

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Scott Thompson, JBC Staff (303-866-4957)
DATE March 10, 2023
SUBJECT Office of the Governor: Office of Information Technology Common Policy
Agency Allocations

RECOMMENDATION: The purpose of this memo is to approve the recommended changes to the Office of Information Technology (OIT) common policy allocated throughout the Long Bill via the Payments to OIT centrally appropriated line item. The JBC staff recommendation is detailed by agency at the end of the memo, including the base allocation and incremental changes associated with already approved decision items.

BACKGROUND: There are two components to the creation of the base common policy budget each fiscal year: service utilization and recoverable costs. These are forecasted annually as part of the rate development process for each OIT Common Policy service offering, and department budgets include an appropriation for their estimated base service utilization. The JBC staff recommendation is to approve the amounts for the Payments to OIT line item, but to give individual JBC staff analysts the authority to work with their agencies to determine the right fund splits.

OIT's forecasted recoverable costs for each service include forecasted costs for salaries, benefits, personal services, operating expenses, equipment, depreciation, and other expenses related to the direct cost of delivering that service. Shared division management costs are incorporated into the rate for each billable service offering within that OIT organizational division, based on the relative percentage each service comprises of the total services in the allocation pool (i.e., weighted average). In FY 2020-21 and earlier, Common Policy service cost estimates were generated using historical budgets based on Long Bill Appropriations. Beginning in FY 2021-22, in order to align service rates more closely with actual costs (and simplify comparisons to other public and private organizations), Common Policy base service cost estimates are now generated using the most recent actual expenditures as the starting point. Adjustments are then made to the forecast to remove any one-time costs from the prior year, and annualize recent decision item increases or decreases.

Since FY 2021-22, departments work collaboratively with OIT IT directors and technical staff to review each service offering that compose the Common Policy and formulate a fresh utilization estimate based on anticipated service needs. Historical utilization is still the foundation, but departments review all services and plan for any known fluctuations in the upcoming fiscal year. OIT Service Owners review department utilization estimates to ensure feasibility and resource availability. The Office of State Planning and Budgeting reviews final totals to manage the statewide cost impact of year-over-year base changes.

The Office of Information Technology strives to have agency buy-in from their clients and part of that effort was the creation of the Rates and Services Board. Established in 2021, it provides annual review and approval of OIT's rates and service structure. This board consists of rotating membership including department representatives, OIT leadership, and OSPB staff. The board works to enhance the transparency, accuracy, controllability, and competitiveness of OIT's service rates. For the FY

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2023-24 Common Policy the board reviewed and recommended approving each of the decision items that impact the OIT common policy.

The JBC staff recommendation is summarized in the following table. The total allocations are based on the forecasted estimated usages multiplied by the rates approved by the Rates and Services Board. Additional information about the rates and services that comprise the total recommended appropriations can be found in OIT’s service catalog accessible by visiting <http://sites.google.com/state.co.us/oit-service-catalog>.

The Staff recommendation based on the Committee’s action to date is highlighted in the green (second to last) column. If the Committee were to adopt the Department’s request related to R2 myColorado App Staffing in the future, JBC Staff requests permission to instruct other staff analysts to allocate funding as highlighted in the blue (last) column.

RECOMMENDED APPROPRIATIONS FOR PAYMENTS TO OIT FOR FY 2023-24

DEPARTMENTS	FY 2023-24 FIGURE SETTING BASE RECOMMENDATION	R1 SECURE COLORADO	R3 IT ASSET MAINTENAN CE	R5 DATA DRIVEN DECISIONS	TOTAL RECOMMENDED FY 2023-24 APPROPRIATION	R2 MYCOLORADO APP
Agriculture	\$2,904,724	\$62,823	\$8,466	\$21,554	\$2,997,567	\$34,102
Corrections	29,285,110	1,202,870	96,250	246,421	30,830,651	389,890
Early Childhood	9,106,080	39,306	0	0	9,145,386	0
Education	1,237,255	108,088	3,342	8,622	1,357,307	13,642
Governor	1,371,242	34,645	3,788	9,805	1,419,480	15,512
Health Care Policy and Finance	11,149,826	121,023	56,703	145,251	11,472,803	229,816
Higher Education (appropriated)	628,710	27,259	668	1,577	658,214	2,497
Higher Education (not approp.)	38,983	0	1,003	2,557	42,543	4,047
Human Services	70,467,469	905,856	493,057	1,262,063	73,128,445	1,996,847
Judicial	7,542,403	879,531	20,720	52,910	8,495,564	83,717
Labor and Employment	30,815,255	502,772	102,154	261,366	31,681,547	413,534
Law	1,257,531	98,895	2,339	6,107	1,364,872	9,664
Legislature	34,420	81	223	439	35,163	694
Local Affairs	3,686,826	43,945	9,246	23,701	3,763,718	37,501
Military and Veterans Affairs	490,696	8,168	1,560	3,880	504,304	6,140
Natural Resources	17,902,308	306,325	51,801	132,635	18,393,069	209,856
Personnel and Administration	7,030,601	86,126	19,941	51,008	7,187,676	80,707
Public Health and Environment	16,806,665	304,283	49,684	127,123	17,287,755	201,136
Public Safety	13,420,385	382,017	50,130	128,384	13,980,916	203,131
Regulatory Agencies	5,951,627	129,353	22,391	57,167	6,160,538	90,450
Revenue	20,471,397	346,877	29,521	75,562	20,923,357	119,555
State	515,312	25,857	2,339	5,885	549,393	9,311
Transportation	27,985,640	645,312	88,117	225,659	28,944,728	357,039
Treasury	205,866	7,586	557	1,386	215,395	2,195
Total	\$280,306,331	\$6,268,998	\$1,114,000	\$2,851,062	\$290,540,391	\$4,510,983