JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING
FY 2021-22

INFORMATION TECHNOLOGY
PROJECTS (IT CAPITAL)

PREPARED BY:
ALFREDO KEMM, JBC STAFF
DECEMBER 14, 2020

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INFORMATION TECHNOLOGY PROJECTS (IT CAPITAL)

IT CAPITAL OVERVIEW

The information technology projects or IT capital section of the Long Bill includes appropriations to state departments and higher education institutions for information technology projects. In the 2020 budget cycle, the JBC approved the transition to a separate Information Technology Projects section of the Long Bill to be effective with the 2021 Long Bill.

Pursuant to Section 2-3-1704 (11)(a), C.R.S., the Joint Technology Committee is tasked with producing a written report setting forth recommendations, prioritization, findings, and other comments with respect to each information technology budget request submitted for consideration by the executive branch for inclusion in the capital construction section of the Long Bill. The report must be submitted to the Joint Budget Committee by February 15th of each year.

The Joint Budget Committee is required to consider the prioritized list of information technology budget requests made by the Joint Technology Committee. If the Joint Budget Committee alters the determinations of priority established by the Joint Technology Committee, it is required to notify the Joint Technology Committee of the changes and allow for a joint meeting of the two committees to discuss the differences.

Senate Joint Resolution 14-039 created *joint rule 45*, which added guidelines and threshold amounts ($500,000 for IT projects) for the categorization of operating, capital, and IT budget requests. It also establishes a generally open referral process for budget requests that may be more appropriately reviewed or referred for technical review by another committee.

JOINT TECHNOLOGY COMMITTEE
Established in 2013 in H.B. 13-1079, *Creation of the Joint Technology Committee*, the JTC is a statutory, six-member committee of the Colorado Senate and House of Representatives.

Prior to FY 2015-16, IT budget requests were submitted and considered as capital construction budget requests and were reviewed by the Capital Development Committee (CDC). House Bill 14-1395, *Information Technology Budget Requests*, transferred review of IT capital budget requests to the JTC. The JTC reports recommendations, prioritization, findings, and comments regarding IT budget requests to the JBC for inclusion in the Long Bill. The JBC may also seek the JTC's review of any operating budget request for IT.

The JTC also has oversight responsibility for the Governor's Office of Information Technology (OIT), which includes reviewing and prioritizing significant IT projects and ensuring that IT projects follow best practice standards.

STATUTORY DEFINITIONS

Information technology was removed from the definition of capital asset and references to *information technology* previously included in capital construction were removed in H.B. 14-1395, *Information Technology Budget Requests*.

The Joint Technology Committee and definitions are located at Part 17 of Article 3 of Title 2, C.R.S. As defined in statute (Section 2-3-1701 (2) and (2.5), C.R.S.), **information technology** and **information technology budget request** mean:

> *(2) (a) "Information technology" means information technology and computer-based equipment and related services designed for the storage, manipulation, and retrieval of data by electronic or mechanical means, or both. The term includes but is not limited to:*
>
> *(I) Central processing units, servers for all functions, and equipment and systems supporting communications networks;*
>
> *(II) All related services, including feasibility studies, systems design, software development, system testing, external off-site storage, and network services, whether provided by state employees or by others;*
>
> *(III) The systems, programs, routines, and processes used to employ and control the capabilities of data processing hardware, including operating systems, compilers, assemblers, utilities, library routines, maintenance routines, applications, application testing capabilities, storage system software, hand-held device operating systems, and computer networking programs;*
>
> *(IV) The application of electronic information processing hardware, software, or telecommunications to support state government business processes.*
>
> *(b) "Information technology" does not mean post-implementation support, hardware life-cycle replacement, or routine maintenance.*
>
> *(2.5) (a) "Information technology budget request" means a budget request from a state agency or state institution of higher education for the installation, development, or upgrade of information technology, including the purchase of services from the office of information technology on the condition that the use of such services is the most cost beneficial option or falls within the duties and responsibilities of the office of information technology or the office's chief information officer as described in sections 24-37.5-105 and 24-37.5-106, C.R.S. "Information technology budget request" does not include budget requests that are primarily operational in nature or a budget request where the majority of funding will be used to support or modify state staffing levels.*
>
> *(b) For purposes of this subsection (2.5), "information technology" means information technology as defined in section 24-37.5-102 (2), C.R.S., the majority of the components of which have a useful life of at least five years; except that "information technology" does not include personal computer replacement or maintenance, unless such personal computer replacement or maintenance is a component of a larger computer system upgrade.*

FUND SOURCES AND THE IT CAPITAL ACCOUNT

House Bill 15-1266, *Information Technology Budget Request Process*, created the Information Technology Capital Account in the Capital Construction Fund (IT Capital Account) in Section 24-75-302 (3.7),

C.R.S., for the purpose of providing state funding for information technology projects in the capital construction budget from the Capital Construction Fund while keeping such funding distinct from funding for building capital projects. Statutory transfers of General Fund to the IT Capital Account are located in Section 24-75-302 (2.3), C.R.S. The IT Capital Account may also experience interest earnings and reversions which incrementally increase funds available for projects in a given fiscal year. IT capital projects may also be funded from cash funds, reappropriated funds, or federal funds.

IT CAPITAL BUDGET: RECENT APPROPRIATIONS

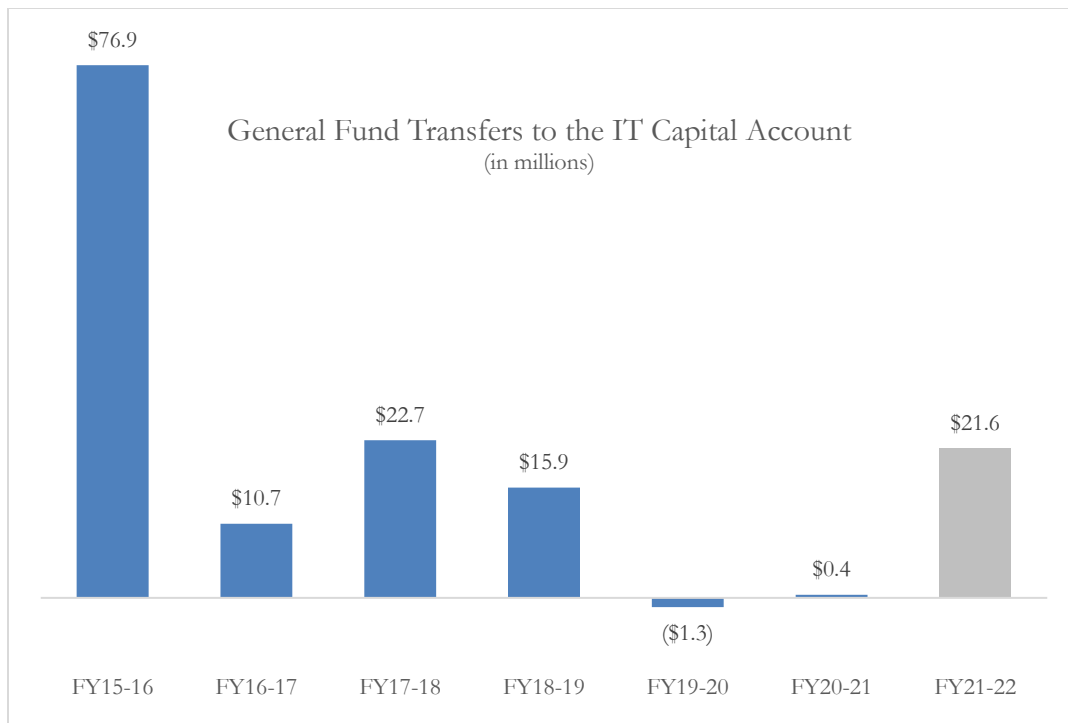| FUNDING SOURCE	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22*
Capital Construction Fund	$15,906,760	$19,804,324	$445,000	$21,561,817
Cash Funds	11,680,826	4,597,441	3,685,795	9,422,240
Reappropriated Funds	18,368,326	8,911,836	0	0
Federal Funds	5,179,500	14,199,193	4,005,000	5,416,200
TOTAL FUNDS	**$51,135,412**	**$47,512,794**	**$8,135,795**	**$36,400,257**

*Requested appropriation.

GENERAL FACTORS DRIVING THE BUDGET

Capital Construction funding for FY 2020-21 consists of 5.5 percent Capital Construction Fund, 45.3 percent cash funds, and 49.2 percent federal funds.

REVENUE AVAILABLE FOR IT CAPITAL

The primary budget driver is General Fund revenue available in any given year. Transfers to the IT Capital Account of the Capital Construction Fund from the General Fund vary from year-to-year. The amount appropriated for IT capital is based on the Governor's request, Joint Technology Committee recommendations, and on the most recent forecast of revenues available, given constitutional, statutory, and other budget constraints.

General Fund transfers to the IT Capital Account are not necessarily equal to appropriations from the IT Capital Account due to annual interest earnings and reversions credited in any year. Nevertheless, appropriations from the IT Capital Account are the best data point available over time to track and measure the state-funded commitment for IT capital. The following chart outlines General Fund transfers to the IT Capital Account since FY 2015-16, and the FY 2021-22 request.

General Fund Transfers to the IT Capital Account
(in millions)

FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
$76.9	$10.7	$22.7	$15.9	($1.3)	$0.4	$21.6

Appropriations in FY 2019-20 total $19.8 million. However, reversions from the FY 2015-16 appropriation generated a balance that was returned to the General Fund for balancing purposes in the 2020 budget cycle. This resulted in the negative $1.3 million transfer reflected in the chart.

SUMMARY: FY 2020-21 APPROPRIATION & FY 2021-22 REQUEST

		INFORMATION TECHNOLOGY PROJECTS (IT CAPITAL)					
			TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	ADD'L OUT-YEAR STATE FUNDS

Priority OSPB	CCHE		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	ADD'L OUT-YEAR STATE FUNDS
		FY 2020-21 APPROPRIATION:						
		FY 2020-21 Long Bill (H.B. 20-1360)	8,135,795	445,000	3,685,795	0	4,005,000	
		TOTAL	**$8,135,795**	**$445,000**	**$3,685,795**	**$0**	**$4,005,000**	**$0**
		FY 2021-22 PRIORITIZED REQUESTED APPROPRIATION:						
1		CDPHE: Integrated Reportable Disease DMS	10,000,000	10,000,000	0	0	0	0
2		GOV: OeHI Rural Connectivity	6,498,000	1,081,800	0	0	5,416,200	0
3		CDLE: Modernize CO Automated Tax System	9,422,240	0	9,422,240	0	0	0
4		DHS: Behavioral Health Infrastructure Invest.	10,480,017	10,480,017	0	0	0	0
		TOTAL - Prioritized Requests	**$36,400,257**	**$21,561,817**	**$9,422,240**	**$0**	**$5,416,200**	**$0**
		INCREASE/(DECREASE)	**$28,264,462**	**$21,116,817**	**$5,736,445**	**$0**	**$1,411,200**	
		Percentage Change	347.4%	4,745.4%	155.6%	n/a	35.2%	

The following table outlines information technology projects that are OSPB prioritized but not recommended for funding. This table also comprises the requests from institutions of higher education and the Colorado Commission on Higher Education (CCHE).

		INFORMATION TECHNOLOGY PROJECTS (IT CAPITAL ONLY) OSPB NOT RECOMMENDED						
Priority OSPB	CCHE		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	ADD'L OUT-YEAR STATE FUNDS
		FY 2021-22 OSPB PRIORITIZED BUT NOT RECOMMENDED FOR FUNDING:						
5	1	HED: CSU Upgrade Network Hardware	760,000	541,000	219,000	0	0	2,661,180
6	2	HED: CNCC Network and Security Upgrades	1,921,053	1,746,412	174,641	0	0	0
7	3	HED: ASU/FLC/WSCU Digital Transformation Initiative for Rural Higher Education (ph. 1 of 2)	9,291,975	9,199,055	92,920	0	0	12,015,580
8	4	HED: UNC Next Gen. Cyber Secure Network	1,202,987	1,191,077	11,910	0	0	0
9	5	HED: CMU Net Security and Resiliency Project	2,472,417	2,249,898	222,519	0	0	0
10	6	HED: CCD Classroom and Conf Room Tech	1,697,743	1,595,878	101,865	0	0	3,160,039
11	7	HED: CSM Re-enivising Mines ERP and SIS	911,000	789,000	122,000	0	0	8,247,000
12		HED: UC System - CRM Initiative	1,050,000	1,050,000	0	0	0	
13	8	HED: MSU-D Reimagine Campus Digital Exp	1,500,000	1,300,000	200,000	0	0	13,600,000
14	9	HED: MSU-D Network Infrastructure Modern	1,500,000	1,250,000	250,000	0	0	1,570,000
15	10	HED: OJC Technology and Equip Upgrades	722,750	597,750	125,000	0	0	2,460,000
16	11	HED: LCC Technology and Equip Upgrades	588,300	553,002	35,298	0	0	0
		SUBTOTAL - OSPB Prioritized but Not Recommended for Funding	**$23,618,225**	**$22,063,072**	**$1,555,153**	**$0**	**$0**	**$43,713,799**
		SUBTOTAL - CCHE Prioritized	**$22,568,225**	**$21,013,072**	**$1,555,153**	**$0**	**$0**	**$43,713,799**
		SUBTOTAL - Projects with out-year commitments	**$16,383,468**	**$15,272,683**	**$1,110,785**	**$0**	**$0**	**$43,713,799**
		Percent of state funds requested in current year		34.9%				

ISSUE: JTC RESPONSE TO JBC REQUEST REGARDING IT CAPITAL BUDGET PROCESS

In the 2020 budget process, the JBC approved the creation of a separate IT Capital section of the budget to be effective in the 2021 Long Bill. In anticipation, JBC requested recommendations from the Joint Technology Committee (JTC) regarding budget process changes, especially as related to the adoption of "agile" IT project development methodology and principles.

SUMMARY:

- Pursuant to Section 24-75-303 (5), C.R.S., specifying three-year appropriation periods for information technology capital projects, the JTC recommends retaining three-year appropriations.

- Regarding expectations for reporting progress and standards for reporting project metrics, the JTC recommends that internal JTC oversight processes should continue to be exercised by the JTC.

- Regarding communicating project changes to the JTC and JBC, the JTC recommends continued oversight of project changes by the JTC through its oversight process.

- Additionally, the JTC recommends that information technology capital projects be moved into the operating budget based on JTC oversight and recommendation to the JBC of such requests.

- Finally, the JTC recommends ongoing, collaborative development with the executive branch of definitions and understandings of project development terms and phrases as they are tied to budget processes and appropriations.

- Notwithstanding JTC recommendation, JBC staff recommends one-year appropriations for IT Capital projects, including legislation to eliminate current statutory specification of three-year appropriations.

- Notwithstanding JTC recommendation, JBC staff recommends establishing definitions for a handful of concepts related to IT Capital projects within the agile framework, in order to establish clear standards and expectations related to IT Capital project appropriations, to be presented by staff to the JBC at figure setting for inclusion in Long Bill section head notes.

DISCUSSION:

At JBC staff figure setting presentations in 2020 for Capital Construction and IT Capital, staff discussed and recommended and the Committee approved changes to the Long Bill format for the 2021 Long Bill that will place IT Capital into its own section of the Long Bill, separate from building capital.

Additionally, staff recommended and the Committee approved a letter to the JTC requesting recommendations to the JBC regarding changes to the budget process to better accommodate agile development methodology and processes for information technology projects. The request outlined the following items that might be addressed in JTC recommendations:

- The period of appropriation spending authority;

- Expectations or requirements for achieving and reporting progress within the agile development model;

- Standards for reporting cost metrics related to the stages of agile development with comparison to the proposed plan;

- Expectations or requirements for updating and communicating changes to the JTC and JBC for multi-year projects based on advanced progress or challenges experienced within the agile development model;

- Expectations or requirements for updating and communicating changes to the JTC and JBC for anticipated annual operating and ongoing development improvement funding needs at the completion of initial development that provides for implementation of a minimally viable or acceptable project; and

- Recommendations for common language and definitions that best identify and describe legislative oversight and budget process components relative to the agile development model.

The request letter specified that this list did not limit the areas of recommendation and that recommendations could include recommendations for statutory change or the use of the head notes for the new Information Technology Projects section of the Long Bill. The JBC request letter specified the following:

> *The JBC has requested JBC staff to include such recommendations at the staff briefing in November for implementation as early as the 2021 budget cycle. The JBC requests that any recommendations for changes to the budget process recommended by the JTC be provided to the JBC by October 1, 2020, in order to better allow staff to incorporate JTC recommendations into a staff budget briefing discussion.*

The September 29, 2020 letter from the JTC (included in its entirety in Appendix A) includes responses grouped into four general areas addressing the bulleted items, as follow.

1. PERIOD OF APPROPRIATION SPENDING AUTHORITY

> *Pursuant to Section 24-75-303, C.R.S., capital construction appropriations, including IT, remain available for a period of three years. However, if spending has not commenced in the first fiscal year, the appropriation is not available in subsequent fiscal years. The JTC recommends no changes to this spending authority for IT capital projects. However, for multi-year IT capital budget requests the corresponding budget that is spent and encumbered may be considered when determining future appropriations. Specifically, for an IT capital project to receive future appropriations, it should provide:*
>
> - *the completion and results of the previous fiscal year's milestones;*
> - *the budget spent or encumbered during the previous fiscal year compared to the estimates in the original budget request; and*
> - *the differences between the estimates and actual status for the entire project's budget and schedule benchmarks.*
>
> *In some cases, the JTC may also consider federal funding requirements that necessitate a state funding match in order to demonstrate state support for the project.*

Over the last year, staff has suggested returning IT capital projects to annual appropriations rather than three-year appropriations as are traditionally provided for building capital projects. The JTC recommendation, pursuant to statute, recommends retaining three-year spending authority for IT Capital projects.

The JTC has accurately identified a provision in statute added in 2018 in a Capital Development Committee (CDC) bill, HB 18-1371, *Capital Construction Budget Items*, that codified Long Bill head notes. The primary purpose of the bill was to provide ongoing three-year spending authority extensions with every supplemental appropriation adjustment to a project. This bill eliminated the need for state agencies and institutions of higher education to expressly request and communicate the need for specific extended spending authority on a case-by-case basis. This simply made automatic and ongoing, the renewal or re-upping of the appropriation for an automatic three years as the legal standard for any capital construction project funded through a supplemental appropriation. Although not at issue specifically in the building capital project discussions related to this legislation, this CDC legislation also included information technology capital projects in the legislation.

From staff's perspective, it appears that the JTC may have taken this provision and accepted the three-year spending authority as the "default" budget policy because it is set in statute in this provision. While the JTC letter includes additional explanation for this recommendation, within that explanation staff is unable to discern a clear policy or process reason for three-year appropriations as "necessary" or as "advantaged" relative to one-year appropriations. <u>Legislative authority as well as best practice for budget policy is best protected and expressed as one-year spending authority.</u> There is no technical information or reason provided by the JTC for why projects might be disadvantaged by moving to a one-year appropriation.

As staff envisions one-year spending authority for IT Capital projects, projects would be provided with funding within an appropriation equal to the amount anticipated to be spent over the course of the fiscal year. A state agency or institution of higher education would then request a second appropriation to continue development of a project in the second year; and likewise for the third year. The replacement of two or three annual requests (and appropriations) with a single, large

appropriation in the first year intended for a two- to three-year development period diminishes oversight and fund gate-keeping based on annual progress. One-year spending authority will enhance the JTC's oversight of projects on an ongoing basis. Staff's informal and background conversations with Governor's Office staff suggest that the executive branch is likewise open to better gate-keeping for IT Capital project funding and those conversations suggest that there is not resistance from the executive branch regarding a transition to annual appropriations for IT Capital projects.

<u>Therefore, staff recommends that the Committee consider legislation that would eliminate this provision's three-year spending authority for information technology projects and that information technology projects be provided one-year spending authority in Long Bill appropriations beginning in the 2021 Long Bill.</u> **The Committee would need to pursue legislation ahead of the Long Bill in order to enable one-year appropriations in the 2021 Long Bill.**

2. EXPECTATIONS FOR REPORTING PROGRESS AND STANDARDS FOR REPORTING METRICS

The JTC understands that the adoption of an agile methodology for IT projects requires a cultural change throughout the state in order to support the agile iterations of inspecting and adapting. Nevertheless, departments should continue to provide regular updates on the following to allow legislators to assess the progress of capital IT projects:

- *an updated system vision that includes both IT capital and operating objectives;*
- *budget, schedule, and scope benchmarks for the entire project; and*
- *an annual milestone schedule and corresponding estimated costs.*

Changes in the annual estimates, and the project's budget, schedule, and scope benchmarks, should be reported to the JTC through the existing reporting procedures and budget request cycle, or when deemed necessary or beneficial to the success of the project. The JTC may also consider the following when completing its oversight of a major IT project:

- *deliverables that meet the stated scope, including decommissioning applicable existing technology and resources;*
- *confirmation that deliverables meet an acceptable level of functionality and quality; and*
- *comparisons between projected operating budget estimates provided in the IT capital budget requests and the actual operating budget requests.*

The substance of this recommendation revolves around JTC reporting requirements. On that basis, staff recommends allowing the JTC to best determine expectations and standards related to project metrics.

<u>Staff will continue to keep the Committee apprised of concerns related to the use or non-use of agile principles within project requests from year to year. Additionally, staff will continue to keep the Committee apprised of concerns related to changing budget needs – on the basis that appropriations move to annual appropriations. Under a three-year appropriations policy, the current statutory requirement, staff will not be able to effectively update the Committee on IT Capital project process and changes to project costs,</u> except at three-year intervals; at which point, projects may have already failed to deliver the requested project.

3. Expectations for communicating changes to the JTC and JBC

> *IT capital projects should remain under the JTC's purview and until the project's deliverable(s) meet the critical requirements, including decommissioning any impacted existing technology and resources. In other words, projects should only receive an annualized operating appropriation by the JBC after the agile deliverables provide proof of such critical requirements.*

Consistent with the prior recommendation, most of the substance of this recommendation from the JTC requests that the JTC be accorded the authority to develop oversight process within the JTC. Staff recommends that the Committee likewise allow the JTC to express its authority over the oversight process at this time.

As staff becomes aware of concerns, staff will communicate those concerns and larger structural issues to the Committee. Consistent with staff's recommendation regarding the Department of Revenue operating budget request to move the Sales and Use Tax Simplification System (SUTS) to the operating budget, the JTC requests the use of a referral process. Staff agrees and recommends that the Committee allow the JTC some room and authority to refine its expectations and processes as the State moves into agile development methodology and practices.

4. Recommendations for common language and definitions

> *The JTC agrees that executive branch agencies should use common IT terms regardless of the methodology used (e.g., agile or traditional) when communicating with the legislative branch. The legislative branch, the Governor's Office of State Planning and Budgeting, and the Governor's Office of Information Technology should continue to collaborate to develop common terms and consistent information that apply to all methodologies to ensure clear communication in future budget requests and legislative updates.*

Staff is very concerned with the lack of direction provided in this response. Staff is comfortable ensuring that consistent understanding and definitions used in terms of art and phrases to describe agile processes remains an open and ongoing conversation with the executive branch. However, from the budget process perspective, and in particular, the legislative authority over budget process, the consistent understanding, definition, and application of terms for IT Capital projects requires that this aspect of IT Capital projects budget process and appropriations be more definitely established. Simply referring to ongoing collaborative understandings among the stakeholder community is not effective for establishing and maintaining legislative budget authority. It is not unreasonable that state agencies and institutions of higher education should be held to legislatively-determined, legally documented definitions addressing expectations and intents in appropriations.

Staff is not presently prepared to provide the Committee with standard language options to consider and discuss, given the technical nature of such terms. Such terms would define concepts such as "minimum viable product", "minimum acceptable product", and terms related to "baseline" or "benchmark" project costs that consistently measure or track projections of project cost from year to year and over multiple years. Such terms help to establish an understanding of the budget flexibility necessary to accommodate changes in agile development projects while providing full transparency to the JBC, JTC, and General Assembly regarding changes to projects over time.

Staff will work toward providing some definite terms and definitions to be recommended for Long Bill head notes at figure setting. While it may not be absolutely critical or necessary to include defined terms in the head notes, it would be best for the Committee to have an understanding of phrases and terms and expectations and intents as they are attached to those phrases and terms within IT project development within the budget and appropriations process.

APPENDIX A
JTC LETTER TO JBC REGARDING IT CAPITAL

Rep. Jonathan Singer, Chair
Rep. Mark Baisley
Rep. Brianna Titone

Sen. Nancy Todd, Vice-Chair
Sen. Jeff Bridges
Sen. Jack Tate

Joint Technology Committee

State Capitol Building, Room 029
Denver, Colorado 80203-1784
(303) 866-3521

September 29, 2020

Representative Daneya Esgar
Chair, Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, Colorado 80203

Representative Esgar:

On September 14, 2020, the Joint Technology Committee (JTC) met to review the implementation of agile budgeting methodology for information technology (IT) capital projects in the state budget cycle and to discuss the Joint Budget Committee (JBC) letter sent to the JTC on March 10, 2020. The JTC agrees that the departments should continue to choose the use of an agile methodology for IT projects, with the understanding that on certain projects traditional or waterfall methodology may be more appropriate. The JTC recommends the following for consideration by the JBC.

1. **Period of appropriation spending authority**

    Pursuant to Section 24-75-303, C.R.S., capital construction appropriations, including IT, remain available for a period of three years. However, if spending has not commenced in the first fiscal year, the appropriation is not available in subsequent fiscal years. The JTC recommends no changes to this spending authority for IT capital projects. However, for multi-year IT capital budget requests, the completion of the previous year's milestones and the corresponding budget that is spent and encumbered may be considered when determining future appropriations. Specifically, for an IT capital project to receive future appropriations, it should provide:

    *   the completion and results of the previous fiscal year's milestones;
    *   the budget spent or encumbered during the previous fiscal year compared to the estimates in the original budget request; and
    *   the differences between the estimates and actual status for the entire project's budget and schedule benchmarks.

    In some cases, the JTC may also consider federal funding requirements that necessitate a state funding match in order to demonstrate state support for the project.

2. **Expectations for reporting progress and standards for reporting metrics**

The JTC understands that the adoption of an agile methodology for IT projects requires a cultural change throughout the state in order to support the agile iterations of inspecting and adapting. Nevertheless, departments should continue to provide regular updates on the following to allow legislators to assess the progress of capital IT projects:

- an updated system vision that includes both IT capital and operating objectives;
- budget, schedule, and scope benchmarks for the entire project; and
- an annual milestone schedule and corresponding estimated costs.

Changes in the annual estimates, and the project's budget, schedule, and scope benchmarks, should be reported to the JTC through the existing reporting procedures and budget request cycle, or when deemed necessary or beneficial to the success of the project. The JTC may also consider the following when completing its oversight of a major IT project:

- deliverables that meet the stated scope, including decommissioning applicable existing technology and resources;
- confirmation that deliverables meet an acceptable level of functionality and quality; and
- comparisons between projected operating budget estimates provided in the IT capital budget requests and the actual operating budget requests.

3. **Expectations for communicating changes to the JTC and JBC**

IT capital projects should remain under the JTC's purview until the project's deliverable(s) meet the critical requirements, including decommissioning any impacted existing technology and resources. In other words, projects should only receive an annualized operating appropriation by the JBC after the agile deliverables provide proof of such critical requirements.
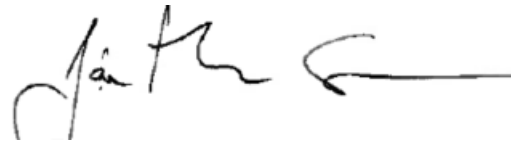
4. **Recommendations for common language and definitions**

The JTC agrees that executive branch agencies should use common IT terms regardless of the methodology used (e.g., agile or traditional) when communicating with the legislative branch. The legislative branch, the Governor's Office of State Planning and Budgeting, and the Governor's Office of Information Technology should continue to collaborate to develop common terms and consistent information that apply to all methodologies to ensure clear communication in future budget requests and legislative updates.

If you have any questions or concerns about the JTC's recommendations, please call Jean Billingsley, Legislative Council Staff, at 303-866-2357.

Sincerely,

Representative Jonathan Singer, Chair

c: Joint Technology Committee Members
Joint Budget Committee Members
Joint Technology Committee Staff
Lauren Larson, Governor's Office of State Planning and Budgeting
Kate Sneed, Governor's Office of Information Technology
Tony Neal-Graves, Governor's Office of Information Technology
Kachina Weaver, Governor's Office
Carolyn Kampman, Joint Budget Committee Staff
Alfredo Kemm, Joint Budget Committee Staff
Scott Thompson, Joint Budget Committee Staff