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## **FY 2025-26 BUDGET REQUEST**

**Presentation to the Joint Technology Committee**

**OSP Director Mark Ferrandino**

**Monday, December 16, 2024**

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# Governor's FY 2025-26 Budget Proposal

*Over the last few years we have continued to deliver on building a Colorado for all where all Coloradans can thrive. We have implemented full-day kindergarten and Universal Preschool, provided multiple paths to get a good job, reduced health care costs, made Colorado safer, reduced property taxes while making historic investments in K-12 education, and worked to expand access to housing that Coloradans can afford by cutting red tape and making smart investments.*



# Governor's FY 2025-26 Budget Proposal

*Colorado's economy continues to be strong and outpace the nation. However, this year's budget requires tough choices as lower inflation restricts the amount of revenue the state can keep under TABOR. Additionally, larger non-discretionary costs, such as Medicaid and education are using more of the available General Fund.*

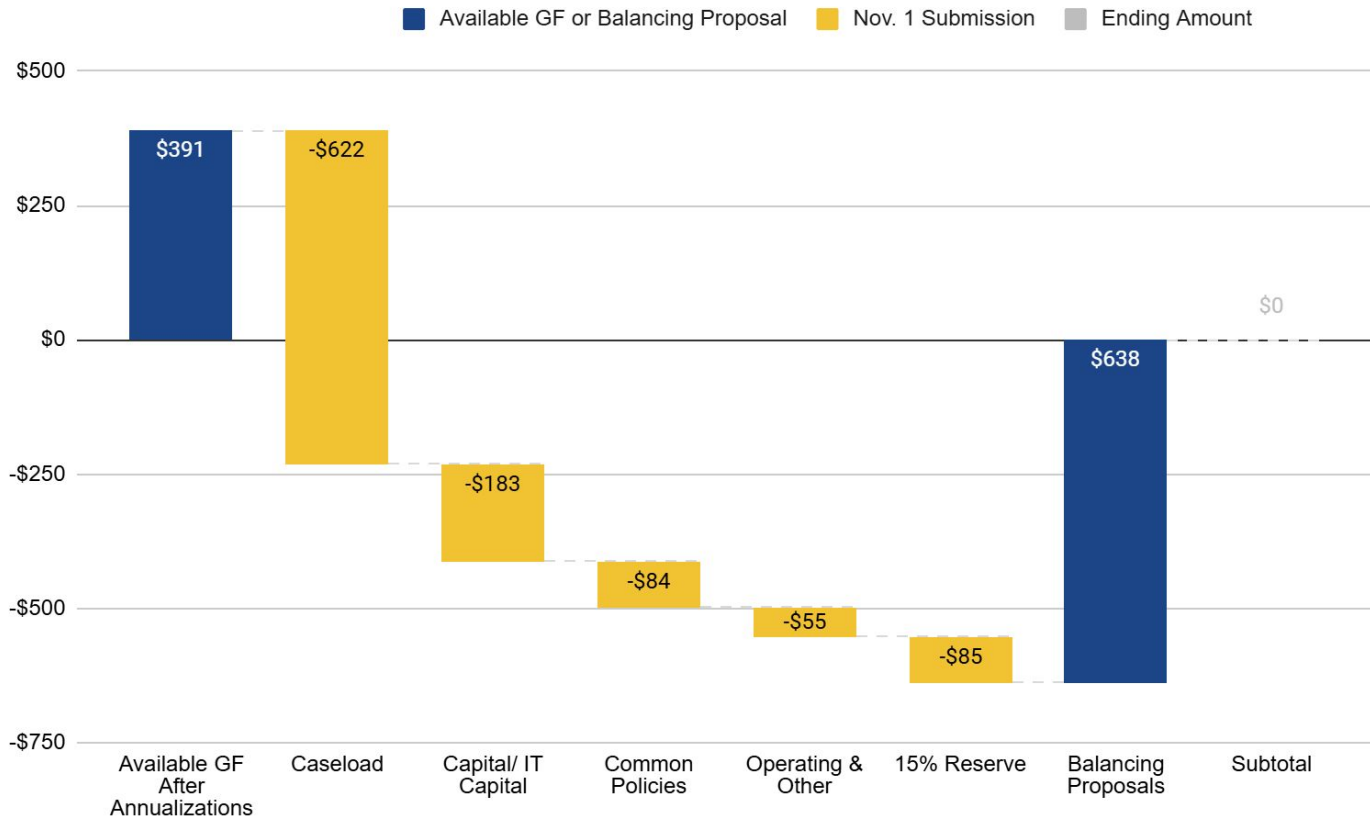


# Governor's FY 2025-26 Budget Proposal

*The Governor's budget protects the progress we've made while making strategic investments in public safety, education, and our workforce and families to continue to improve our great state while driving government to be more efficient all while being fiscally responsible.*



# Governor's FY 2025-26 Budget Proposal



# Governor's FY 2025-26 Budget Proposal

- There is only \$391M available for General Fund due to lower inflation, and annualizations.
- Caseload, capital and common policy costs result in us being \$500M below the reserve even before addressing “discretionary costs.”
- General operating costs including for non-executive branches and the reserve require add another \$140M.
- This budget has ~\$640M in balancing proposals.





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# IT Capital Submission for FY 2025-26

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# IT Capital

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## Governor's Submission Overview

### Governor's Submission

- IT Capital requests were prioritized and selected based on three guiding principles:
  - To prioritize continuation funding over funding for new projects, especially those that are in mid-implementation with a high probability of successful completion;
  - To prioritize projects that are critical to State operations and / or regulatory compliance requirements; and
  - To fund projects that leverage cash funds and sources of funds besides the state General Fund.
- The submission includes **\$75.8 million TF** for 18 projects, including **\$32.9 million GF**, **\$21.9 million CF**, **\$3.4 million RF**, and **\$17.7 million FF**.
- 10 of these requests are continuation projects; 8 are new projects.



# IT Capital

## General Funded Prioritized IT Capital Requests (1 of 2)

OSP Ranking	Request Type	Agency	Project Name	FY 2025-2026					Total Outyear Costs
				TF	CCF/GF	CF	RF	FF	
1	Continuation	DPA	Payroll Modernization	\$13,731,158	\$13,731,158	\$0	\$0	\$0	\$0
2	Continuation	DOC	Offender Records Management System (DeCORuM)	\$3,023,613	\$3,023,613	\$0	\$0	\$0	\$0
3	Continuation	DPS	Record Utilization Upgrade	\$1,635,581	\$1,635,581	\$0	\$0	\$0	\$2,538,169*
4	Continuation	CDPHE	Stationary Sources Solution Modernization	\$3,936,306	\$3,936,306	\$0	\$0	\$0	\$0
5	Continuation	CDPHE	COWIC Continuation	\$1,851,991	\$500,000	\$0	\$0	\$1,351,991	\$480,027
6	Continuation	HCPF	CBMS Reprocurement	\$9,618,906	\$1,805,083	\$0	\$0	\$7,813,823	\$0
7	Continuation	HCPF	OeHI Colorado Social Health Information Exchange	\$8,139,341	\$1,203,918	\$0	\$0	\$6,935,423	\$4,049,989

\*The subsequent phases of the project will request funding through the Highway Users Tax Fund (HUTF).

# IT Capital

## General Funded Prioritized IT Capital Requests (2 of 2)

OSP Ranking	Request Type	Agency	Project Name	FY 2025-2026					Total Outyear Costs
				TF	CCF/GF	CF	RF	FF	
8	Continuation	IHE	Auraria Campus Network Infrastructure Modernization Project	\$3,457,666	\$3,457,666	\$0	\$0	\$0	\$0
9	New	IHE	Colorado Northwestern Community College South Campus Redundancy Upgrade	\$571,163	\$571,163	\$0	\$0	\$0	\$0
10	New	DPA	OAC Court Management System	\$3,375,426	\$0	\$0	\$3,375,426	\$0	\$675,086
11	New	CDE*	School Finance System	\$3,000,000	\$3,000,000	\$0	\$0	\$0	\$0
<b>Total</b>				<b>\$52,341,151</b>	<b>\$32,864,488</b>	<b>\$0</b>	<b>\$3,375,426</b>	<b>\$16,101,237</b>	<b>\$7,743,271</b>

\*This request represents a placeholder for a January 2nd budget submission.

# IT Capital

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## General Funded - IT Capital Request Summaries (1 of 3)

### **1. DPA IT-CC-01 Payroll Modernization (\$13.7M TF/GF)**

DPA requests \$13.7M GF for the last phase of its payroll modernization project. This will replace the outdated existing system (operating for 37 years) and align with the department's WIGs and the State's partnership agreement with COWINS. The project was first funded in FY 2022-23 and has received \$37.45M GF for the implementation of its previous 3 phases.

### **2. DOC IT-CC-01 Offender Records Management System (DeCORuM) (\$3M TF/GF)**

DOC requests \$3M GF for the final phase of its DeCORuM project to finance the support and maintenance of the existing software, database, and hardware, in addition to the project management costs associated with the final year of software development. DeCORuM was first initiated in 2015. DOC will be using remaining funds from the FY 2023-24 request (~\$4.1M GF) to finalize the development of necessary modules and enhancements to complete the eOMIS software system and pay OIT.

### **3. DPS IT-CC-01 Records Utilization Upgrade (\$1.6M TF/GF)**

DPS requests \$1.6M GF to continue funding for the second of four phases of the records utilization upgrade project. The project was funded \$0.5M in FY 2024-25 for its first implementation phase. The Department estimates \$0.6M in annual operating costs. The goal of this upgrade is to reduce the time, complexity, and uncertainty associated with current manual, paper-based traffic citation processes by developing an eCitation capability.

### **4. CDPHE IT-CC-01 Stationary Sources Solution Modernization (\$3.9M TF/GF)**

CDPHE requests \$3.9M GF for its Air Pollution and Control Division (APCD) for the third and final phase of its Stationary Sources Solution Modernization Project. The project replaces the current (operating since 1995) and outdated (mainly paper-based) data systems. The project was first funded in FY 22-23.

# IT Capital

## General Funded - IT Capital Request Summaries (2 of 3)

### **5. CDPHE IT-CC-02 COWIC Continuation (\$1.9M TF / \$0.5M GF)**

CDPHE requests \$1.9M for the second and final phase of the Special Supplemental Nutrition Program for Women, Infants, and Children in Colorado (COWIC) with \$0.5M GF and \$1.4M FF. The project aims to replace the existing system with a modern, participant-centered Management Information System (MIS) that better addresses programmatic and participant needs. The project was first funded in FY 2024-25. The ongoing costs of the project will be covered by FF. The project timeline is constrained due to the FF timeline (FFY 2023-24 to FFY 2025-26); the Department is using 8 different FF sources and many of them are one-time investments.

### **6. HCPF IT-CC-01 CBMS Reprocurement (\$9.6M TF / \$1.8M GF)**

HCPF requests a total of \$9.6M with \$1.8M GF and \$7.8M FF for the second phase of a five phase project to comply with the state and the Center for Medicare and Medicaid Services (CMS) procurement requirements for the Colorado Benefits Management System (CBMS). The first phase started FY 2024-25 and was funded for \$1.7M. This reprocurement exercise has to take place now to comply with federal regulations related to contract updates as this one reached its 10-year mark.

### **7. HCPF IT-CC-03 OeHI Colorado Social Health Information Exchange (\$8.1M TF / \$1.2M GF)**

HCPF requests a total of \$8.1M with \$1.2M GF and \$6.9M FF to support the second phase of the continued expansion and implementation of a technical infrastructure that enables prescribers and community partners to facilitate access to health improvement supports and the Colorado Social Health information Exchange (CoSHIE). The project was initially funded in FY 2024-25 for \$11M TF, including \$1.3M GF, and has encumbered \$6.1M to date.

### **8. IHE - 01 Auraria Campus Network Infrastructure Modernization Project (\$3.5M TF/GF)**

The institutions of higher education request \$3.5M GF for the second and final phase of the Auraria Campus Network Infrastructure Modernization Project. The project aims to modernize system-wide network infrastructure and replace aging wired and wireless network equipment and ethernet cabling throughout the shared classroom and office buildings. It offers greater monitoring capabilities, security measures and technological resources for students, staff, and faculty.

### **9. IHE - 02 Colorado Northwestern Community College South Campus Redundancy Upgrade (\$0.6M TF/GF)**

The institutions of higher education request \$0.6M GF for Colorado Northwestern Community College (CNCC) to fund a new single-phased South Campus Redundancy Upgrade project. The project aims to add redundancy to CNCC's fiber network on the south side of its Rangely campus to ensure continuity of IT services and invest in new uninterrupted power supply (UPS) equipment due to the rural nature of the campus and the high level of power surges that the current equipment cannot handle.

# IT Capital

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## General Funded - IT Capital Request Summaries (3 of 3)

### **10. DPA IT-CC-04 OAC Court Management System (\$3.4M TF/ \$0M GF)**

DPA requests a total of \$3.4M RF for the first phase of a three phased project to finance the replacement of the current court management system. The existing contracts are costing the department \$40K annually. The current system does not meet accessibility requirements, involves duplicative efforts from staff, and has been resulting in delays in the processing of court cases.

### **11. CDE School Finance System (\$3M TF/GF)**

CDE will submit a supplemental or budget amendment for the January 2nd budget for \$3M (estimate) GF to fund the creation of a new system to calculate the school finance formula. The Department received \$0.2M in FY 2024-25 to hire a contractor to estimate the costs associated with establishing the new system. Due to the critical nature of this request, the Governor has set aside money in the budget for this program.

# IT Capital

## Cash Funded Prioritized IT Capital Requests

OSP Ranking	Request Type	Agency	Project Name	FY 2025-2026					Total Outyear Costs
				TF	CCF/GF	CF	RF	FF	
1	Continuation	DOR	MED Seed to Sale	\$3,080,000	\$0	\$3,080,000	\$0	\$0	\$0
2	Continuation	CDLE	Department of Workers' Compensation Computer System (CoCo)	\$12,140,213	\$0	\$12,140,213	\$0	\$0	\$9,964,519
3	New	CDE	BEST Assessment IT System	\$1,470,000	\$0	\$1,470,000	\$0	\$0	\$1,200,000
4	New	DEC	CCCAP	\$1,781,556	\$0	\$194,190	\$0	\$1,587,366	\$0
5	New	DPA	Statewide Procurement System	\$1,420,957	\$0	\$1,420,957	\$0	\$0	\$2,308,500
6	New	DNR	Modernizing the Colorado Oil and Gas Information System	\$2,000,535	\$0	\$2,000,535	\$0	\$0	\$0
7	New	DPS*	Colorado Gangs Database	\$1,600,000	\$0	\$1,600,000	\$0	\$0	\$0
<b>Total</b>				<b>\$23,493,261</b>	<b>\$0</b>	<b>\$21,905,895</b>	<b>\$0</b>	<b>\$1,587,366</b>	<b>\$13,473,019</b>

\*This request represents a placeholder for a January 2nd budget submission.



# IT Capital

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## Cash Funded - IT Capital Request Summaries (1 of 2)

### **1. DOR IT-CC-01 MED Seed to Sale (\$3.1M TF)**

DOR requests \$3.1M CF to continue funding for the second and last phase of the seed-to-sale inventory tracking system which supports the regulation and enforcement of the commercial medical and retail marijuana industry. The Department will leverage those funds to go-live in October 2026. The first phase was approved in FY 2024-25 for \$1.0M CF. The current system expires in October 2026 and there are potential risks associated with not having a system running by November 1st, 2026 on public and consumer safety.

### **2. CDLE IT-CC-01 Department of Workers' Compensation Computer System (CoCo) (\$12.1M TF)**

CDLE requests a total of \$12.1M CF (a mix of various cash funds) for phase two out of three of its Compensation Computer System project. The request will replace the current workers' compensation application/database (known as CoCo) to allow for electronic filing. The current system requires all forms be paper or submitted as a PDF in an email.

### **3. CDE IT-CC-01 BEST Assessment IT System (\$1.5M TF)**

CDE requests a total of \$1.5M Public School Capital Construction Assistance CF, and then \$0.6M annually for each following FY, also from the CF, to complete statewide financial assistance priority assessments also known as a facility condition assessment (FCA). The current contract is set to expire in FY 2025-26 and if a new vendor is selected there will be an overlap between the old and new vendor to ensure seamless transition.

### **4. DEC IT-CC-01 Colorado Child Care Assistance Program (\$1.8M TF)**

DEC requests a total of \$1.8M, with \$1.6M CCDF FF and \$200,000 Local Government CF to make necessary system enhancement to comply with the new CCDF Federal regulations published in March 2024. The implementation deadline is August 2026. The system enhancements will impact the Child Care Automated Tracking System (CHATS) and the Department's website.

### **5. DPA IT-CC-03 Statewide Procurement System (\$1.4M CF)**

DPA requests \$1.4M from the Supplier Database CF for phase one of two of the Statewide Procurement System project to fund the study of the state's procurement systems and the identification of the most appropriate statewide system. This is part of an initiative that will help achieve procurement equity within the state.

# IT Capital

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## Cash Funded - IT Capital Request Summaries (2 of 2)

### **6. DNR IT-CC-01 Modernizing the Colorado Oil and Gas Information System (\$2.0M CF)**

DNR and the Energy and Carbon Management Commission request \$2.0M Energy and Carbon Management Commission CF to replace the outdated Oil and Gas information system. The system replacement is intended to improve customer service, increase staff efficiency and effectiveness, and ensure data integrity.

### **7. DPS IT-CC-01 Colorado Gangs Database (\$1.6M CF)**

DPS will submit a budget amendment for the January 2nd budget for \$1.6M Marijuana Cash Tax Fund (MTCF) to replace Colorado Gangs (CoG) system. The system does not currently meet the needs of the statewide law enforcement community and limits the ability of agencies and organizations to maximize collaborative efforts and effectively share information about gang activity in their cities and towns. CoG is web application that utilizes an Oracle database that contains intelligence information related to gangs and gang members such as gang names, gang members, gang contacts that has been gathered by law enforcement agencies across the state. The CoG System is used by law enforcement as an investigative tool, and it is also queryable in the Colorado Crime Information Center (CCIC) to provide law enforcement with the most accurate information possible.



# IT Capital

## FY 2025-26 All Non-Prioritized IT Capital Requests

Agency	Project Name	TF	CCF/GF	CF	RF	FF	Outyear Costs
DPA	Statewide Human Resources Information System	\$955,500	\$955,500	\$0	\$0	\$0	\$64,223,871
CDPHE	WQCD Permit Issuance Tech Modernization	\$6,533,625	\$6,533,625	\$0	\$0	\$0	\$17,584,481
DOC	IGOR Replacement	\$510,000	\$510,000	\$0	\$0	\$0	\$0
IHE	Otero College Campus Security and Device Upgrades	\$505,050	\$425,050	\$80,000	\$0	\$0	\$0
IHE	Colorado School of Mines Network Modernization and Refresh	\$4,840,510	\$3,634,204	\$1,206,306	\$0	\$0	\$0
IHE	Community College of Aurora Campus Technology Modernization	\$1,999,000	\$1,819,090	\$179,910	\$0	\$0	\$0
IHE	Red Rocks Community College Safety and Security	\$1,170,015	\$1,170,015	\$0	\$0	\$0	\$0
IHE	Northeastern Junior College Camera Upgrade	\$548,035	\$548,035	\$0	\$0	\$0	\$0
DOR	GenTax System Replacement	\$135,000,000	\$135,000,000	\$0	\$0	\$0	\$0
<b>Total</b>		<b>\$152,061,735</b>	<b>\$150,595,519</b>	<b>\$1,466,216</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,808,352</b>