fees up to 50% of project value.
- Approval of Fees
 - Approval of 3% for credit card and \$1.50 for ACH enterprise wide.
- Stakeholder Discomfort
 - Provide greater communications and education to state entities.

Fee Bill Items

- The fees proposed by the Web Portal Board for payment processing by VIC, as follows:
 - (1) New service costs will be 3% of the total amount paid by credit card for the service, or \$1.50 for each transaction paid for by ACH (electronic checks);
 - (2) This fee structure is intended for the use of any state or quasi-state entity that wishes to enter into a payment processing agreement with VIC.
- Effect
 - There are currently nine services that use the 3% rate.
 - Five of these have been through the approval process.
 - Four are payed by the state entity to VIC and did not require approval.
 - Approval of this rate will have zero immediate fiscal effect, but will result in faster adoption of new online services
- This was requested to create a standard rate for the enterprise going forward.