

Overview of Technology Modernization Special Fund

Joint Information Technology Oversight Committee

James Duffy, Fiscal Analyst, Joint Fiscal Office

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JFO

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Overview of Presentation

- IT budgeting in the context of the State budget
- Technology Modernization Special Fund overview
- Questions and discussion



IT Budgeting in the Context of the State Budget

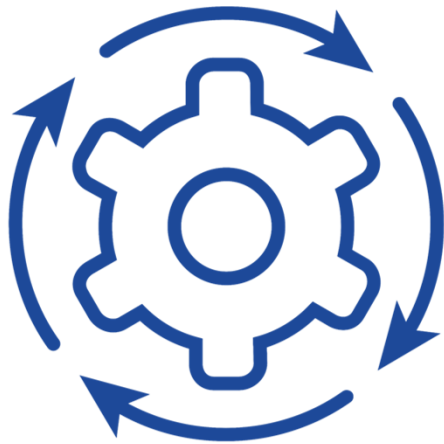


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How IT Is Funded Today

Practices differ for...operating costs and one-time projects



Operating costs

Generally covered
through annual budgeting
processes



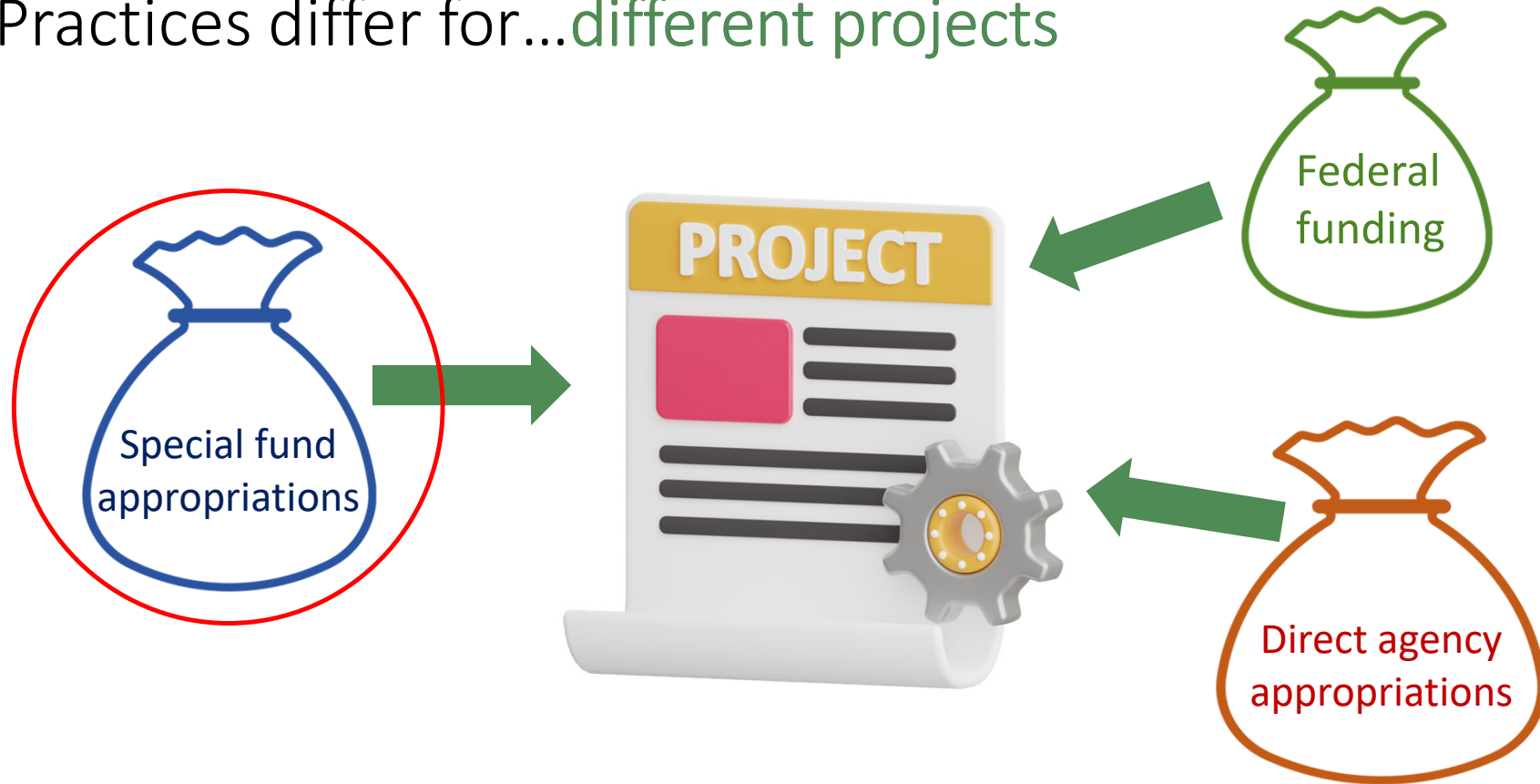
System modernization costs

Typically funded through one-
time appropriations as funds are
available



How IT Is Funded Today

Practices differ for...different projects





IT Modernization Funding

- Similar practices across the State
- Appropriations are typically on a project-by-project basis
 - One-time appropriations as funds are available
- Appropriations may be made through:
 - Interdepartmental transfers to the CIT Fund's "Demand" service category
 - Direct agency appropriations
 - **Special funds**



The Technology Modernization Special Fund



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Technology Modernization Special Fund

- Created in fiscal year 2022 to finance State investments in IT system upgrades and modernization
- Administered by ADS
- Expenditures can only be made from the Fund through appropriation by the General Assembly
 - Project authorization must also come from the GA

BUDGET & FINANCE

Will a Special Tech Fund Push IT Forward in Vermont?

Thanks in part to the testimony of CIO John Quinn, Vermont appears to be moving toward a long-term fund for IT modernization projects. The fund would address several large needs, including an inflexible UI system.

March 24, 2021 • Jed Pressgrove



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Technology Modernization Special Fund: Uses



“Monies in the Fund shall be used to fund business process transformation and to purchase, implement, and upgrade technology platforms, systems, and cybersecurity services used by State agencies and departments to carry out their statutory functions.”

([3 V.S.A. § 3306\(a\)](#))



Technology Modernization Special Fund: Uses



“The General Assembly shall prioritize projects to receive monies from the Fund based on recommendations from the Chief Information Officer submitted pursuant to subsection 3303(a) of this title. **Expenditures shall only be made from the fund through appropriation and project authorization by the General Assembly.** Plans for use shall be submitted as part of the budget adjustment or budget process.”

[\(3 V.S.A. § 3306\(e\)\)](#)



Technology Modernization Special Fund



- Has supported some of Vermont's largest recent IT modernization efforts
 - VDOL Unemployment Insurance Modernization (\$30M)
 - DMV Modernization (\$20.25M)
 - ERP financial system (\$11.8M)
- There is currently no recurring annual appropriation to the Technology Modernization Special Fund
- FY24 ending balance was ~\$82.5 million



Sec. F.163 3 V.S.A. § 3306 is amended to read:

§ 3306. TECHNOLOGY MODERNIZATION SPECIAL FUND

* * *

(b) Funds. The Fund shall consist of:

(1) any amounts transferred ~~or appropriated~~ to it by the General
Assembly; and

(2) any interest earned by the Fund.

* * *



IT Modernization
Costs

Other Funding/Appropriation Sources

- Agency of Digital Services
- Other special funds
 - Tax Computer Modernization Special Fund
- Direct appropriations to and expenditures by agencies through base budgets
- Because the size and scope of an IT project can vary greatly, the threshold for legislative engagement can as well



Conclusion & Questions

- IT operating costs are generally folded into annual budgeting cycles and have established, recurring funding sources.
- IT modernization costs are generally funded as one-time appropriations through a limited number of vehicles.
- The Technology Modernization Special Fund is a significant source of funding for some of the largest tech modernization projects in the State.

