State Modernization and Innovation Funds for Technology

State of Oregon
Joint Committee On Information Management and Technology

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@NASCIO

About NASCIO

- National association representing state chief information officers and information technology executives from the states, territories and D.C.

- NASCIO provides members with products and services designed to support the challenging role of the state CIO, stimulate the exchange of information, and promote the adoption of IT best practices and innovations.

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STRATEGIC PLAN 2024 - 2026

VISION

Government in which the public is fully served through business innovation and the optimal use of technology

Advancing government excellence through trusted collaboration, partnerships and technology leadership

MISSION

GUIDING PRINCIPLES: The National Association of State Chief Information Officers will:

- be non-partisan
- promote the state CIO as the technology leader who drives business innovation and transformation
- focus on multi-jurisdictional issues
- foster policies that support the public trust
- promote strategic alignment of government technology investments and state business agendas
- be ethical in our actions and relationships

2025 STATE CIO TOP 10 PRIORITIES
Priority Strategies, Management Processes and Solutions

1 CYBERSECURITY AND RISK MANAGEMENT

2 ARTIFICIAL INTELLIGENCE / MACHINE LEARNING / ROBOTIC PROCESS AUTOMATION

3 DIGITAL GOVERNMENT / DIGITAL SERVICES

4 DATA MANAGEMENT AND ANALYTICS

5 LEGACY MODERNIZATION

6 BUDGET / COST CONTROL / FISCAL MANAGEMENT

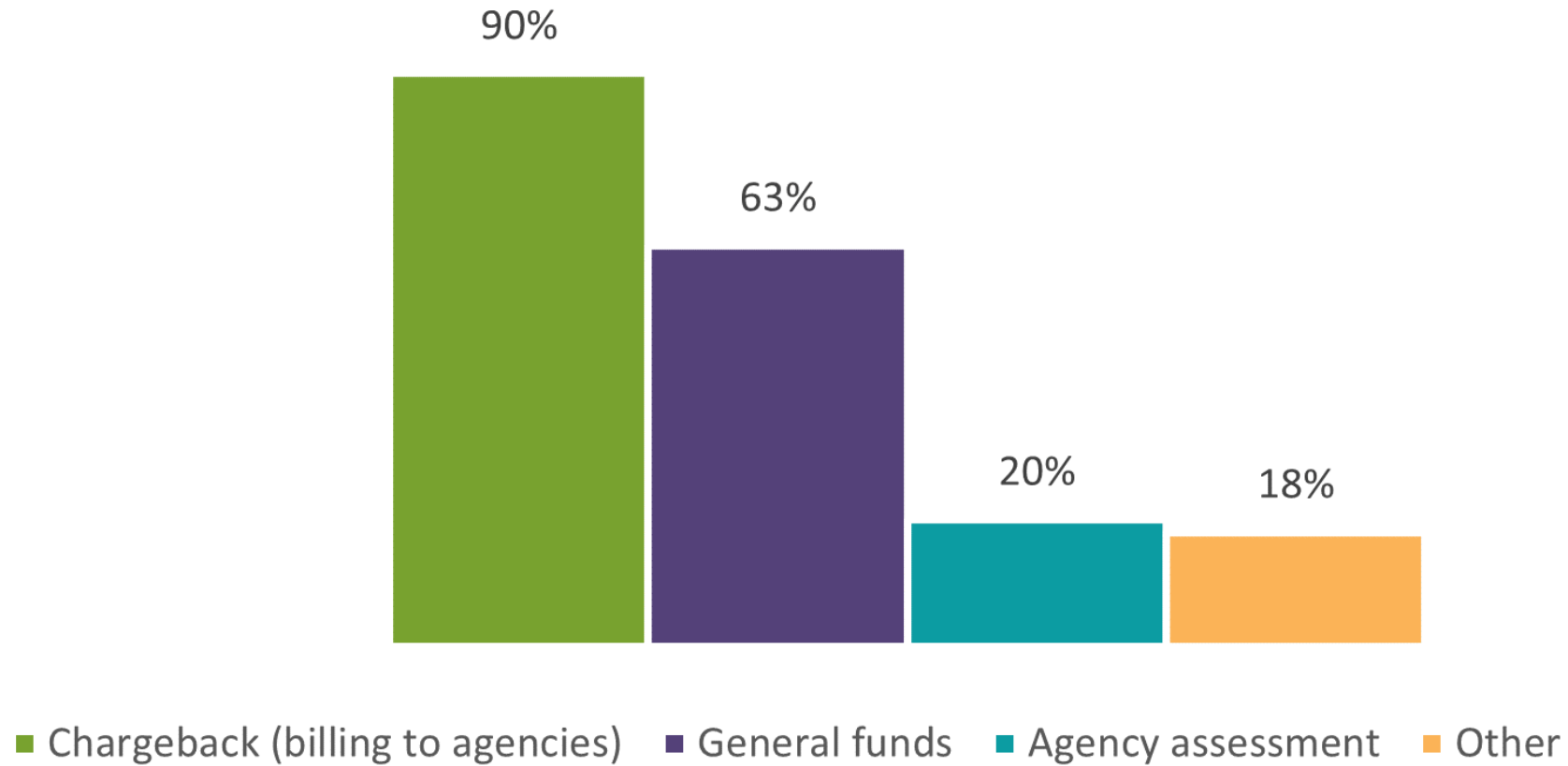**7** IDENTITY AND ACCESS MANAGEMENT
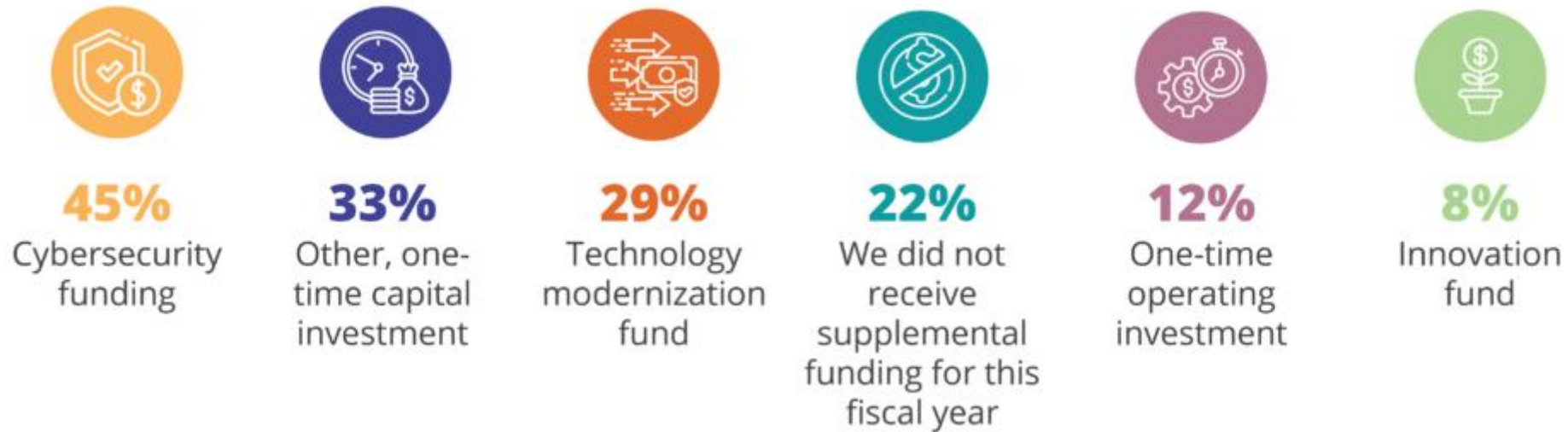
8 CLOUD SERVICES

9 WORKFORCE

10 ACCESSIBILITY

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How is the state CIO organization funded?
(select all that apply)

Chargeback (billing to agencies): 90%
General funds: 63%
Agency assessment: 20%
Other: 18%

- Chargeback (billing to agencies)
- General funds
- Agency assessment
- Other

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Has the CIO organization received supplemental funding for the current fiscal year? (select all that apply)

45%
Cybersecurity funding

33%
Other, one-time capital investment

29%
Technology modernization fund

22%
We did not receive supplemental funding for this fiscal year

12%
One-time operating investment

8%
Innovation fund

Source: 2023 State CIO Survey

Why Have a Technology Modernization Fund?

- Make <u>strategic</u> investments to replace or upgrade technology

- Provide financial support for projects that utilize technology to address critical needs

- Address the lack of capital funds from the agencies

- Improve digital services and citizen experience

- Accelerate the deployment and adoption of enterprise or program wide (shared) IT systems and services

- Address a critical security risk

- Modernize a business process

- Support migration to cloud services

- Generate cost savings through modernization

- Improve resiliency, operational efficiency, and/or risk reduction

- Facilitate research, prototyping, and piloting of emerging technologies

How are Modernization Funds Established?

- Dedicated Technology Modernization Fund

- Directed Technology Modernization Funds

- Bond Funding for Technology Modernization

- Technology Modernization Fund Supported by Fees or Assessments

- Technology Modernization Fund from External Sources

How are Modernization Funds Structured?

- **Recurring Funds:** under a legislative appropriation, states have established a specific fund to support IT modernization projects. Fund has a multi-year horizon. May require a direct or in-kind match from the agency.

- **One Time Funds:** states have created a modernization fund directed at targeted opportunities for investment: public safety, corrections, human services or court modernization. May require a direct or in-kind match from the agency.

- **Capital Investment Funding:** based on an enterprise-wide strategy focused on creating systems that are interoperable and involve shared services and applications.

- **Revolving Funds with Loans:** IT modernization funds are provided to agencies as a loan with a required repayment schedule

- **Competitive Funding:** Agencies compete for modernization/innovation funding under a solicitation model. Agencies are invited to pitch projects to a governance body. May require a direct or in-kind match from the agency.

How are Modernization Funds Governed?

General approach is a governance board, investment board or modernization committee of state leaders that ensures accountability and alignment with state goals. Responsibilities may include:

- Establish the rules, processes and procedures associated with the fund

- Determine eligibility

- Develop criteria and rating approach for projects

- Evaluate proposals based on strategic alignment and recommend funding

- Manage risk in project execution and decision-making

- Define and measure project performance

- Periodically review the implementation status of approved projects

- Annual report to the governor and/or legislature