Legislative Council Staff

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Memorandum

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January 22, 2022

TO: Joint Technology Committee Members

FROM: Luisa Altmann, Senior Research Analyst, 303-866-3518
            Joint Technology Committee Staff

SUBJECT: JTC Staff Analysis of JBC-Referred FY 2022-23 Operating Budget Request
            Colorado Department of Military and Veterans Affairs
            R-04 Department Automation and Improvement

Summary of Request

The Colorado Department of Military and Veterans Affairs (DMVA) is requesting $210,445 in state funding for FY 2022-23 to implement Kronos Dimensions, upgrade to Microsoft 365, and transition to an electronic employee performance management tool. The Joint Budget Committee (JBC) has asked the Joint Technology Committee (JTC) to provide a technical review of this request.

Request Details

The DMVA still relies on heavily paper-based timekeeping and performance management systems. In order to help improve customer service for the department's employees, the department is requesting funding for the following items:

- **Kronos Dimensions.** The DMVA still uses a manual, paper-based process for timekeeping that is labor-intensive, slow, and inefficient. The department is therefore requesting $134,820 to fund the implementation of Kronos Dimensions for an electronic timekeeping system that, according to the department, will improve efficiency, accuracy, moral, and labor costs. The ongoing operating costs of the system is anticipated to be $23,724 annually.

- **Microsoft 365.** The DMVA is requesting funding for Microsoft 365 updates, which is used to facilitate communications between the Division of the Colorado National Guard and the U.S. Department of Defense. The department is requesting $17,000 for unique secured instance and $50,000 for one-time consulting costs. The department plans to absorb initial implementation costs by utilizing internal staff, resulting in estimated savings of $350,000. The ongoing operating costs of these upgrades and staff licenses is anticipated to be $25,280 annually.

- **Personnel Performance Management System.** The DMVA is requesting $8,625 to transition from its current manual employee performance management process to an electronic tool to help increase efficiency and effectiveness. The tool the department plans to use is currently being used by several agencies, including OIT.

Options for Committee Action

The JTC has three options for committee action when it provides a technical review of an operating budget request to the JBC. The JTC can:

- recommend the request to the JBC for funding with no concerns;
- recommend the request to the JBC for funding with concerns; or
- not recommend the request for funding with concerns.

Question Responses Provided by the Department

1. **Please explain how the Kronos portion of this request interacts with DPA's FY 2022-23 budget request to implement a modernized statewide payroll system.**

   The Department has been using manual/paper timekeeping across 42 locations with several different time keeping systems. Automating this process is the Executive Director's #1 priority. DMVA has been working closely with DPA (HR leadership committee) as well as OIT to align with the agreed upon moving forward strategy. The strategy is for all agencies to be on a common time keeping and leave system and that system is Kronos Dimensions. DPA HR recommended that DMVA implement Kronos Dimensions and they also agreed to fund the implementation of that product. DMVA will be required to cover the monthly licensing cost of $2457.00

2. **The budget request explains that to "*receive federal grants for the department to upgrade Microsoft software to the now standard Department of Defense (DoD) protocol of Microsoft 365.*" Please explain Microsoft's licensing model, and provide more information explaining the technical need to upgrade, along with the consequences if the department does not upgrade. Has the DoD provided a deadline for compliance in order to receive future federal grants?**

   The Department utilizes Microsoft as a common operating platform with Department of Defense systems. We timed our transition to MS365 to align with the DOD's transition to maintain parity. The cost, as per the previous slide was $67k up front and an annual licensing cost (per license, per employee, so subject to increase) of $25,280 per year. We expect the cost to increase 10% in 2022 and beyond that we estimate 5% annually.

3. **Has the department been able to quantify the expected savings (time and money) from this project or performed a cost-benefit analysis?**

The projected savings from Kronos is difficult to quantify, but the number of DocuSign envelopes used to gain supervisor signatures would indicate a major savings of funds not to include wages lost to time spent working on paper forms by individual employees preparing their monthly or biweekly timesheet. Additionally, our 0.35 FTE (60 hrs. per month) who manually entered and tracked the data has retired, so savings accrues from that as well.