

Joint Budget Committee



Supplemental Budget Requests FY 2024-25

Office of the Governor
(Office of Information Technology)

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

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Overview of Department

The Governor’s Office of Information Technology (OIT) is responsible for the operation and delivery of all information and communications technology services across state executive branch agencies. The Office is tasked with providing information technology services, as well as promoting Colorado as the ideal location for information technology companies and technology-based workers. It houses the Colorado Broadband Office, which coordinates the state’s broadband with other agencies and other governmental entities.

Summary of Staff Recommendations

Governor - Lieutenant Governor - State Planning and Budgeting: Recommended Changes for FY 2024-25						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$515,290,082	\$54,489,412	\$97,496,686	\$354,369,422	\$8,934,562	1,282.3
Other Legislation	8,866,797	1,373,376	6,384,217	1,109,204	0	16.8
Current FY 2024-25 Appropriation	\$524,156,879	\$55,862,788	\$103,880,903	\$355,478,626	\$8,934,562	1,299.1
Recommended Changes						
Current FY 2024-25 Appropriation	\$524,156,879	55,862,788	\$103,880,903	\$355,478,626	\$8,934,562	1,299.1
(OIT) S-01 Real time billing	-1,512,864	0	0	-1,512,864	0	0.0
Statewide common policy supplemental requests	636,754	201,731	0	435,023	0	0.0
Recommended FY 2024-25 Appropriation	\$523,280,769	\$56,064,519	\$103,880,903	\$354,400,785	\$8,934,562	1,299.1
Recommended Increase/-Decrease from 2024-25						
Percentage Change	-0.2%	0.4%	0.0%	-0.3%	0.0%	0.0%
FY 2024-25 Executive Request						
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

FY 2024-25 Description of Incremental Changes

(OIT) S-01 Real time billing: The request includes a decrease of \$1,512,864 reappropriated funds that originate as anticipated payments made by state agencies to the Office of Information Technology (OIT) for the provision of IT services, the IT Common Policy. Reducing the IT Common Policy appropriation at OIT also reduces statewide appropriations made to agency Payments to OIT line items by an equal amount, and is estimated to reduce statewide General Fund appropriations by \$868,270.

Statewide common policy supplemental requests: The request includes an increase of \$636,754 total funds, including \$201,731 General Fund, for non-prioritized requests associated with statewide common policy requests. The increase is associated with adjustments to the

Department’s payments for vehicle leases, state property risk management, and to the Office of Information technology (OIT), which are determined through common policies. The prioritized versions of these requests will be presented during the supplemental presentations for the Department of Personnel (vehicle and state property) and Office of the Governor (OIT). The recommendation is pending Committee action on common policy supplementals.

Prioritized Supplemental Requests

(OIT) S1 Real time billing

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$1,512,864	\$0	\$0	-\$1,512,864	\$0	0.0
Recommendation	1,512,864	0	0	-1,512,864	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
 [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.]

Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made, specifically updated utilizations and cost estimates.

Requested and Recommended Statewide Changes

Statewide S1 Real time billing Request and Recommendation						
Agency	FY 2024-25 Appropriation	FY 2024-25 Req'd Change	FY 2024-25 Rec'd Change	FY 2024-25 Adj'd Total	Est. GF Ratio	Est. GF Change
Agriculture	\$3,635,451	-\$258,083	-\$258,083	\$3,377,368	63.5%	-\$163,986
Corrections	32,784,416	120,904	120,904	32,905,320	99.6%	120,392
Early Childhood	12,929,354	-144,322	-144,322	12,785,032	82.2%	-118,608
Education	1,699,178	-119,300	-119,300	1,579,878	73.8%	-88,062
Governor	1,832,473	208,890	208,890	2,041,363	100.0%	208,890
Health Care Policy and Finance	19,853,576	929,934	929,934	20,783,510	39.6%	368,483
Higher Education (Appropriated)	891,591	145,161	145,161	1,036,752	37.9%	55,086
Higher Education (Not appropriated)	339,866	4,107	4,107	343,973	n/a	n/a
Human Services	58,441,984	-1,483,802	-1,483,802	56,958,182	41.9%	-621,650
Judicial	7,664,065	80,387	80,387	7,744,452	100.0%	80,387
Labor and Employment	30,897,318	-468,947	-468,947	30,428,371	24.4%	-114,198
Law	1,368,687	12,073	12,073	1,380,760	26.1%	3,147
Legislative	171,110	26,309	26,309	197,419	100.0%	26,309
Local Affairs	4,014,772	13,634	13,634	4,028,406	33.2%	4,525
Military and Veterans Affairs	779,346	31,965	31,965	811,311	100.0%	31,965
Natural Resources	19,640,024	-263,402	-263,402	19,376,622	18.9%	-49,861
Personnel	11,879,163	958,992	958,992	12,838,155	41.0%	393,099
Public Health and Environment	19,151,141	-28,702	-28,702	19,122,439	42.9%	-12,306
Public Safety	19,641,073	-960,105	-960,105	18,680,968	72.7%	-697,723
Regulatory Agencies	8,015,723	35,827	35,827	8,051,550	3.5%	1,263

Statewide S1 Real time billing Request and Recommendation

Agency	FY 2024-25 Appropriation	FY 2024-25 Req'd Change	FY 2024-25 Rec'd Change	FY 2024-25 Adj'd Total	Est. GF Ratio	Est. GF Change
Revenue	23,264,901	-585,523	-585,523	22,679,378	53.5%	-313,035
State	499,386	0	0	499,386	n/a	n/a
Transportation	28,064,912	201,016	201,016	28,265,928	n/a	n/a
Treasury	235,606	30,123	30,123	265,729	58.5%	17,613
Total	\$307,695,116	-\$1,512,864	-\$1,512,864	\$306,182,252	n/a	-\$868,270

Request

The Governor’s Office of Information Technology (OIT) requests a reduction of \$1,512,864 for FY 2024-25 to update statewide agency Payments to OIT long bill appropriations to align with final FY 2024-25 Common Policy service rates and updated utilization estimates. The request also includes a reduction to OIT direct appropriations by \$1,512,864 reappropriated funds.

Recommendation

Staff recommends that the Committee approve the Office’s request. JBC staff respectfully requests Committee grant permission to make all necessary adjustments to the affected departments to implement the Committee’s decision, and for permission for individual analysts to work with their departments to ensure correct fund source allocations.

Analysis

This proposal requests updated Office of Information Technology (OIT) appropriations to accommodate current service rates and requested usage. In addition, the Department requests to update agency allocations of its common policy to ensure alignment with updated service rates and utilization estimates.

With the launch of Real time billing in FY 2021-22, OIT sets service rates each fiscal year and works with agency partners to estimate service utilization as part of the annual budget process. Due to the advanced timeline of the annual budget process, OIT and agencies continually evaluate these initial estimates prior to and throughout the fiscal year, in order to monitor changes in service consumption and expenses.

In order to work within Federal Cost Allocation requirements and limit the amount of service/rate variability year-to-year, OIT works with the Rates and Services Board to evaluate service offerings regularly, and update select service rates when necessary. When updated service rates impact statewide cost allocations, a common policy supplemental request is made in order to keep appropriations in alignment with anticipated costs.

OIT’s updated rate and utilizations estimates anticipate a reduction totaling \$2,513,045 for the following services provided: Project and Portfolio management, consulting and business services, applications and platforms, Kronos, IT Infrastructure, direct allocations. These are offset by categories with increased rate and utilization estimates that sum to \$1,000,181, which

are comprised of: applications and platforms, consulting and business services, data management, IT infrastructure, security, and direct allocations.

JBC Staff notes that an important consideration for the Joint Budget Committee is the funding mechanism for the Technology Risk Prevention and Response Fund (the Response Fund). At the end of each fiscal year, any General Fund appropriations made for IT in state agencies that is not expended is transferred to the Response Fund. While the Response Fund is not the focus of the Office’s supplemental request or JBC Staff analysis, the General Assembly should prioritize updating the estimated common policy allocations to minimize the amount of General Fund that is subject to the end-of-year transfer.

In recent history, the Joint Budget Committee frequently chose not to run supplemental bills for agencies that only needed adjustments for common policies. This was especially true when common policy appropriations were being reduced because in those cases the appropriations that would have been adjusted simply reverted to the General Fund (or its original source depending on statute). The Joint Budget Committee could therefore introduce a smaller supplemental budget packages because not every agency required a bill. Since the combined introduction of Real time billing and the end-of-year transfer made to the Response Fund, JBC Staff has recommended adjustments that impacts all agencies.

Given the current structure and procedures for how the state is providing IT services and billing agencies, JBC Staff recommends approving the Department request including making all the adjustments identified in the statewide table above.

JBC Staff recommends giving individual JBC Staff for each agency authority to work with their agencies to determine the correct fund sources for the recommended adjustments. The summary table notes a General Fund impact and is estimated based on the percent of General Fund that supports each agency’s Payments to OIT line item in the current FY 2024-25 appropriation. Based on those figures, JBC Staff estimates that General Fund impact to be a reduction of \$868,270.

Statewide Common Policy Supplementals

These requests are not prioritized and are not analyzed in this packet. The JBC acted on some of these items the week of January 13th during consideration of supplemental requests from the Departments of Personnel and Public Safety. Those documents can be viewed here after they have been presented:

https://leg.colorado.gov/sites/default/files/cy25_persup.pdf

https://leg.colorado.gov/sites/default/files/cy25_pubsafsup2.pdf

Department's Portion of Statewide Supplemental Requests						
Supplemental	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SNP DPS S2 adjustment	\$0	\$0	\$0	\$0	\$0	0.0
SNP OIT Real time billing	208,890	208,890	0	0	0	0.0
SNP Risk management	45,720	828	0	44,892	44,892	0.0

Department's Portion of Statewide Supplemental Requests						
Supplemental	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
DPA Annual fleet supplemental	-7,987	-7,987	0	0	0	0.0
Total	\$636,754	\$201,731	\$0	\$435,023	\$435,023	0.0

The Committee's action on OIT's supplemental request earlier in this packet was the only remaining component described in this table and reflects JBC Staff recommendation for the common policy impact to the Governor's Office generally. Staff will reflect the Committee's action on all common policies in supplemental bills and notes that the figures in the table above represent the recent Committee action and does not require an additional motion to approve.

JBC Staff Supplemental Recommendations - FY 2024-25
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Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2024-25 Requested Change	FY 2024-25 Rec'd Change	FY 2024-25 Total w/Rec'd Change
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Governor - Lieutenant Governor - State Planning and Budgeting
Jared Polis, Governor

OIT S1 Real time billing

(5) Office of Information Technology

(A) OIT Central Administration

Central Administration	<u>18,800,125</u>	<u>18,982,710</u>	<u>8,238,000</u>	<u>8,238,000</u>	<u>27,220,710</u>
FTE	77.6	127.5	0.0	0.0	127.5
General Fund	2,074,576	2,038,346	0	0	2,038,346
Cash Funds	16,725,549	2,500,000	0	0	2,500,000
Reappropriated Funds	0	14,444,364	8,238,000	8,238,000	22,682,364

(5) Office of Information Technology

(B) Enterprise Solutions

Enterprise Solutions	<u>165,459,871</u>	<u>218,093,664</u>	<u>-7,514,177</u>	<u>-7,514,177</u>	<u>210,579,487</u>
FTE	489.8	572.7	0.0	0.0	572.7
General Fund	1,630,967	2,362,236	0	0	2,362,236
Cash Funds	163,828,904	4,897,759	0	0	4,897,759
Reappropriated Funds	0	210,833,669	(7,514,177)	(7,514,177)	203,319,492

(5) Office of Information Technology

JBC Staff Supplemental Recommendations - FY 2024-25
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	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2024-25 Requested Change	FY 2024-25 Rec'd Change	FY 2024-25 Total w/Rec'd Change
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(C) Information Security

Information Security	<u>21,951,985</u>	<u>26,126,046</u>	<u>5,381</u>	<u>5,381</u>	<u>26,131,427</u>
FTE	73.4	77.0	0.0	0.0	77.0
General Fund	0	0	0	0	0
Cash Funds	21,951,985	0	0	0	0
Reappropriated Funds	0	26,126,046	5,381	5,381	26,131,427

(5) Office of Information Technology

(E) End User Services

Customer Service and Support	<u>25,506,331</u>	<u>33,579,338</u>	<u>-2,242,068</u>	<u>-2,242,068</u>	<u>31,337,270</u>
FTE	418.6	307.0	0.0	0.0	307.0
General Fund	279,201	317,680	0	0	317,680
Cash Funds	25,227,130	0	0	0	0
Reappropriated Funds	0	33,261,658	(2,242,068)	(2,242,068)	31,019,590

Total for OIT S1 Real time billing	231,718,312	296,781,758	(1,512,864)	(1,512,864)	295,268,894
FTE	<u>1,059.4</u>	<u>1,084.2</u>	<u>0.0</u>	<u>0.0</u>	<u>1,084.2</u>
General Fund	3,984,744	4,718,262	0	0	4,718,262
Cash Funds	227,733,568	7,397,759	0	0	7,397,759
Reappropriated Funds	0	284,665,737	(1,512,864)	(1,512,864)	283,152,873

JBC Staff Supplemental Recommendations - FY 2024-25
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	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2024-25 Requested Change	FY 2024-25 Rec'd Change	FY 2024-25 Total w/Rec'd Change
Totals Excluding Pending Items					
GOVERNOR					
TOTALS for ALL Departmental line items	459,547,632	524,156,879	-1,512,864	-1,512,864	522,644,015
<i>FTE</i>	<u>1,230.8</u>	<u>1,299.1</u>	<u>0.0</u>	<u>0.0</u>	<u>1,299.1</u>
General Fund	49,253,890	55,862,788	0	0	55,862,788
Cash Funds	384,684,936	103,880,903	0	0	103,880,903
Reappropriated Funds	5,762,442	355,478,626	(1,512,864)	(1,512,864)	353,965,762
Federal Funds	19,846,364	8,934,562	0	0	8,934,562