

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB1177

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: **Subramanyam**

3. Committee: Communications, Technology, and Innovation

4. Title: Virginia Digital Service established; duties.

5. Summary: This bill creates the Virginia Digital Service within VITA which would provide consultation to state government on information technology. The bill requires the CIO to appoint an executive director of the service. Every state agency is required to assist and cooperate with this service. The service is charged to: (1) Modernize and simplify digital services in the Commonwealth by providing consultation services across state agencies; (2) Recruit at least 15 senior-level engineers, designers, product managers, technologists, and other top technical talent to contribute to the development and growth of public-facing services. Each team member shall be appointed by the Director to a two-year contract term with the option to extend the contract for an additional two years; (3) Work on priorities assigned by the Office of the Governor; (4) Streamline and simplify digital services for citizens by identifying inequities in the provision of government services and building user-centered solutions; (5) Initiate projects in which he shall be the product owners and responsible for the end-to-end service, including procurement and architecture decisions. The Service shall retain procurement authority to enter into contracts in support of the products and projects initiated by the Service; (6) Consult on projects with other agencies with the goal of improving product outcomes and the capacity of the agency to support those services long-term; (7) Advise the Governor, cabinet members, and the General Assembly on strategies to improve state policies and programs to support the delivery of digital services throughout the Commonwealth; (8) Assist the CIO in his duties as requested; and (9) Take any other actions necessary to fulfill the duties of the Service.

6. Budget Amendment Necessary: Yes – Item 93 and Item 484

7. Fiscal Impact Estimates: See item 8.

7a. Expenditure Impact:

Item 93:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$3,200,000	16	ISF
2024	\$3,200,000	16	ISF
2025	\$3,200,000	16	ISF
2026	\$3,200,000	16	ISF

2027	\$3,200,000	16	ISF
2028	\$3,200,000	16	ISF
2029	\$3,200,000	16	ISF

Item 484:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$1,468,800	0	GF
2024	\$1,468,800	0	GF
2025	\$1,468,800	0	GF
2026	\$1,468,800	0	GF
2027	\$1,468,800	0	GF
2028	\$1,468,800	0	GF
2029	\$1,468,800	0	GF

- 8. Fiscal Implications:** This bill would require the Virginia Information Technologies Agency (VITA) to recruit 16 positions to staff the Virginia Digital Services, comprised of an Executive Director appointed by the Chief Information Officer of the Commonwealth and an additional 15 senior technical contractors appointed by the Executive Director for a maximum term of two years, with an option for renewal for another two years. VITA estimates the fiscal impact for these 16 positions would be approximately \$3.2 million annually. Most of VITA’s administrative costs are paid through an internal service fund, which is funded through rates and charges to other state agencies. If the cost of this new service is billed as part of VITA’s overhead rate, then the general fund’s share of the cost would be approximately 45.9% or a total of \$1,468,800.

The bill charges the Service with modernizing, streamlining, and simplifying digital services for citizens. Virginia provides about 350 online services to its citizens. The scale and scope of redesigning these services is unknown. In addition, the Service would initiate and implement other IT projects. The Service’s redesign, consulting, and projects likely would require additional funding, but without knowing the scope and requirements of such work, VITA is unable to estimate potential costs beyond the personnel ones above.

- 9. Specific Agency or Political Subdivisions Affected:** VITA

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None