

IT Modernization Special Fund

Purpose: The State is committed to implementing a long-term IT Modernization Fund to provide mechanisms, staffing, and financing necessary to achieve the important goal of modernizing the state of Vermont's IT infrastructure.

(xx) Success in implementing the IT Modernization Fund shall depend largely on providing sustained and adequate funding to support the implementation of all of the following:

(A); New IT Projects

(B); Cybersecurity

(C); data analysis and

(D); Upgrades to existing technology platforms and systems

(xx) To make certain the success in implementing the IT Modernization Fund, operating costs for projects shall not be funded from the special fund.

(xx) Notwithstanding any contrary provisions of the law, unexpended balances and any earnings shall remain in the Fund from year to year.

(xx) To avoid the future impairment and degradation of the State's IT infrastructure, the State shall commit to continued funding.

(xx) The Secretary of the Agency of Digital Services shall administer and manage the fund with annual reporting to the legislature on the health of the fund along with annual expenditure and project updates.

(xx) Projects in the IT Modernization fund; Creation of the Information Technology Business Case and Cost Analysis (IT-ABC) form. The "ABC" form must capture the following information:

(A) Business Problem to be solved.

(B) Proposed solution

(C) Detailed justification

(D) Thorough analyses to include, risks, proposed implementation costs, operating costs and;

(E) Current operating system costs

(X) In FY22 \$53,000,000 is appropriated from the general fund to the IT Modernization Fund for the purpose of implementing the following IT projects:

(1) \$15,000,000 for the first phase of a DMV IT system

- (2) \$1,075,000 for the second phase of the DEC permit navigator
- (3) \$500,000 to NRB for phase 2 of the Act 250 online application and database project
- (4) \$12,750,000 for a Human Capital Management ERP upgrade
- (5) \$4,500,000 for Bright Futures Information System replacement.
- (6) \$2,000,000 for VDOL financial account and reporting system.
- (7) \$3,500,000 to VDOL for UI modernization
- (8) \$1,000,000 to VDOL Joblink replacement
- (9) \$1,500,000 to ADS cybersecurity - core infrastructure replacement and router replacements for public safety connections to the municipalities.
- (10) \$1,000,000 to ACCD for Salesforce grant management system
- (11) \$9,500,000 to AHS Integrated Eligibility replaces Access; and
- (12) \$430,000 to States' Attorneys for case management system

Establishing the Fund:

VSA 3 Chapter 56 §3305 The General Assembly establishes in this subchapter an IT Modernization Fund as a mechanism for financing the development, implementation, and upgrades of IT Projects in the State. The IT Fund shall be used to:

- (1) assist the State in the implementation of IT Projects.
- (2) provide funding for IT projects when existing revenue sources are inadequate to fund those projects.
- (3) Provide prioritization of technology needs

(X) There is created a special fund to be known as the IT Modernization Fund to be administered by the Secretary of Digital Services. The State hereby irrevocably pledges and assigns and continuously appropriates the proceeds derived from the following:

- (1) All funds collected annually above and beyond \$100,000 under the Purchasing Card Rebate Program;
- (2) All Administrative fee funds collected annually from the purchase of IT Hardware and Software sales, and Administrative fee funds collected annually above and beyond \$500,000 of all other commodity sales of the Negotiated Vendor Administrative Fees;
- (3) All funds collected under the Electronic buy-back program;
- (4) Twelve percent of fees collected from the Mutual and Trust fund regulation assessment; and,
- (5) other revenues dedicated for deposit into the Fund by the General Assembly.

(X) Notwithstanding any contrary provisions of the law, unexpended balances and any earnings shall remain in the Fund from year to year.

(X) Upon establishment of the fund, the Administration will look to add additional revenue sources in the coming years with the input and consent of the legislative branch.

IT Modernization Fund Report

(X) IT Modernization Fund budget request. In addition to the general operating budget request to be submitted by the Governor to the General Assembly pursuant to this chapter, the Governor shall submit to the General Assembly, not later than the third Tuesday of every annual session, a consolidated IT Modernization Fund budget request. In the first year of the biennium, the budget shall relate to the next two fiscal years. In the second year of the biennium, the budget shall relate primarily to the next fiscal year but may request amendments to the current or to previous fiscal years or refer to requests for future fiscal years. The request shall encompass all undertakings that may require State general obligation of the IT Modernization Fund balance as follows:

(1) Activities proposed for funding by general obligation of the IT Modernization Fund shall be restricted to IT projects, but may include the planning, design, and staff associated with implementing the project.

(2) The IT Project budget shall not include requests for financing of state agency operating expenses not directly related to the IT project as required hereinabove. The latter operating expenses shall be accounted for in the Governor's annual general operating budget request.

Form of IT Project Budget:

(a) Each biennial IT Modernization Fund budget request submitted to the General Assembly shall be accompanied by, and placed in the context of, a 3-year State IT Project plan to be prepared, and revised annually, by the Governor and approved by the General Assembly. The 3-year plan shall include a list of all projects which will be recommended for funding in the current and ensuing two fiscal years. The list shall be prioritized based on need.

(b) The IT Modernization Fund budget request for the following biennium shall be presented as the next increment of the rolling 3-year plan. Elements of the plan shall include:

(1) Assessment and projection of need.

(A) IT needs and projections shall be based upon

- (1) Alignment with the Governor's goals.
- (2) Alignment with the State's IT Strategic Plan.
- (3) Project is required due to new or updated legislation.
- (4) Project is required to maintain Federal or State compliance.
- (5) The project reduces our technical debt.
- (6) The project improves our risk posture for Cyber Security, resources, and sustainability.
- (7) The project is providing a positive impact on services for Vermonters.
- (8) The project brings operational efficiency to state processes.

(B) IT Project funding shall be categorized as a percent of project costs from the IT Modernization Fund, Federal Funds, State General Funds, Other Funds. In addition, funding that utilizes a transaction model or other cost recovery models will be identified.

(C) IT project needs, and projections shall be for the current and the next two fiscal years, with longer-term projections presented for projects with reasonably predictable longer-term needs.

(D) IT Project needs and projections shall include an estimated cost of maintaining and updating existing IT infrastructure.

(2) Cost and financing assessment.

(A) Amounts appropriated and expended for the current fiscal year and the preceding fiscal year shall be indicated for individual projects. The assessment shall indicate further the source of funds for any project which required additional funding and a description of any authorized projects which were delayed.

(B) Amounts proposed to be appropriated for the following fiscal year and each of the two years thereafter shall be indicated for individual projects and shall be revised annually to reflect revised cost estimates and changes made in allocations due to project delays.

(C) The estimated costs of individual projects, including funds for the development and evaluation of each project, shall be presented in full, for the entire period of their development.

(D) The operating costs, both actual and prospective, of individual projects shall be presented in full, for the entire period of their development and expected useful life.

(E) The financial burden and funding opportunities of individual projects shall be presented in full, including federal, state, and local government shares, and any private participation.

(F) Alternative methods of financing projects should be described and assessed, including debt financing, transaction fees, and use of current revenues.