



Joint Budget Committee Staff

Memorandum

To: Members of the Joint Budget Committee
From: Scott Philip Thompson, JBC Staff (303-866-4957)
Date: Friday, March 14, 2025
Department: Department of Example
Subject: OIT Common Policy Statewide Allocations

This memo includes the following items:

- OIT Common Policy Allocations

→ OIT Common Policy Statewide Allocations

Recommendation

The purpose of this memo is to allow the JBC 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.

Background

OIT is funded predominantly through reappropriated funds and recovers a majority of its costs from these cost allocations to departments. Departments are appropriated funding in their annual budgets and then pay OIT for services provided monthly. The allocation methodology is called the OIT Common Policy. Departments receive an appropriation in the Long Bill for this allocation called "Payments to OIT". OIT also recovers costs by direct billing to departments. Direct billing is done separately from Common Policy, for specific services such as telecom, or for service needs above and beyond the capacity of Common Policy appropriations.

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).

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.

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/oitservicecatalog>.

These have been reduced by the 5 percent base reduction approved by the JBC to common policy allocations to reach the final recommendation.

The Staff recommendation based on the Committee's action to date is summarized by agency below, JBC Staff requests permission for JBC Staff to work with department staff to determine the final fund splits to arrive that the final recommended change. In some circumstances the adjustment amount Staff enter may differ from the amounts in this table. In all cases the recommended appropriation column is the final total recommended appropriation excluding agency-specific decision items that include OIT costs.

Payments to OIT TOTAL APPROPRIATION	
Agency	Total OIT Appropriation
Agriculture	\$3,685,074
Corrections	35,065,379
Early Childhood	15,212,244
Education	1,085,422
Governor	2,057,477
Health Care Policy and Finance	18,256,722
Higher Education (appropriated)	1,008,425
Higher Education (unappropriated)	163,108
Human Services	61,610,746
Judicial	5,280,933
Labor and Employment	39,449,565
Law	920,541
Legislature	44,213
Local Affairs	4,217,983
Military and Veterans Affairs	804,743
Natural Resources	20,683,777
Personnel and Administration	13,419,335
Public Health and Environment	20,050,163
Public Safety	21,273,469
Regulatory Agencies	7,884,276
Revenue	23,373,032
State	345,960
Transportation	30,816,258
Treasury	301,574
Total	\$327,010,418