

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



INTERIM SUPPLEMENTAL REQUEST FOR FY 2013-14

OFFICE OF THE GOVERNOR

(Office of Information Technology)

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
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June 20, 2013**

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Interim Supplemental Request

REVENUE APPLICATION HARDWARE

	Request	Recommendation
Total	<u>\$377,707</u>	<u>\$0</u>
General Fund	377,707	0

<p>Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]</p>	YES
<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES
<p>JBC staff and the Department agree that (1) this request meets the interim supplemental criteria of Section 24-75-111, C.R.S., and (2) this request is the result of data that was not available when the original appropriation was made.</p>	

Department Request: The Governor’s Office of Information Technology (OIT) requests an appropriation of \$377,707 General Fund for FY 2013-14 to provide one-time funding for upgrades to the technology infrastructure for applications supporting the Department of Revenue’s customers.

Project Component	Amount
Server Software	\$122,000
Servers (4)	100,000
Firewall (1)	75,000
Contractual Services	40,000
Tape Storage Disks	32,630
Tape Storage Software Enhancement	8,077
Total	<u>\$377,707</u>

Staff Recommendation: Staff recommends that the Committee reject OIT's request for an increase in funding for FY 2013-14 for upgrades to the technology infrastructure for applications supporting the Department of Revenue’s customers.

Staff Analysis: The Department of Revenue uses technology applications to support customer services such driver's licenses, tax submissions, vehicle registration, and titling. The Department's server infrastructure which supports these applications is a hybrid of current and dated technologies. OIT indicates that this environment is not suitable because it "lacks standardization; the equipment is out of warranty and more susceptible to failure; and the operating systems and software are out-of-date and no longer supported by the manufacturer." Additionally, only 40 terabytes of the 500 terabytes of data the Department captures from its customers are routinely backed up on OIT's standard storage arrangement, with the remaining data not backed up at all or backed up on a non-OIT standard solution.

The Department of Revenue and OIT received a budget increase for FY 2013-14 in the amount of \$1.4 million to migrate the existing technology infrastructure to an enterprise computing environment. The goal of the funding, and the enterprise computing environment, is to significantly reduce the known vulnerabilities previously identified in the paragraph above. Unfortunately, the potential for data loss issues due to these known vulnerabilities became a reality during week of June 3 – 7, 2013, as the agency lost supporting documentation for 2,000 medical marijuana and gaming licenses. The cause of the loss was a server failure and lack of an adequate data backup solution.

In response to the June 2013 failure and loss of data, OIT is submitting this request for \$377,707 General Fund to put in place a short-term solution at the beginning of FY 2013-14 to prevent further data loss until the six to nine month-long enterprise computing environment migration project is completed.

Staff agrees with OIT that a short-term solution must be put in place at the Department of Revenue to ensure that more data is not lost due to server failure. It is unacceptable that only 8.0 percent of the Department's data is routinely backed up on OIT's standard storage arrangement, and a short-term and long-term solution is needed to remedy this issue. However, it is staff's opinion that the moneys required for the project can be covered within existing resources.

The funding is requested for FY 2013-14. Since the commencement of the fiscal year has not yet occurred, OIT and the Department of Revenue have opportunities to reprioritize anticipated operating expenses for the coming year and allocate existing funding to implement a short-term solution to the data loss issue. Reprioritization and allocation of existing funding is more complex due to the nature of appropriations for technology resources (OIT receives funding for technology-related personal services and agencies receive funding for technology-related operating expenses, such as server replacement), but it is feasible. If the two agencies are unable to develop a plan to modify anticipated priorities to cover the costs within existing resources, the opportunity exists for funding proposals to be submitted to the Joint Budget Committee in September 2013 as an interim supplemental or January 2014 as a regular supplemental. It is staff's hope, though, that the two agencies can successfully reprioritize anticipated expenditures without the assistance of the Committee.

	FY 2012-13	FY 2013-14	Fiscal Year 2013-14 Interim Supplemental		
	Appropriation	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
OFFICE OF THE GOVERNOR					
Governor John Hickenlooper					
Interim Supplemental -Revenue Application Hardware					
<i>(5) Office of Information Technology</i>					
<i>(C) Computer Center Services</i>					
<i>(1) Computer Services</i>					
Operating Expenses	<u>6,254,871</u>	<u>8,398,047</u>	<u>377,707</u>	<u>0</u>	<u>8,398,047</u>
General Fund	0	230,337	377,707	0	230,337
Cash Funds	2,328	2,328	0	0	2,328
Reappropriated Funds	6,252,543	8,165,382	0	0	8,165,382