

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
 FROM Alfredo Kemm, JBC Staff (303-866-4549)
 DATE December 13, 2021
 SUBJECT Referrals to the JTC

As staff has previously communicated, the Committee is substantially aided in making better decisions related to IT projects because of the structure, oversight, and technical staff resources of the Joint Technology Committee (JTC). Additionally, the Committee is aided in gaining broad General Assembly support for projects funded in this section of the budget.

Joint Rule 45(b) provides that the Joint Budget Committee may refer any budget request to the Joint Technology Committee (JTC). Over the course of 2021 staff briefings, both staff and the Committee have identified a number of budget requests for IT projects, IT systems enhancements, IT staff, or IT-related policy issues, either submitted as or as part of larger operating requests that the Committee may wish to refer to the JTC.

The following table outlines the group of projects identified in FY 2022-23 budget requests.

REQUEST ITEMS RECOMMENDED FOR REFERRAL TO JTC			
1	Agriculture	R7	Agriculture licensing and registration system
2	Health Care Policy and Financing	R6	Value-based payments (3 subprojects)
3	Health Care Policy and Financing	R14	MMIS funding adjustment
4	Human Services	R3	County TRAILS refresh and support
5	Judicial - Courts	R2	IT staff
6	Judicial - Courts	R3	IT infrastructure
7	Judicial - Public Defender	R1	Public defense in digital age
8	Military and Veterans Affairs	R4	Department automation and improvement
9	OIT	R1	Modernizing aging IT systems
10	OIT	R2	Testing solutions support
11	OIT	R3	Veterans cybersecurity apprentices
12	OIT	R5	Interagency spending authority
13	Public Health and Environment	R1	Air quality permitting replacement
14	Public Safety	R11	Entire state cybersecurity approach program funding
15	Public Safety	R12	Community Corrections information and billing system
16	Revenue	R1	DMV DRIVES system support
17	State	R3	Money in politics system
18	Treasury	R3	Departmental technology

Items identified for possible inclusion as IT Capital projects and prioritization include:

POTENTIAL IT CAPITAL PROJECTS			
6	Judicial - Courts	R3	IT infrastructure
7	Judicial - Public Defender	R1	Public defense in digital age - IT project
9	OIT	R1	Modernizing aging IT systems
13	Public Health and Environment	R1	Air quality permitting replacement
17	State	R3	Money in politics system

Items identified as and that would likely remain in agency operating budgets include:

IT-RELATED OPERATING ITEMS			
1	Agriculture	R7	Agriculture licensing and registration system
2	Health Care Policy and Financing	R6	Value-based payments (3 subprojects)
3	Health Care Policy and Financing	R14	MMIS funding adjustment
4	Human Services	R3	County TRAILS refresh and support
5	Judicial - Courts	R2	IT staff
7	Judicial - Public Defender	R1	Public defense in digital age - IT operating
8	Military and Veterans Affairs	R4	Department automation and improvement
10	OIT	R2	Testing solutions support
11	OIT	R3	Veterans cybersecurity apprentices
12	OIT	R5	Interagency spending authority
14	Public Safety	R11	Entire state cybersecurity approach program funding
15	Public Safety	R12	Community Corrections information and billing system
16	Revenue	R1	DMV DRIVES system support
18	Treasury	R3	Departmental technology

The following descriptions provide a brief summary of the request and the reasoning and recommendation for referral to the JTC.

1. AGRICULTURE R7 AGRICULTURE LICENSING AND REGISTRATION SYSTEM

This item requests \$247,800 cash funds to migrate two program systems to the System for Agriculture, Food, Health, E-Inspections, and Registration (SAFHER) developed by the federal Food and Drug Administration (FDA) and Association of Food and Drug Officials (AFDO) in coordination with states. The Departments seeks to pilot this migration for two program systems to the new platform in anticipation of migrating additional programs in the future.

This request appears to be a reasonable and low cost IT solution. Referring this to the JTC will increase the JTC's knowledge base and perspective on Department IT systems and potential future requests. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

2. HEALTH CARE POLICY AND FINANCING R6 VALUE-BASED PAYMENTS

This item includes three separate "analytical tools and system costs" requests for the Maternity Care Bundled Payments, the Primary Care Physician Partial Capitation, and the Colorado Providers of Distinction programs. Identified costs for the systems development and implementation total \$9.6 million, including \$956,000 General Fund and \$8.6 million federal funds.

Due to the development of new IT system components set within a larger request, staff recommends JTC review of the technical aspects of the IT systems components. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

3. HEALTH CARE POLICY AND FINANCING R14 MMIS FUNDING ADJUSTMENT

The Medicaid Enterprise includes four components managed by different contractors, including claims processing, data analytics, eligibility determination, and pharmacy and benefits management. New guidance from the Centers of Medicare and Medicaid Services (CMS) concerning the re-procurement or transition of vendors for information systems services moves towards interoperable module implementations, resulting in the increased importance of the integration of the four systems.

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The Department intends to shift towards utilizing state FTE as opposed to contractors to perform much of the ongoing integration and requires additional FTE to handle the increased workload associated with the re-procurement expectations for each module.

Senator Rankin raised concerns that it may not be necessary to refer this request item to the JTC due to the request's emphasis on procurement processing and IT management staff rather than on technical system changes specifically. For this reason, the Committee may wish to delay a decision for referral until after the Department hearing.

Staff nevertheless recommends this item for referral to the JTC at this time for the following reasons:

Due to the number of referrals, keeping all items in a single document would better ensure that all requests are addressed similarly and consistently by the JTC at a single administrative planning point in their process. Additionally, due to the number of referrals, this provides JTC staff with the ability to schedule necessary technical review work as soon as possible.

Staff agrees that this is not a strictly technical "project" request. However, the scale of the MMIS systems, the changes in federal guidance related to re-procurement, and the Department's significant request to re-calibrate prior over-appropriations suggest that a review by the JTC would better enhance JTC base knowledge of MMIS systems changes and Department operating to accommodate federal changes. This request includes significant operating changes in how the Department manages its systems. Currently there is a general reliance on vendors. The Department wishes to establish expertise internally that retains system understanding and development history over vendor and contractor changes. This is part of a larger trend toward state agencies accepting greater responsibility for their systems relative to vendors. Staff believes this is a significant enough request that can provide greater insight to and base knowledge for the JTC regarding the MMIS systems as well as larger, statewide, IT management trends.

This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

4. HUMAN SERVICES R3 COUNTY TRAILS REFRESH AND SUPPORT

This item would create a new line item and includes an increase of \$1.8 million General Fund to establish a separate line item for the county portion of TRAILS. The request both moves and increases spending for this purpose.

To ensure that the JTC has ongoing base knowledge related to TRAILS system use, as well as enabling a technical review for the increase in resources, staff recommends a referral to the JTC. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

5. JUDICIAL – COURTS R2 IT STAFF

The Courts request 16.0 FTE for IT staff predominantly supporting the audio-visual (A/V) team. This request totals \$2.0 million, including \$937,000 General Fund and \$1.1 million cash funds.

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This request item includes overlap with components included in the R3 IT Infrastructure request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

6. JUDICIAL – COURTS R3 IT INFRASTRUCTURE

The Courts request \$33.2 million over a four-year period, to be funded with federal ARPA funds, for IT infrastructure enhancements. Components include one-time project-type components as well as ongoing, operating components.

This item is recommended for review and recommendation by the JTC for all aspects of the request. Additionally, it is recommended that portions or all of the request be considered for prioritization as an IT Capital project, primarily due to the time-limited fund source. Additionally, it is recommended that the anticipated supplemental request for FY 2021-22 not be addressed as a supplemental but included in the FY 2022-23 request within the standard budget cycle consideration for new projects.

7. JUDICIAL – OSPD R1 PUBLIC DEFENSE IN DIGITAL AGE (IT PROJECT AND IT OPERATING)

The Office of the State Public Defender (OSPD) requests \$4.0 million General Fund in a placeholder request for a data storage IT project. OSPD will submit a budget amendment that addresses the specifics of the planned project in coming weeks. Additionally, the R1 request includes an operating component totaling \$1.5 million General Fund and 7.0 FTE to manage the IT project.

This item is recommended for review and recommendation by the JTC for all aspects of the request. It is recommended that the IT project be considered for prioritization as an IT Capital project and the operating portion for inclusion in the Office operating budget.

8. MILITARY AND VETERANS AFFAIRS R4 DEPARTMENT AUTOMATION AND IMPROVEMENT

The Department of Military and Veterans Affairs requests \$210,445 General Fund to fund automation initiatives and IT staff for technology implementation and enhancement.

Staff recommends JTC review of the technical aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

9. OIT R1 MODERNIZING AGING IT SYSTEMS

The Governor's Office of Information Technology (OIT) requests \$66.0 million General Fund for a one-time project to update, modernize, and decommission aging technology systems that are costly for the state to maintain, including (1) \$34.4 million for decommissioning mainframes for five major state systems, (2) \$8.0 million for modernizing technology at the end of its life through upgrades or re-platforming, and (3) \$23.6 million to transition outmoded eFORT technology to cloud platforms.

Staff recommends JTC review of the technical aspects of this request. This item is recommended for review, recommendation, and prioritization as an IT Capital project.

10. OIT R2 TESTING SOLUTIONS SUPPORT

The Governor's Office of Information Technology (OIT) requests \$435,300 reappropriated funds and 3.8 FTE in FY 2022-23, and \$442,634 reappropriated funds and 4.0 FTE ongoing, to increase the number of application testers and train existing testers to test critical statewide applications before

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they go live. Since 2017, customer demand for Testing Solutions services has increased by 20 percent year over year, with the majority of requests focused on online services and citizen-facing applications.

The Committee requests JTC review of the technical aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

11. OIT R3 VETERANS CYBERSECURITY APPRENTICES

The Governor's Office of Information Technology (OIT) requests \$356,153 reappropriated funds and 3.0 FTE for FY 2022-23, \$295,124 reappropriated funds and 3.0 FTE for FY 2023-24, and \$282,773 reappropriated funds and 3.0 FTE in FY 2024-25 and beyond, to bolster the Veterans Transition Program (VTP) within the Office of Information Security. The FY 2022-23 request of 3.0 FTE includes two analysts and one manager to oversee the program and develop a standardized experience for each of the interns. This FY 2022-23 request is meant to expand the VTP to enable the security office to achieve operational security goals and to further the cybersecurity workforce strategy.

The Committee requests JTC review of the technical aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

12. OIT R5 INTERAGENCY SPENDING AUTHORITY

The Governor's Office of Information Technology (OIT) requests \$14.8 million reappropriated funds and 28.0 FTE in FY 2022-23 and beyond, to shift from budgeting and billing agencies for OIT Enterprise products and services through interagency agreements (IA) and cash appropriations to reappropriating funds to OIT to improve Long Bill transparency and work towards unified billing. The budgets for these IA staff and enterprise services would remain in the agencies' Long Bill operating budgets; OIT would receive reappropriated funds spending authority and FTE, resulting in a net-zero impact to the state budget.

The Committee requests JTC review of the organizational aspects of this request as they relate to statewide OIT policy and services. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

13. PUBLIC HEALTH AND ENVIRONMENT R1 AIR QUALITY PERMITTING REPLACEMENT

The Department requests replacement of its core data systems (originally implemented in 1995), primarily for management of stationary sources, including permitting, inventory, reporting, inspections, compliance, enforcement, and billing. The Department seeks the construction and operation of an integrated and interactive electronic permitting, inspection and compliance system. The proposed system would allow the regulated community to submit environmental regulatory permit applications and other reports online and also allow the Department to process permits, inspections, compliance and enforcement activities in an exclusively electronic environment. Development of this system would be a three-year project totaling \$12.8 million General Fund.

Staff recommends JTC review of the technical aspects of this request. This item is recommended for review, recommendation, and prioritization as an IT Capital project.

14. PUBLIC SAFETY R11 ENTIRE STATE CYBERSECURITY APPROACH PROGRAM FUNDING

The Homeland Security and All-Hazards Senior Advisory Committee (HSAC) is a 21 member committee to assist the state to better prevent, protect, mitigate, respond, and recover from threats and hazards. HSAC has eleven subcommittees, including a Cybersecurity Subcommittee. At the recommendation of the Subcommittee, the Department requests \$385,943 General Fund and 3.0 FTE to create an Entire State Cybersecurity Approach Program. The program will be a central threat management and response center distinct from cybersecurity initiatives within the Office of Information Technology (OIT). The 3.0 FTE will coordinate with local governments and the Whole of State governance body to build and improve cybersecurity programs. Each FTE will be responsible for no less than a caseload involving 21 counties with multiple jurisdictions and points of contact within each of these counties.

The Committee requests JTC review of the cybersecurity policy aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

15. PUBLIC SAFETY R12 COMMUNITY CORRECTIONS INFORMATION AND BILLING SYSTEM

The Department of Public Safety requests \$425,922 General Fund in FY 2022-23, \$286,602 General Fund in FY 2023-24, and a 3.0 percent increase every year thereafter, beginning in FY 2024-25. The purpose of the request is to allow DCJ to maintain a new Community Corrections Information and Billing (CCIB) system. The CCIB system is the central hub for community corrections funding. It is used by DCJ's Office of Community Corrections, staff from each of the 22 Community Corrections boards, and staff from each of the 30 residential and nonresidential Community Corrections facilities in Colorado. The new CCIB system was originally funded through an IT Capital request, replacing an older system that was developed in 2008.

The Committee requests JTC review of the technical aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

16. REVENUE R1 DMV DRIVES SYSTEM SUPPORT

The Department of Revenue requests \$3.1 million in cash funds spending authority from the DRIVES Cash Fund and an additional 11.0 FTE to address a growing backlog of maintenance and system enhancements to DRIVES.

The Committee requests JTC review of the technical aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.

17. STATE R3 MONEY IN POLITICS SYSTEM

The Department of State requests \$1.5 million General Fund for development of a combined campaign finance and lobbyist disclosure system. The Department believes that both TRACER and Lobby, the existing systems, could be updated to improve user experience, functionality, and ease of maintenance. These systems were introduced in 2010 and 2002 respectively, and are maintained by different teams.

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Staff recommends JTC review of the technical aspects of this request. This item is recommended for review, recommendation, and prioritization as an IT Capital project.

18. TREASURY R3 DEPARTMENTAL TECHNOLOGY

The Department of Treasury requests \$517,067, including \$451,256 General Fund for IT systems related enhancements across the Department.

The Committee requests JTC review of the technical aspects of this request. This item is recommended for review and recommendation by the JTC for inclusion in the Department operating budget.