

# JOINT BUDGET COMMITTEE



## INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2019-20

### OFFICE OF THE GOVERNOR

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:  
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SEPTEMBER 20, 2019

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# INTERIM SUPPLEMENTAL REQUESTS

## COLORADO DIGITAL SERVICES

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>\$1,130,848</b>	<b>\$674,963</b>
FTE	6.2	4.7
General Fund	1,130,848	674,963
Cash Funds	0	0
Federal Funds	0	0

**Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.?** **YES**  
 [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]

**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. See the “Staff Analysis: Staff Recommendation” section of this document for more information.

**DEPARTMENT REQUEST:** The Governor’s Office of Information Technology (OIT) seeks \$1,130,848 General Fund and 6.2 FTE for FY 2019-20 to add seven staff positions to implement a Colorado Digital Services program. OIT indicates that the program will “enrich Colorado’s technology ecosystem by providing a pipeline of top technology talent incentivized by a sense of civic duty and focused on solving problems and building citizen-facing digital services benefitting Coloradans.” The request assumed the new positions would start in August 2019.

**STAFF RECOMMENDATION:** Staff recommends that the Committee partially approve the Department request to avoid unnecessary delays for development related to both the Trails modernization and HRWorks projects. The amount of funding recommended is \$674,963 General Fund and 4.7 FTE for seven positions. The difference between the recommendation and the request is to fund 4.7 FTE based on a start date in October instead of August and it does not include centralized personnel costs to reflect JBC policy when the number of additional staff is fewer than 20.0 FTE.

**STAFF ANALYSIS:**

*History of Request*

At the June 2019 Joint Budget Committee (JBC) meeting, JBC staff recommended denying the Department request because the request appeared to:

- Lack statutory criteria to be funded through an emergency supplemental;
- Lack clarity for what roles the new FTE will perform; and

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- Overlook the authority of OIT to hire, release, and/or restructure employees within existing appropriations to meet the evolving needs and desires of a new gubernatorial administration without the constraints of the state personnel system.

During the discussion, the Joint Budget Committee requested the Joint Technology Committee (JTC) review the emergency budget request.

The Joint Technology Committee reviewed the request on August 15, 2019, and approved a motion that recommended moving forward on Colorado Digital Services *if the JBC determines the request meets all required criteria for funding an emergency budget request*. The full letter from the JTC is attached at the end of this document. Specifically, the JTC found ample evidence that creating the CDS would provide an immediate benefit to taxpayers and prevent further delays to Trails Modernization and HRWorks projects. The letter cautioned the JBC, however, noting that approving the request would create and fund a new executive branch program that will likely drive future budget requests.

#### *1331 Statutory Criteria*

Section 24-75-111, C.R.S., sets forth the criteria under which the Joint Budget Committee may approve emergency supplemental budget requests to authorize overexpenditure of line items when the General Assembly is not meeting and cannot act to fund emergency budget requests. These requests are often discussed with the Committee as 1331s because the bill that first implemented the emergency supplemental process was H.B. 98-1331 (Emergency Overexpenditure Authority). For the full list of criteria, see the grey box at the beginning of this issue.

During the final weeks of the 2019 legislative session, the Governor's Office convened a team of volunteer private-sector technical experts from the United States Digital Services to assess the current state of the HRWorks project. The assessment concluded with a report titled *HRWorks Discovery Sprint*, which was delivered on May 21, 2019. It is the position of the Governor's Office that while HRWorks was stalled prior to the end of the legislative session, the solution to the stalled project did not arrive until the delivery of the report. In other words, the solution to implement Colorado Digital Services was unforeseen until the delivery of the HRWorks Discovery Sprint.

It is also worth noting that during the 2019 legislative session, much of the work performed by the body occurred in the final month of session. The Governor's Office believed that it was preferable to make the budget request after it could be developed completely rather than trying to gain the support of the General Assembly during the hectic final days of session.

Other new information that has been provided since June include a report from July 1, which specifically indicates the HRWorks is appropriated \$1.9 million in the Capital IT budget that remains unobligated. While the JBC cannot authorize the Governor's Office to allocate funding from that project to Colorado Digital Services during the interim, if circumstances change between now and January it could choose to introduce legislation to make that transfer.

It is likely that between now and the supplemental budget cycle that the Department of Personnel will bring additional supplemental funding requests for HRWorks, which will be based on new information discovered through CDS's agile sprints. Therefore, at this time JBC staff is not recommending reallocating this Capital funding but rather highlighting that if the General Assembly does not view

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the progress made between now and January as favorable, it can retroactively fund CDS through such a transfer.

*Analysis*

The Governor's Office and OIT could choose to implement CDS right now by reallocating resources already appropriated to it. The reason for seeking specific funding for CDS, rather than through an internal prioritization process appears to rely strongly upon CDS being a group that can quickly act when new solutions arise. The Governor's Office and OIT do not envision accounting for costs of CDS by allocating them to the projects or software and billing responsible agencies. They seek General Fund to avoid agencies claiming or thinking each is paying for work being performed on another agency's projects.

At this time, the Governor's Office and OIT oppose legislation creating the CDS program. JBC staff is apprehensive about creating and funding an entirely new program without legislative guidelines, but does understand the need for flexibility both because the program itself is flexible and the "digital services" model is still somewhat novel at state-level government. JBC staff does not recommend pursuing legislation for Colorado Digital Services at this time, but would support it prior to a new administration taking office.

Finally, *not* funding the request will result in the state continuing to pay some costs associated with stalled IT projects without making any forward progress, specifically related to personnel assigned to the project. If the request is funded now, the first agile sprint on HRWorks would likely occur in November or December compared to April or May at the earliest if not funded until the supplemental budget cycle in January. This delay and unavoidable costs associated with it are the most compelling arguments to JBC staff when recommending approving the request.

*Update on S.B. 19-251 (Requirements of OIT Based on Evaluation)*

Senate Bill 19-251 (Requirements of OIT Based on Evaluation) placed the following requirements on the Governor's Office of Information Technology:

- the project management plan for every major IT project include a change management plan;
- on or before July 1, 2020, OIT develop and implement a communications and stakeholder management plan for interacting with its customers, and develop a method to annually solicit customer feedback;
- on or before January 1, 2021, OIT convene a working group to create and implement a strategic plan for how state agencies use technology to provide services, data, and information to citizens and businesses; and
- OIT convene a working group during the 2019 legislative interim to determine the cost and feasibility of transferring the ownership of information technology assets to OIT and to report to the General Assembly by December 1, 2019 with any recommendations.

At this time, the Governor's Office and OIT did not include in the request any of the management plans contemplated by S.B. 19-251. JBC staff does not believe that CDS is a "project" under which such plans are required. Projects such as HRWorks, for which CDS is providing its assistance, will be required to provide plans contemplated in the bill in the future. The Governor's Office and OIT should be expected to address components of S.B. 19-251 for supplemental funding requests made during the January budget cycle.

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*Background (Previously presented)*

As a result of the technological rescue of healthcare.gov, the federal government implemented the United States Digital Services (USDS) program in 2014 as an elite technology unit housed within the Executive Office of the President to provide consultation services to federal agencies on information technology. The unit's objectives are to:

- Transform critical, public-facing services;
- Expand the use of common platforms, services, and tools;
- Rethink how the Government buys digital services; and
- Bring top technical talent into civic service.

USDS achieves these objectives by deploying small, responsive groups of designers, engineers, product managers, and bureaucracy specialists to work with civil servants in applying best practices and new approaches to solve technology problems. The unit is staffed with experienced technology experts that are brought into government, primarily from the private sector, for a "tour of duty." Tours typically last between six months and two years, with a maximum length of four years. USDS submits a report to Congress each year detailing its projects and accomplishments.

*Colorado's Use of USDS (Previously presented)*

During 2019, OIT and the Governor's Office brought in a team of volunteer private-sector technical experts from USDS as a pilot project to assess the HRWorks project and to determine if the USDS model would work for state government in Colorado. As a reminder, HRWorks is an information system under development by OIT and the Department of Personnel that will provide a single application for human resources management functions for state government (time and leave tracking, payroll process, performance and personnel management, and employee and position information). The project has encountered a series of procurement and technical issues that have resulted in significant delays in system implementation.

After reviewing the USDS' work on the pilot project, OIT and the Governor's Office deemed the project a success because "the breadth of private and public sector technical expertise provided many strategic 'lessons learned' opportunities that the state can leverage."

*Implementing a Colorado Digital Services Program (Previously presented)*

OIT wishes to implement a USDS-like program for state government called the Colorado Digital Services (CDS) program. CDS would rely on term-limited (one to two years) state employees with technical expertise collaborating with career state employees to work on large and complex information technology projects, information technology projects that are struggling to move forward, and state government programs in need of new information technology solutions. OIT anticipates that CDS would deliver the following benefits:

- Save the state government time and money by providing valuable support to get delayed projects back on track;
- Deliver cost avoidance and innovation to state government and all Coloradans;
- Improve the experience that Coloradans have when interfacing with various government services; and

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- Grow the knowledge and talent of the state’s workforce.

*Costs Associated with Implementing the Colorado Digital Services Program (Previously presented)*

OIT requests \$1,130,848 General Fund and 6.2 FTE for FY 2019-20 to implement the CDS program. The funding would be used to add seven Information Technology Manager staff positions at an average annual salary of \$124,632. OIT anticipates that the seven staff will not be hired immediately in the fiscal year, and prorated the request accordingly, using an estimated August 1, 2019 start date. The number of staff needed was established by the Governor’s Office and the CDS pilot project volunteers. This staffing level is modeled after the USDS program and other states that have implemented similar programs (California, Massachusetts, and Georgia). Note, if the CDS program delivers the expected benefits, OIT states that it is possible that additional employees may be needed, however it is too early to know if and how many additional employees would be needed in future budget cycles.

The performance of the CDS program would be measured by OIT using the following indicators:

- Decreased number of information technology projects that go over schedule and over budget;
- Reduced time to deliver information technology systems (as compared to a traditional timeline without a CDS program);
- Increased number of new information technology initiatives and solutions;
- Increased customer/end user satisfaction; and
- Increased job satisfaction and retention of state government information technology workforce.

OIT indicates that HRWorks and Trails modernization will take the program’s initial priority and signals that it will coordinate with the Governor’s Office to identify and prioritize other projects for the CDS program. The agency notes that the types of projects that most benefit from the expertise of the unit are:

- Modernization efforts (e.g., Trails);
- Building citizen-facing digital services (e.g., MyColorado);
- Contract management and procurement reform (e.g., agile procurements and evaluations);
- Firefighting (e.g., ransomware attack, site reliability, data breach, etc); and
- Discovery sprints (e.g., HRWorks).

Sen. Nancy Todd, Chair  
Sen. Jeff Bridges  
Sen. Jack Tate

Rep. Jonathan Singer, Vice-Chair  
Rep. Mark Baisley  
Rep. Brianna Titone



## Joint Technology Committee

State Capitol Building, Room 029  
Denver, Colorado 80203-1784  
(303) 866-3521



August 26, 2019

Senator Dominick Moreno  
Chair, Joint Budget Committee  
200 East 14<sup>th</sup> Avenue, Third Floor  
Denver, Colorado 80203

Dear Senator Moreno,

On August 15, 2019, the Joint Technology Committee (JTC) met to review the FY 2019-20 interim supplemental budget request to create the Colorado Digital Service (CDS), which was referred to the committee by the Joint Budget Committee (JBC) for review. The JTC recommends fully funding the request as submitted.

The committee did not opine on whether the request meets the criteria to qualify for an interim supplemental budget request. However, the committee does believe that the Governor's Office provided ample evidence that creating the CDS would provide an immediate benefit to taxpayers. The CDS will be able to provide assistance on several large projects, including HRWorks and the Trails Modernization project, to help prevent additional delays and lead to more innovative solutions.

During its deliberations, the JTC wished to convey to the JBC several concerns and considerations regarding this interim supplemental budget request. The approval of this funding request will result in the creation of a new program within state government and CDS intends to return with requests for additional funding in the future. Additionally, the roles and responsibilities for the new positions within CDS, and the projects they will be assigned to, have not been clearly defined.

If the JBC approves this request for funding, the JTC has requested that the committees be provided with regular updates regarding the work CDS does and the impact it has.

If you have any questions or concerns about the JTC's recommendations, please call Luisa Altmann, Legislative Council Staff, at 303-866-3518.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Senator Nancy Todd".

Senator Nancy Todd, Chair

- c: Joint Technology Committee Members
- Joint Budget Committee Members
- Joint Technology Committee Staff
- Lauren Larson, Governor's Office of State Planning and Budgeting
- Michael McReynolds, Governor's Office of Information Technology
- Kachina Weaver, Governor's Office
- Carolyn Kampman, Joint Budget Committee Staff