Department of Information Technology
FY22-23 Budget Information

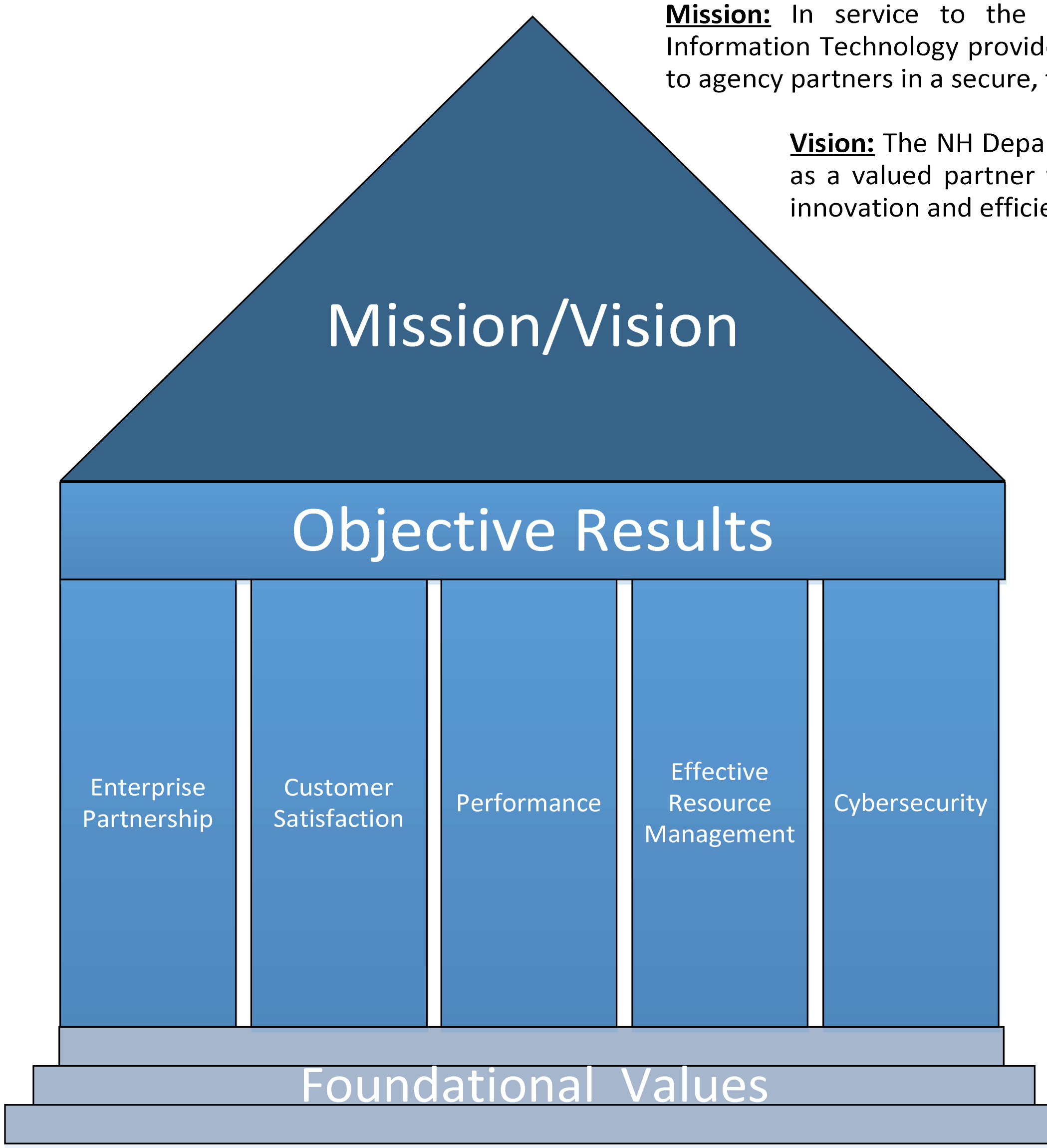
Introduction:

Good morning. My name is Denis Goulet and I am the Commissioner of the Department of Information Technology (DoIT). Joining me today is Ken Dunn, Deputy Commissioner of DoIT and Rose Curry, Director of Finance.

Thank you for the invitation to testify today and I welcome the opportunity to provide a high-level overview of DoIT's proposed FY 22/23 Governor's Phase operating budget.

The Department of Information Technology is a centralized organization that works with all executive branch agencies to manage the state's technology infrastructure, products, applications and procurement processes in a consistent, secure and cost-effective manner. DoIT also manages statewide telecommunications architecture and service functions.

DoIT's full responsibilities are outlined in RSA 21-R. Our budget is defined on a biennial basis by working with each individual agency to address unique needs (via a direct chargeback method) as well as enterprise needs and services that would benefit all agencies (via shared services chargeback methods). In addition, the telecommunications infrastructure and associated support are maintained through the use of a revolving fund. The revolving fund enables Telecommunications to define fixed rates to fund ongoing operations and charge agencies for extra services when required and as needed.



Mission: In service to the citizens of New Hampshire, the Department of Information Technology provides comprehensive technical leadership and solutions to agency partners in a secure, transparent and fiscally responsible manner.

Vision: The NH Department of Information Technology will be recognized as a valued partner to New Hampshire and a major contributor toward innovation and efficiency efforts.

Objectives by Theme:

Enterprise Partnership

- Increase Enterprise Alignment
- Mature Governance

Customer Satisfaction

- Enhance Citizen Services
- Improve Customer Communications

Performance

- Promote Continuous Improvement

Effective Resource Management

- Employee Development
- Invest in Talent Management
- Promote Financial Transparency

Cybersecurity

- Strengthen the State’s Security Posture

Major Program Changes:

During the past 2 years, DoIT's program focus has been on developing and leveraging enterprise solutions across agencies to reduce costs, drive efficiencies and rapidly deploy solutions as needed. When the COVID crisis hit us earlier this year, DoIT and its partners were able to quickly address the needs of the executive branch agencies, the Governor's office, and the citizens and businesses of the State through technologies already in place.

At the onset of the pandemic, DoIT faced a surge of telework requests and the resulting demands on our network & infrastructure, along with the surge from citizens and businesses seeking unemployment assistance and information from our public health systems. A tenfold increase in network capacity, the setup of multiple call centers, the ability to provide citizen and businesses access to State websites, resources and dashboards, while safely moving a large majority of State employees to work from home were achieved in days or weeks, utilizing the enterprise solutions and partnerships that had been implemented during the current biennium.

COVID related requirements have not ended, and many of the solutions already in place will continue to expand, consistent with our strategic plan. During the upcoming biennium, DoIT will continue to focus on enterprise solutions, development of digital government capabilities, and expanded use of cloud hosted technologies, along with implementing the necessary governance and security needs to manage and protect state sensitive information.

DoIT's Strategic Initiatives:

DoIT's strategic IT plan was ratified in 2017 by the IT Council. A soft copy of the Strategic IT Plan can found at this link: https://www.nh.gov/DoIT/strategic/index.htm

DoIT is currently updating the State's IT plan, expanding on the enterprise foundation with input received from agencies on their FY22-23 IT plans and insight gained from the COVID crisis. The updated plan is targeted to be reviewed and approved by the IT Council by the end of FY2021.

DoIT Cybersecurity:

Cybersecurity is of primary importance to the State of New Hampshire as virtually all missions and business functions rely on the confidentiality, integrity and availability of our digital information infrastructure. We deploy a vast array of hardware and software tools and services to ensure the cybersecurity of our systems, networks and most important of all – our citizen data. Threats to our critical information and to the underlying systems are non-stop and are in fact increasing on a daily basis due to the proliferation of threat actors such as hackers, cyber criminals, and foreign-directed cyber espionage.

Over the past biennium, DoIT has taken significant strides to assess and upgrade our cybersecurity posture. We contracted with a cybersecurity firm to conduct a comprehensive cybersecurity risk assessment of the enterprise in order to assess the depth, breadth and efficiency of our cyber posture in seven major areas: IT asset inventory, endpoint, server and network security, data and application security, and our cyber program. The outcome of the assessment was a detailed report which described our strengths, weaknesses and cyber gaps, as well as a prioritized list of recommendations which have been factored into our short and long term cyber strategy. We also implemented new network intrusion prevention and security monitoring capabilities which have greatly enhanced our ability to monitor, detect and block malicious cyber activity.

Although our cybersecurity posture has been fully assessed and new cyber protections put in place, the threat landscape continues to grow due to two main factors: 1) increasingly diverse agency IT requirements and citizen-centric services, and 2) the increasing use of cloud hosted applications and services. These factors continue to impact our risk posture in new and often unpredictable ways and creates additional data entry points into a state network that had primarily been on-premises with understood cyber risks. Additionally, the increasing usage of cloud-based applications and services has introduced new challenges into how we collect, store and transmit sensitive state information, which may now reside outside the physical control of our network and data center.

Although significant progress has been made in our overall security posture, DoIT must continue to adjust and adapt our cyber defense and protection capabilities to respond to the ongoing threats in a highly diverse and cloud-hosted IT environment, and must continue to evolve our cybersecurity strategy accordingly.

DoIT Proposed FY 22/23 Agency *Efficiency* and *Additional Prioritized Needs* Budget Request:

The DoIT operating budget is established by working collaboratively with executive branch State agencies. This collaboration allows agency and DoIT staff to work together in defining and identifying *Efficiency* and *Additional Prioritized Needs* resources that are required to support the mission of DoIT and each individual agency. The budget as presented today fairly represents the resources DoIT requires over the next two years in order to provide a comprehensive technical leadership and solutions to agency partners in a secure, transparent and fiscally responsible manner.

- **Direct Agency IT Budget-**(Accounting Units 76070000 thru 76970000 and Accounting Unit 77020000) 100% of the budget in support of a specific agency;

- **Central IT Services and Operations-**(Accounting Unit 77030000) includes costs which are allocated between two or more agencies;

- **IT Salaries and Benefits-**(Accounting Unit 77080000) includes both direct and allocated IT authorized and funded positions;

- **Statewide Telecommunications-(**Accounting Unit 52130000**)** includes the cost of maintaining the statewide telecommunication infrastructure and associated support through the use of a revolving fund.

The *Additional Prioritized Needs* budget represents those resources which were not included in the FY 2021 budget. DoIT and agency personnel worked together to formulate an *Additional Prioritized Needs* budget that accurately reflected DoIT and agency budgetary needs above and beyond the *Efficiency* budget. The *Additional Prioritized Needs* budget was categorized into one of the following three categories:

APN 1-Capital budget, grant funded or CARES Act funded in the prior biennium that is now generating operating expense,
APN 2-Structural or contract increase for existing initiatives that were above target, or
APN 3-New initiatives.

DoIT Budget	FY 2021 Adjusted Authorization	FY 2022 Agency *Efficiency* Request	FY 2022 Agency *Additional Prioritized Needs*	FY 2023 Agency *Efficiency* Request	FY 2023 Agency *Additional Prioritized Needs*
Direct Agency IT Budget (A/U 76070000-76970000, A/U 77020000)	$44,953,347	$44,650,611	$5,820,228	$43,369,479	$3,978,028
Central IT Services and Operations (A/U 77030000)	$7,462,430	$6,717,293	$5,507,789	$7,184,120	$5,427,372
IT Salaries and Benefits (A/U 77080000)	$44,390,561	$43,037,481	$175,773	$45,330,423	$182,525
Statewide Telecommunications (A/U 52130000)	$5,203,787	$5,607,077	$0	$5,912,235	$0
TOTALS	**$102,010,125**	**$100,012,462**	**$11,503,790**	**$101,796,257**	**$9,587,925**
Revenue					
001-Other	$96,806,338	$94,405,385	$11,503,790	$95,884,022	$9,587,925
003-Revolving Fund	$5,203,787	$5,607,077	$0	$5,912,235	$0
TOTALS	**$102,010,125**	**$100,012,462**	**$11,503,790**	**$101,796,257**	**$9,587,925**

Additional Prioritized Needs	**FY 2022**	**FY 2023**
Capital budget, grant funded or CARES Act funded that are now generating operating expense in FY22-23 (APN 1)	$6,365,529	$6,475,848
Structural or contract increase for existing initiatives that were above target (APN 2)	$2,936,370	$1,438,312
New Initiatives (APN 3)	$2,201,891	$1,673,765
See Appendix A for full detail	**$11,503,790**	**$9,587,925**

DoIT Proposed FY 22/23 Agency *Efficiency*

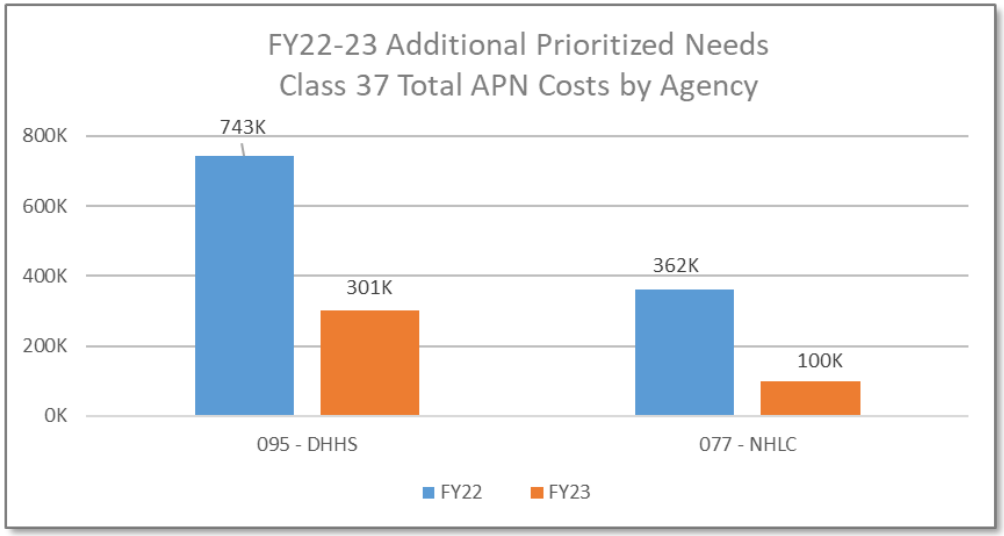
DoIT Budget by Class	FY 2021 Adjusted Authorization	FY 2022 Agency *Efficiency* Request	FY 2023 Agency *Efficiency* Request
10-Personal Services-Classified	$26,872,743	$25,772,393	$27,213,177
12-Personal Services-Unclassified	$1,293,884	$1,285,681	$1,335,206
18-Overtime	$829,351	$884,681	$889,681
20-Current Expenses	$234,501	$236,679	$241,978
22-Rents Other than State	$167,832	$261,988	$261,988
25-State Owned Equip Usage	$17,000	$26,000	$27,000
26-Organizational Dues	$18,890	$13,500	$13,500
28-Transfer to General Services	$822,298	$764,823	$783,106
30-Equipment	$450	$6,450	$450
37-Technology-Hardware	$10,011,830	$11,293,758	$10,499,910
38-Technology Software	$21,486,866	$20,503,473	$20,207,311
39-Telecommunictions	$2,912,172	$2,750,602	$2,765,602
42-Additional Fringe Benefits	$2,816,634	$2,476,187	$2,609,383
46-Consultants	$19,638,752	$18,842,085	$19,311,451
49-Transfer to Other State Agencies	$11,500	$11,500	$11,500
50-Temp Part Time	$534,153	$457,485	$462,800
57-Books	$3,080	$2,000	$2,060
59-Temp-Full Time	$237,568	$217,425	$233,156
60-Benefits	$13,766,993	$13,891,687	$14,639,393
66-Training	$226,501	$238,611	$212,151
70-In State Travel	$27,175	$26,251	$26,251
80-Out of State Travel	$37,750	$7,001	$7,001
89-Transfer to DAS Maintenance Fund	$42,202	$42,202	$42,202
Grand Total	**$102,010,125**	**$100,012,462**	**$101,796,257**

DoIT Proposed FY 22/23 Agency *Additional Prioritized Needs*

DoIT *Additional Prioritized Needs* by Class	**FY 2022 Agency *Additional Prioritized Needs* Request**	**FY 2023 Agency *Additional Prioritized Needs* Request**
10-Personal Services-Classified	$53,177	$57,509
18-Overtime	$53,730	$53,730
20-Current Expenses	$250	$250
28-Transfer to General Services	$68,273	$55,638
37-Technology-Hardware	$1,187,733	$407,570
38-IT Software	$8,474,121	$7,684,022
39-Telecommunications	$25,000	$0
42-Add Fringe Benefits	$4,701	$5,084
46-IT Consultants	$1,547,640	$1,232,920
50-Temp Part Time	$19,178	$19,178
60-Benefits	$44,987	$47,024
66-Training	$25,000	$25,000
Grand Total	**$11,503,790**	**$9,587,925**

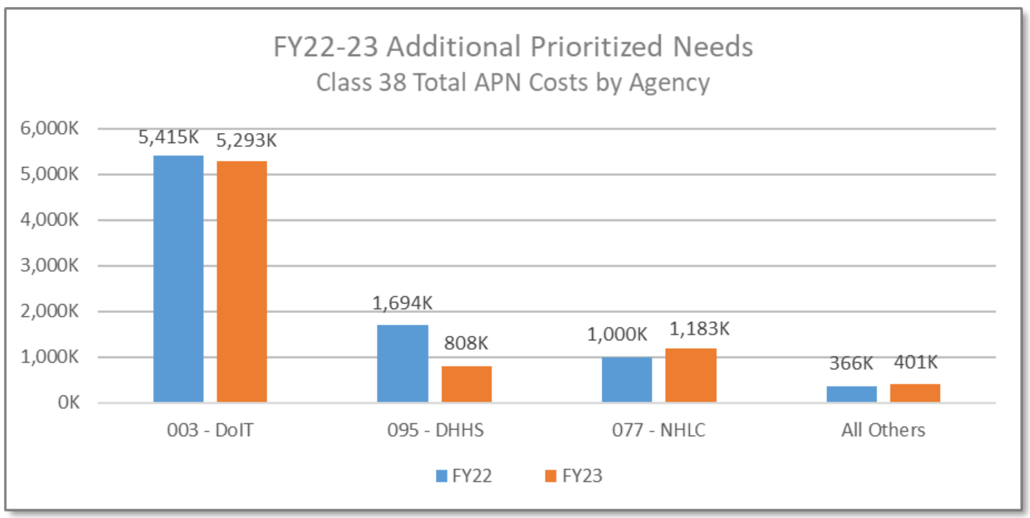
Major Class 37 Proposed FY 22/23 *Additional Prioritized Needs*

Agency	APN	Class 37-Technology-Hardware	FY22	FY23
DHHS	APN-2	Additional funds to increase storage capacity of EBI environment	$ 181,000	$ 100,000
	APN-2	Network hardware to maintain and replace aging equipment	$ 300,000	$ 53,886
	APN-2	Funds to build out new VM environment to host FTI compliant data (part of Bureau of Family Assistance IRS Corrective Action Plan (CAP) remediation)	$ 75,000	$ 75,000
	APN-2	Procure hardware to build out a segregated VM environment to host DHHS FTI Data.	$ 75,000	$ 15,000
	APN-2	Purchase additional network hardware to expand Wi-Fi capabilities across DHHS	$ 84,000	$ -
NHLC	APN-3	FY22 - NextGen - Procure Zebra wireless scanners to work with Microsoft Dynamics 365 FY23 - $100K to address additional requirements	$ 362,000	$ 100,000



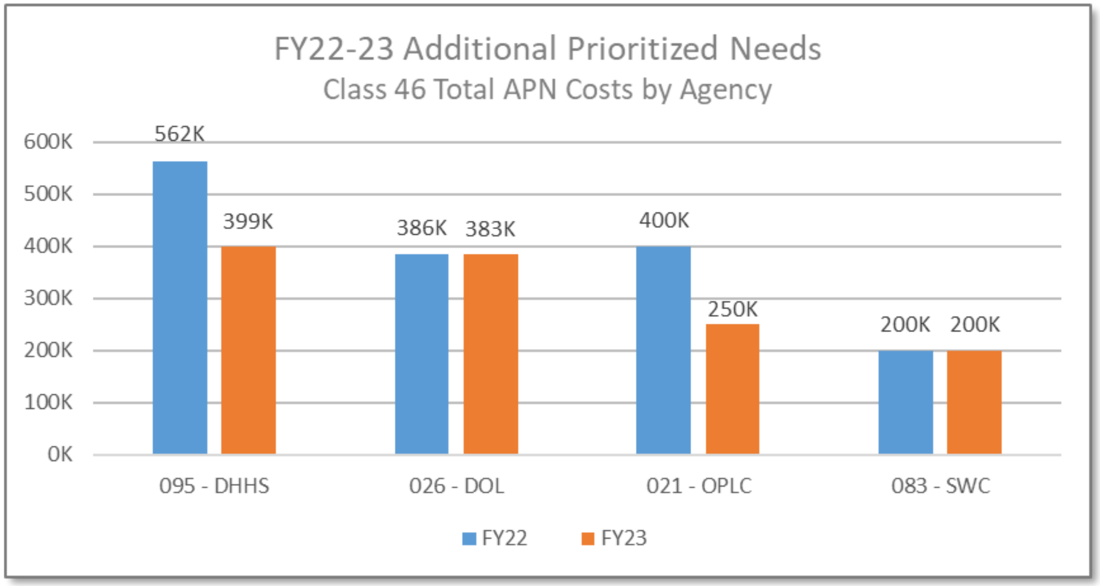
<u>Major Class 38 Proposed FY 22/23 *Additional Prioritized Needs*</u>

Agency	APN	Class 38 - IT Software	FY22	FY23
DoIT	APN-1	Microsoft O365 E3 (TEAMS, Exchange Online, O365) - 1st year funded through CARES Act	$ 4,696,048	$ 4,791,048
	APN-1	Salesforce licenses previously funded through CapEx, Grants, CARES Act	$ 4,696,048	$ 4,791,048
	APN-1	Web content management (Drupal) and Web hosting	$ 379,900	$ 417,800
	APN-1	Security related software (Patch Mgmt/SCCM, CoreView & CoreSaaS Suite	$ 289,581	$ 84,000
DHHS	APN-2	Additional funds needed to continue expansion of the Tableau/EBI environment.	$ 792,709	$ -
	APN-3	OrderConnect & eScribe Maintenance - NHH system to analyze performance, prioritize improvements, assess risks and build automated reports for the joint commission	$ 65,794	$ 69,084
	APN-3	CA Workload Automation SW to support various SalesForce projects for DHHS.	$ 89,685	$ 92,376
	APN-3	NHH pharmacy medication dispenser to maintain control and provide a system for accurate administration of medications to patients.	$ 210,000	$ 210,000
NHLC	APN-2	D365 yearly subscription $520k + Azure charges + other NHLC software requirements.	$ 1,000,000	$ 1,183,000



Major Class 46 Proposed FY 22/23 *Additional Prioritized Needs*

Agency	APN	Class 46 - IT Consultants	FY22	FY23
DHHS	APN-3	Funds for consulting/professional services for NHH electronic medical records system to meet legislative and hospital driven needs.	$ 312,000	$ 149,480
	APN-3	Consulting funds used to hire professional services for critical projects and staff augmentation (EBI, Salesforce, Public health, etc.).	$ 250,000	$ 250,000
DOL	APN-2	Replacement of IBM Cobol-based applications with Hyland OnBase code-free solution	$ 385,640	$ 383,440
OPLC	APN-2	FY22 - $400,000 for Inspections and Investigation Modules; FY23 - $250,000 for Doc. Management (SharePoint - MS Trusted Partner contract)	$ 400,000	$ 250,000
SWC	APN-3	Develop CRM solution to collect, manage and analyze customer data to provide the best gaming and sports betting experience.	$ 200,000	$ 200,000



Direct Agency IT Budget - Consists of those items allocated 100% to a particular agency (A/U 76070000 thru 76970000 and A/U 77020000)

DoIT Budget	FY 2021 Adjusted Authorization	FY 2022 Agency *Efficiency* Request	FY 2022 Agency *Additional Prioritized Needs*	FY 2023 Agency *Efficiency* Request	FY 2023 Agency *Additional Prioritized Needs*
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- PC devices & peripherals
- Server hardware
- Software licenses such as MS Office Suite and Oracle
- Mainframe software
- Network equipment
- Agency specific software
- Software including application maintenance for application and desktop solutions
- Consultants in support of the mainframe, New Heights, VISION and J-One

In FY 22/23 the following six agencies accounted for over 90% of the agency efficiency direct budget:

	FY 2022		**FY 2023**	
Total Direct Efficiency Budget	**$44,650,611**	%	**$43,369,479**	%
Department of Health and Human Services	$23,962,529	**54%**	$24,017,350	**55%**
Department of Safety	$8,945,557	**20%**	$8,928,083	**21%**
Department of Transportation	$3,340,746	**7%**	$3,327,411	**8%**
NH Employment Security	$1,807,969	**4%**	$1,443,534	**3%**
Department of Corrections	$1,646,055	**4%**	$1,695,163	**4%**
NH Liquor Commission	$1,054,279	**2%**	$927,847	**2%**
Top 6 Agency Totals	**$40,757,135**	**91%**	**$40,339,388**	**93%**

DoIT Central IT Services and Operations - Consists of those solutions and services which are shared across multiple agencies. The department uses a variety of cost allocation metrics (PC Counts, Server Statistics, Office Allocation, Time Tracking, On Line Licensing and many more) to allocate the costs to each agency at a rate commensurate with each agency's usage for items.

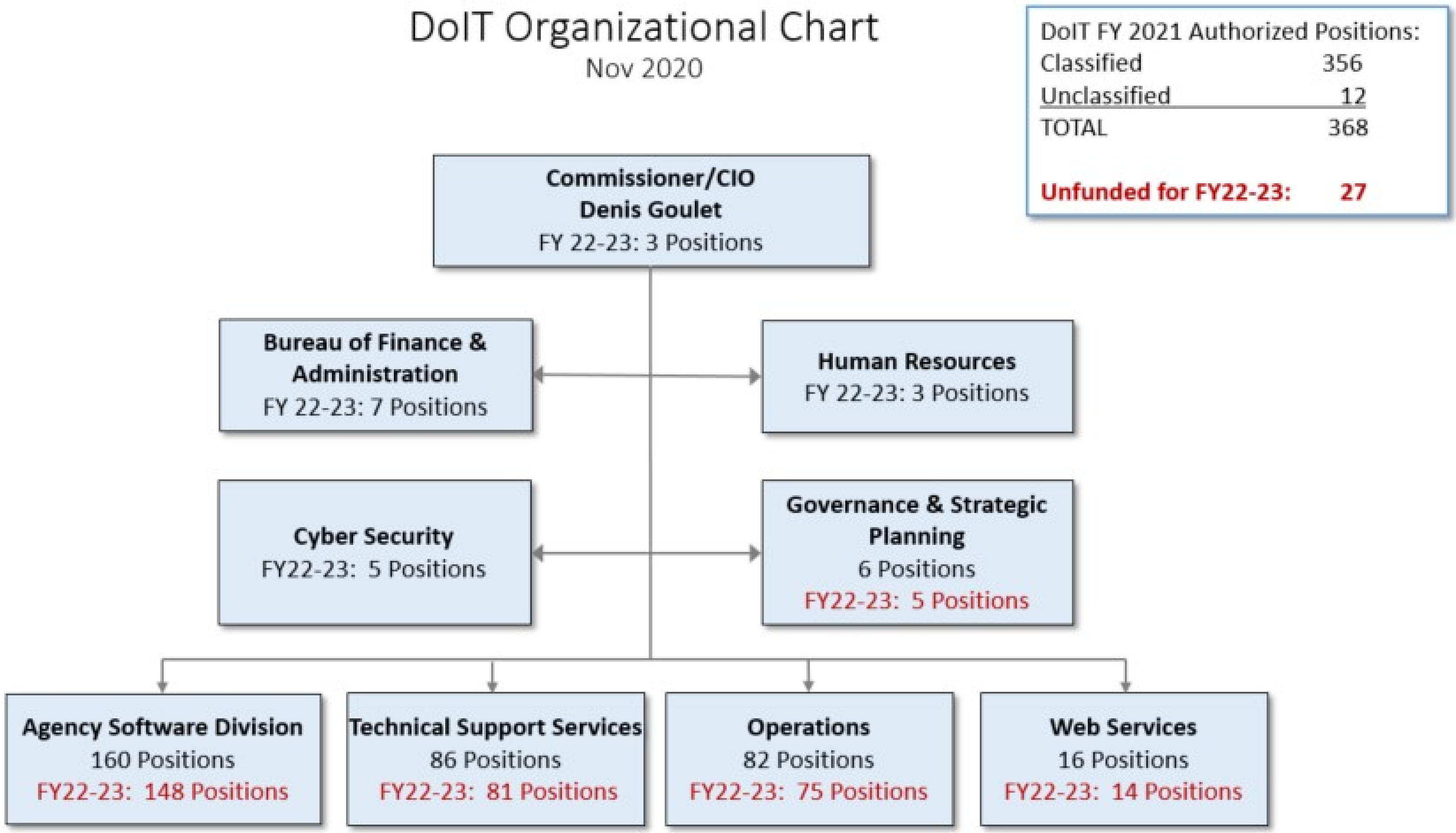
DoIT Budget	FY 2021 Adjusted Authorization	FY 2022 Agency *Efficiency* Request	FY 2022 Agency *Additional Prioritized Needs*	FY 2023 Agency *Efficiency* Request	FY 2023 Agency *Additional Prioritized Needs*
Central IT Services and Operations (A/U 77030000)	$7,462,430	$6,717,293	$5,507,789	$7,184,120	$5,427,372

- Desktop device management, including refresh, software installs and updates, break/fix services
- Desktop support solutions such as Exchange, collaboration tools, anti-virus, anti-spam and web filtering tools, mobile device management, user account management, and office productivity suites
- End user support such as a tracking solution for help desk tickets
- Current expenses and other class items which are administrative overhead including things such as office supplies, rent, staff equipment, travel and employee training
- Data Center operations support
- Physical and virtual servers used to manage enterprise applications such as email, file sharing and data storage, application and web hosting, and backup solutions
- Database management and administration
- Web Services, including development and content management
- Network infrastructure including the hardware and professional services required to maintain and support statewide Internet connectivity and the State's core network
- Cybersecurity resources including networking and desktop solutions to protect the state's IT infrastructure including intrusion detection, anti-virus solutions, event and incident tracking and monitoring tools, server, firewall and application vulnerability detection tools, encryption solutions, and professional services for security testing and remediation

DoIT Salaries and Benefits - DoIT currently has 368 authorized full time positions (356 Classified and 12 Unclassified). A total of 27 positions (both Direct and Shared) are unfunded in the FY 22/23 budget.

DoIT Budget	FY 2021 Adjusted Authorization	FY 2022 Agency ***Efficiency*** Request	FY 2022 Agency ***Additional Prioritized Needs***	FY 2023 Agency ***Efficiency*** Request	FY 2023 Agency ***Additional Prioritized Needs***
IT Salaries and Benefits (A/U 77080000)	$44,390,561	$43,037,481	$175,773	$45,330,423	$182,525

- CIO's Office
  - Finance and Administration
  - Governance and Strategic Planning
  - Cyber Security
  - Human Resources
- Agency Software Division
  - DoIT liaison to the agency
  - Agency line-of-business applications
- Operations Division
  - Server and Data Center support
  - Network Engineering and support
  - Core network services providing security, internet access and telecommunications
- Technical Support Services Division
  - Desktop and E-mail
  - Enterprise Applications and File/Print support
  - Help Desk services
- Web Support Division
  - Web services, e-government, e-commerce support
  - Hosts/Manages agency web sites



HB 2 Language: *Notwithstanding any other provision of law to the contrary, the department of information technology may fill unfunded positions during the biennium ending June 30, 2023, provided that the total expenditure for such positions shall not exceed the amount appropriated for personnel services.*

Telecommunications - The primary purpose of the Statewide Telecommunications Bureau is to provide affordable communication at the lowest possible cost to state agencies and to enhance the current services and satisfy expansion demands. Statewide Telecommunications is a service oriented, revenue generating operation and a statewide provider of goods and services related to telephone and data communications.

DoIT Budget	FY 2021 Adjusted Authorization	FY 2022 Agency ***Efficiency*** Request	FY 2022 Agency ***Additional Prioritized Needs***	FY 2023 Agency ***Efficiency*** Request	FY 2023 Agency ***Additional Prioritized Needs***
Statewide Telecommunications (A/U 52130000)	$5,203,787	$5,607,077	$0	$5,912,235	$0

The FY 22/23 actual rates can be found in the NH First BARS Budget Development Guide, Exhibit G, Telecommunications Planning Guide.

Footnote: *The Department of Information Technology is authorized to assess a fair and equitable charge for telecommunications and core network services, equipment and supplies. Such charges shall be made against departmental or institutional appropriations upon request and delivery. Funds arising from such charges shall be accounted for separately, and shall be continually appropriated to fund this account and for such purposes as may be approved by Governor and Council.*