

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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The Governor has signed an executive order to create an Agency of Digital Services. This order would consolidate IT personnel and functions into the Agency of Digital Services. The CIO would be the Secretary and the new five divisions would be based on existing divisions in the existing Department of Information and Innovation (DII) organization.

DII has created estimates of one-time and ongoing costs and savings (attached).

Increased costs include:

- one-time costs of business cards, changing website, etc,
- ongoing costs of increased salaries and using asset management software
- The Administration analysis includes:
 - No detailed analysis of the implication of the change on the potential for cost allocation between federal and other funding sources.
 - There are no one time position pay outs or conversions estimated or budgeted;

Savings include:

- eliminating duplicative call centers/help desks, anti-virus systems, software, grants management business process management, hardware, etc
- using more work by state employees vs contract

Fiscal Implications

The Administration estimates:

FY 2018 net savings of \$214,000 - *The Joint Fiscal Office thinks first year savings may be overstated however the changeover could be cost neutral.*

Ongoing net savings of \$399,000 are made up:

- of annual recurring costs of \$648,000
- estimated savings of \$1 million Key elements are removing duplicative hardware, software

Increased costs are expected to be offset by savings over the long run, with the following caveats:

- The first year will incur all the ongoing and one-time costs while the savings may not fully roll out in that first year.
- These estimates have not taken into account the type of funds that will be impacted (GF, SFR, Federal \$). Some of the savings may accrue to the federal government and would therefore not be an offset to state spending. In general, the state uses an estimate of 30% state funding when federal funds are involved. Further review of the estimated impact by fund would be important to better understand the fiscal impact.

Opportunities for Efficiency		Expected Pressure		**P11\$		Recurring	Notes
Category:		One Time	Recurring	One Time	Recurring		
Software/Systems Overhead State Staff	Asset Management/Software Asset Management Tool "SAM" Business Cards/Letterhead/Website & Service Catalog Movement from Classified to Exempt	268,000 25,000 400,000	20,000 25,000	248,000			Requirement already exists for proper application portfolio management. This is a currently unmet requirement.
Software/Systems	Enterprise License Optimization; consolidation of SW licenses across 1 contract for negotiation.	-		400,000			Requirement already exists for proper application portfolio management.
Software/Systems	Duplicate Call Centers/Help Desks	(42,000)		(140,000)			This is a currently unmet requirement.
Software/Systems	Duplicate Anti-Virus Systems	(35,000)		(42,000)			5 or 6 different systems currently exist
Software/Systems	Building and deployment of computers	(75,000)		(75,000)			3 or 4 anti-virus systems currently exist
Software/Systems Overhead	Duplicate Software Solutions; Statistical packages, graphics packages, etc Elimination of Data Centers	(100,000) (30,000)		(100,000) (30,000)			Dozens exist
Hardware	Elimination of duplicate hardware & Datacenter Reducing Large Duplicative software; Use one or two where they will do the job instead of multiple (Grants Management, Business Process Management)	(200,000)		(200,000)			Reduction of at least two data centers
Software/Systems Contractual Services	More work done with State Employees vs. contract employees	(325,000)		(325,000)			This number relates to 1 large software solution. We estimate at least 4.
Totals:	Upward/(Downward) Pressure	(214,000)	45,000	(399,000)			

**Guestimates are conservative and potentially subject to change. There are no guarantees.

Downward Pressure
Upward Pressure

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Downward Pressure

Duplicate Call Centers/Help Desks
Duplicate Anti-Virus Systems
Building and deployment of computers
Duplicate Software Solutions; Statistical packages, graphics packages, etc
Elimination of Data Centers
Elimination of duplicate hardware & Datacenter
Reducing Large Duplicative software; Use one or two where they will do the job instead of multiple (Grants Management, Business Process Management)
More work done with State Employees vs. contract employees

Upward Pressure

Asset Management/Software Asset Management Tool "SAM" Business Cards/Letterhead/Website & Service Catalog Movement from Classified to Exempt

Prepared by the Administration