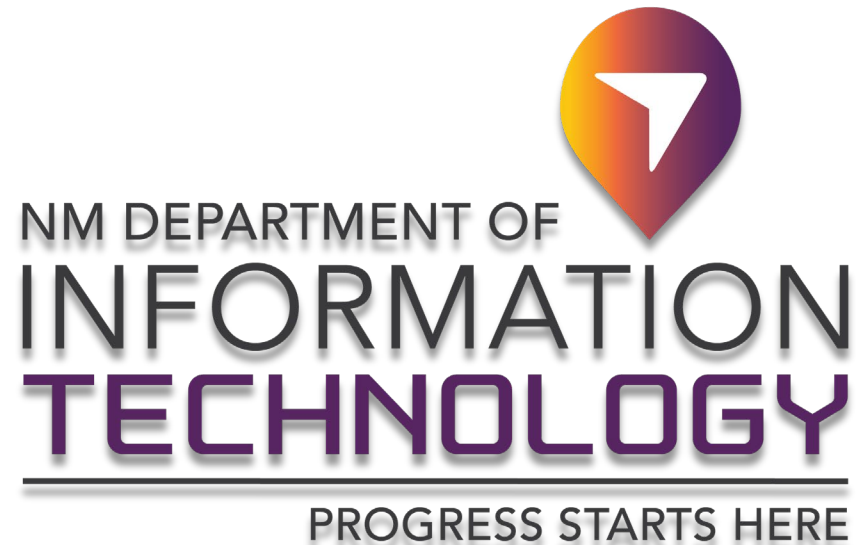# FY26 APPROPRIATION REQUEST

Legislative Finance Committee
November 19, 2024

Manny Barreras, Cabinet Secretary Designate, State Chief Information Officer

PRESENTATION OVERVIEW

NM DEPARTMENT OF INFORMATION TECHNOLOGY

PROGRESS STARTS HERE

➢ Agency Overview

➢ Budget Comparison

➢ FY26 Sources and Uses

➢ Equipment Replacement Fund (ERF)

➢ FTE Analysis and Vacancy Rate

➢ FY26 Agency IT Funding (C2) Requests and Recommendations- in progress

AGENCY OVERVIEW

Created in 2007, the Department of Information Technology (DoIT):

- ➢ Develops the State's strategic direction for information technology (IT)
- ➢ Delivers enterprise IT services and telecommunications for executive agencies
- ➢ Performs oversight of IT projects and procurements
- ➢ Delivers high-quality and cost-effective IT services
- ➢ Reduces exposure of the State's computer assets to cybersecurity risks
- ➢ Provides government technology investment oversight, with transparency, consistency, and fiscal responsibility
- ➢ Administratively attached agencies, Office of Broadband Access & Expansion as of FY23 and Office of Cybersecurity as of FY24

Agency Overview continued

CHANGES

TRANSITIONS

CHALLENGES

- Leadership Changes

- Cabinet Secretary- September 2024
    - Onboarded Director of IT Services; February 2024

- Cybersecurity Assessment- based on Executive Order September 2024

- 24 Audit Rule – SOC 2, Type 2 Audit of DoIT supported agencies
    - Completed Gap assessment
    - Resources impact

- Attracting and retaining of Technology Professionals

- Agency prioritization of adoption of full DoIT Services

FY26 - FY25 BUDGET COMPARISION

FY26 Appropriation Request and FY25 Operating Budget	Total (in thousands)
FY26 Agency Base Request	$103,635.5
FY25 Operating Budget	$92,355.5
FY26 Base Request Increase: 12%	**$11,280.0**

FY26 APPROPRIATION REQUEST SOURCES

(in thousands)

Sources	FY25 Operating Budget	FY26 Base Request	Difference	% Change
General Fund	$9,283.2	$14,733.2	$5,450.0	58.71%
Other Transfers	$9,376.7	$12,255.2	$2,878.5	30.70%
Other Revenues	$63,302.4	$69,388.3	$6,085.9	9.61%
Fund Balance	$10,393.2	$7,258.8	($3,134.4)	-30.16%
Total Request	**$92,355.5**	**$103,635.5**	**$11,280.0**	**12.21%**

FY26 BASE USES BY PROGRAM
(in thousands)

Uses	P771	P772	P773	P784	P789	P791	FY26 Base Request
Personal Services & Employee Benefits (200s)	$4,569.0	$1,396.0	$15,002.5	$0.0	$1,956.7	$1,635.1	$24,559.3
Contractual Services (300s)	$52.0	$50.0	$5,245.8	$0.0	$125.0	$3,572.6	$9,045.4
Other Services (400s)	$405.7	$126.0	$38,686.1	$17,900.0	$475.0	$832.8	$58,425.6
Other Financing Uses – Transfers (500s)	$0.0	$0.0	$10,641.2	$0.0	$482.0	$482.0	$11,605.2
Total Uses:	**$5,026.7**	**$1,572.0**	**$69,575.6**	**$17,900.0**	**$3,038.7**	**$6,522.5**	**$103,635.5**

Program Code Legend

P771 Program Support

P772 Compliance & Project Management

P773 Enterprise Services

P784 Equipment Replacement Fund

P789 Office of Broadband Access & Expansion

P791 Office of Cybersecurity

FY26 SUMMARY BY PROGRAM
(in thousands)

Uses	FY26 Base Request	FY26 Expansion	FY26 Total
P771 - Program Support	$5,026.7	$0.0	$5,026.7
P772 - Compliance and Project Management	$1,572.0	$750.0	$2,322.0
P773 - Enterprise Services	$69,575.6	$0.0	$69,575.6
P784 - Equipment Replacement Fund	$17,900.0	$0.0	$17,900.0
P789 - Office of Broadband Access and Expansion	$3,038.7	$0.0	$3,038.7
P791 - Cybersecurity	$6,522.5	$0.0	$6,522.5
Total	**$103,635.5**	**$750.0**	**$104,385.5**

EQUIPMENT REPLACEMENT FUND-P784

Equipment Replacement Fund (in thousands)	FY25	FY26
SHARE ERF	$3,341.2	$3,500.0
Enterprise ERF	$13,437.8	$14,400.0
Total:	**$16,779.0**	**$17,900.0**

Section 9-27-11(B) NMSA 1978, created the equipment replacement revolving funds for the purpose of acquiring and replacing capital equipment and associated software used to provide enterprise services to DoIT customers.

DoIT records amounts due to the equipment replacement funds each fiscal year, based on the calculation of amortization and depreciation applicable to each enterprise service as reflected in the department's published service rates.

FY25 DoIT FTE STATUS

FY24 FTE Status (November 2023)	
Authorized	177
Filled	133
Vacant	44
Overall Vacancy Rate	**25%**

FY25 Current Status	
Authorized	196
Filled	159
Vacant	37
Vacancy Rate	**19%**

19 new positions were approved through the 2024 Legislation- effective FY25. These positions are in the process of being onboarded.

FY26 FTE REQUEST

❑ Additional 5 FTE for Enterprise Services are requested with zero funding

❑ The Compliance & Project Management and Office of Broadband positions will be funded by general fund

FY26 FTE Budget Request	
Authorized	196
Expansion	10
Total	206

Additional FTE for FY25 includes:
❑ 4 FTE for Compliance & Project Management (2-GIS)
❑ 5 FTE for Enterprise Services
❑ 1 FTE for Office of Broadband Access and Expansion

FY26 IT FUNDING (C2) REQUESTS

Total State Agency's Actual IT Operating Costs (in thousands)	
FY20	240.5
FY21	270.9
FY22	283.4
FY23	297.7
FY24 Unaudited	321.2
FY25 OpBud	356.1
6-Year Total	1,769.8
Source: State Agency IT Strategic Plans (C-1 Form)	

Total IT Appropriations Computer System Enhancement Fund (in thousands)	
FY20	52.4
FY21	115.1
FY22	56.3
FY23	146.7
FY24	187.4
FY25	52.1
6-Year Total	610.0
Source: Gen Appropriate Act	

*According to a Deloitte Study, the average business will invest **between 6% and 14% of its annual IT budget** in cybersecurity. This represents less than a quarter of the total budget allocated to cybersecurity overall. In general, most spend an average of **10% of their IT budget on cybersecurity.** 11/30/21*

EVALUATION CRITERIA

- Project risk
- Continuation of an ongoing project
- Internal project manager
- Project management vendor
- Independent Validation and Verification (IV&V)
- Availability of Federal fund match
- Project can be phased
- Consider partial funding

Summary of C2 Requests:

36 Projects totaling $391.1 million

- ❖ $170.9 million – General Fund
- ❖ $4.9 million In State Funds/ Internal Transfers
- ❖ $215.3 million – Federal Funds
- ❖ $0 – Other State Funds

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SPECIAL STATE APPROPRIATIONS

▶ <u>SB 280 2019:</u> Six million dollars ($6MM) to plan, design, construct and implement an enterprise cybersecurity operation center system, including the purchase and installation of equipment, for state agencies statewide

▶ <u>HB2 2021:</u> One million dollars ($1MM) to perform a statewide cybersecurity assessment and identify and implement security-related tools for compliance monitoring and cybersecurity risk management.

▶ <u>HB2 2022:</u> Twenty million dollars ($20MM) to plan, design and construct broadband projects and improve cybersecurity statewide. $1 MM went to Broadband.

▶ <u>HB2 2023:</u> Ten million dollars ($10MM) to improve cybersecurity statewide, including up to three million dollars ($3 MM) for incident response at the regulation and licensing department. ($7M DoIT $3M RLD)

▶ <u>HB2 2024:</u> Five million dollars ($5MM) for cybersecurity initiatives including public education and higher education.

NM DEPARTMENT OF INFORMATION TECHNOLOGY

Appendix

NOVEMBER 19, 2024

STATE AND LOCAL CYBERSECURITY GRANT PROGRAM (SLCGP)- P791

▶ Federal Fiscal Year 2023 Award was made January 2024

▶ Federal Fiscal Year 2024 Notice of Funding Opportunity release in September, will be applying by deadline.

SLCGP Year	Federal Allocation	State Cost Share	Total Fund
FY22	$2,540,403	$0 waived	$2,540,403
FY23	$5,178,907	$0 waived	$5,178,907
FY24	$3,884,180	$1,664,649	$5,548,829
FY25	$1,294,727	$863,151	$2,157,878
4-Yr. Totals	**$12,898,217**	**$2,527,800**	**$15,426,017**

EQUIPMENT REPLACEMENT FUND- P784

PROJECT	BUSINESS CASE	CATEGORY	CRITERIA	AMOUNT[1]
SHARE Continuous Improvement	Maintains and evolves SHARE in accordance with industry standard practices to ensure application of Oracle PUMs and updates to technical tools to remain current.	IT Professional Services	Critical	$1,100.0
SHARE Expansion	Implements additional modules and/or capabilities to enhance SHARE services in response to customer needs. Individual projects to be defined based on business priorities.	IT Professional Services	High	$1,566.8
SHARE Expansion	Purchase hardware and software tools required to support SHARE expansion, replace existing hardware, and ensure SHARE is safe and secure.	IT Hardware, Software Licenses	Critical	$900.0
			FY25 TOTAL	$3,566.80

[1]Dollars in thousands

Table 2: Planned FY26 ERF Expenditures for SHARE

Enterprise Services projects identified for FY26 ERF expenditures in the amount of $14.4 million are presented below. The department considers all projects equal priority; amounts are estimated.

PROJECT	BUSINESS CASE	CATEGORY	CRITERIA	AMOUNT[1]
Voice Services	Replace voice infrastructure to address aging or critical risk of failure in voice communications.	Voice	Operations	$1,400.0
Cloud Services and Directory Services Management	Expand hardware for data protection and disaster recovery systems to accommodate growth for DoIT hosting services to ensure data protection and critical data backups. Investments in infrastructure provide the foundation for our modernized State of NM private cloud services.	Cloud - IaaS	Enterprise Architecture	$1,700.0
Managed Applications and Development & Design	Provide customers of DoIT with economies of scale leverage that will result in lowered costs.	Enterprise	Operations	$3,350.0
Data Network Communications	Refresh wide area network equipment with core fiber backbone to ensure sustained and secure network operations for the state	Network	Operations	$2,500.0
Data Center	Modernize Security Camera and Badge System and contingency for catastrophic conditions.	Facilities	Operations	$750.0
Public Safety Radio	Provides continued progress in replacing obsolete infrastructure and subscriber hardware to support the state's P25 radio system and maintenance of public safety infrastructure.	Public Safety Communications	Operations	$4,578.0
Employee Refresh	Implement a 5-year rotation plan to update the personnel of DoIT's computer equipment.	Facilities	Operations	$75.0
			FY26 TOTAL	$14,353.0

[1]Dollars in thousands

SLCGP FY2022

Cybersecurity Governance & Planning

Cybersecurity Risk Assessments

Vulnerability and Attack Surface Management

Cybersecurity Training

Cybersecurity Workforce Development Planning

All Y1 SLCGP local government applicants elected to receive one or more of the five identified state-provided services. The applicant pool consisted of 42% counties, 19% K-12 school districts, 8% towns, 8% tribes, and 8% Higher Education Institutions. The service with the greatest demand was Vulnerability and Attack Surface Management, followed in order of preference by Cybersecurity Risk Assessment support, Cybersecurity Training, Cybersecurity Governance and Planning, and Cybersecurity Workforce Development Planning.

The State fully satisfied the SLCGP's local government and rural area pass-through requirements, ensuring that at least 80% of total federal funds benefit local entities and at least 25% of total federal funds benefit rural entities. The final pass-through percentages included 92% of total federal funding to local government entities and 54% of total federal funding to rural areas.