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Final Fiscal Note

Drafting Number: LLS 24-1098 Date: August 12, 2024
Prime Sponsors: Rep. Bird; Sirota Sen. Bridges; Zenzinger Bill Status: Signed into Law Fiscal Analyst: John Armstrong | 303-866-6289 john.armstrong@coleg.gov

Bill Topic: EVALUATION OF CDHE INFORMATION TECHNOLOGY

Summary of Fiscal Impact: [] State Revenue [] State Transfer [] Local Government [x] State Expenditure [] TABOR Refund [] Statutory Public Entity

Budget package bill. The bill requires an evaluation of the Department of Higher Education's Information Technology systems by the Office of Information Technology. The bill increases state expenditures in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires and contains an appropriation of \$280,000 to the Office of Information Technology.

Fiscal Note Status: The final fiscal note reflects the enacted bill. The bill was recommended by the Joint Budget Committee as part of the FY 2024-25 budget package.

Table 1 State Fiscal Impacts Under HB 24-1402

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill requires the Office of Information Technology (OIT) to conduct an evaluation of the Department of Higher Education's (CDHE) information technology systems by November 1, 2024. OIT must consider if consolidating CDHE's systems into those currently administered by OIT would be beneficial in terms of asset management, data integrity and security. If consolidation is recommended, OIT must create a proposed plan and budget. OIT may contract with a third party to complete the evaluation. The bill provides \$280,000 for this purpose.

Background

On July 19, 2023, CDHE's network systems were targeted from a ransomware attack. Since that attack, CDHE has worked with specialists, OIT, and other agencies to develop a plan for remediation and to strengthen its network systems. The Joint Budget Committee (JBC) and Joint Technology Committee (JTC) approved a supplemental budget request of \$770,738 and 4.0 FTE for CDHE to create a more secure network. As part of that discussion, JBC and JTC staff requested an OIT study into how best to integrate CDHE's systems into those managed by OIT.

State Expenditures

The bill increases state expenditures in the OIT by \$280,000 in FY 2024-25, paid from the General Fund. OIT will require the services of a third-party provider to evaluate CDHE's system and to make recommendations about how to proceed, including a proposed plan if consolidation is recommended.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill was signed into law by the Governor and took effect on April 18, 2024.

State Appropriations

For FY 2024-25, the bill requires and includes a General Fund appropriation of \$280,000 to the Office of the Governor for use by the Office of Information Technology.

Departmental Difference

The CDHE estimates that the bill requires an additional appropriation of \$66,000. This estimate includes additional contracted data costs with a third-party provider to provide the required information to OIT. The fiscal note assumes that these additional costs can be accomplished within the supplemental budget request that was previously approved by the Joint Budget Committee.

State and Local Government Contacts

Office of Information Technology Higher Education Joint Budget Committee Staff

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).