

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING
STATEWIDE INFORMATION TECHNOLOGY
COMMON POLICY**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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TABLE OF CONTENTS

Information Technology Common Policy Overview	1
FY 2016-17 Information Technology Common Policy.....	3
➔ Information Technology Common Policy Total Billings	3
➔ Information Technology Common Policy Agency Allocations	6
Long Bill Footnotes and Requests for Information	9
Long Bill Footnotes	9
Requests For Information	9

How to Use this Document

This document includes a summarization of the information technology common policy, including an overview of how rates are determined for the various services provided by the Governor’s Office of Information Technology to State agencies. The next section of the document includes two decision items the Joint Budget Committee will be asked to action on for FY 2016-17. First is a decision item on the total amount that the Governor’s Office of Information Technology may bill out to agencies for the provision of services and the second is a decision item on how much each State agency shall be appropriated to pay for the services that the Governor’s Office of Information Technology bills out.

Information Technology Common Policy Overview

The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis, with OIT acting as a vendor. The services offered include:

Services Provided by OIT to State Agencies		
Mainframe Computing	MF Disk Storage	Google - Archive
ADABAS	MF Virtual Tape Storage (VTS)	Enterprise Service Desk
Middleware	Server Storage	Enterprise Deskside Support
Enterprise Data Center Housing	Enterprise Email	Database Administration Services
Server Hosting	Google - Encryption	Enterprise KRONOS
Project Coordinators	CORE (alias COFRS & FDW)	CPPS & HRDW (Personnel systems)
Security - Governance & Compliance	Security - Operations	Secure Colo - Phase I
Project Management Services	IT Directors	Portfolio Management Services
Electronic Data Warehouse	Agency Applications	State Network CORE
Contract Management System	Colorado State Network	Security - Access Control
	DTR/Public Safety Network	

Each service offered by the Office to agencies has a mixture of costs associated with its delivery. These costs include:

- Personal services (including central appropriations such as workers' compensation, risk management, leased space, and health/life/dental insurance);
- Operating expenses;
- Service strategy and management;
- Overhead; and
- OIT's use of OIT resources in the delivery of services to State agencies.

The appropriations needed to support these costs are determined by the Joint Budget Committee during figure setting for the Office of Information Technology division within the Office of the Governor. The appropriations appear in the Long Bill in this division as reappropriated funds (spending authority for moneys transferred to OIT from other State agencies). The amount needed to support OIT's appropriation is billed to State agencies. The amount billed to each agency is based on its anticipated consumption of a service's unit of measurement (e.g. transactions per month) within a fiscal year.

$$\text{Total Cost of Service} \div \text{Total Number of Units} = \text{Rate Per Unit}$$

Once the cost per service per agency is identified, each agency receives an appropriation of funds from a variety of sources (e.g. General Fund, cash funds, reappropriated funds, and federal funds) to compensate OIT for all the services it provides. The appropriation is made to a Payments to OIT line item that generally appears in an agency's Executive Director's Office

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Staff Working Document – Does Not Represent Committee Decision

amongst its other centrally appropriated line items, though some agencies locate the line item in a division or subdivision dedicated to information technology expenses.

FY 2016-17 Information Technology Common Policy

➔ Information Technology Common Policy Total Billings

Request: The Office seeks to collect \$126,762,746 from State agencies for FY 2015-16 to cover the costs associated with the provision of information technology services. The increase from the FY 2015-16 appropriation to the FY 2016-17 request is \$4,012,596 and is due to a combination of factors including a decrease of \$3.5 million over the prior year for a true-up of appropriated to actual billing for FY 2014-15 and a \$1.4 million by discontinuing salary survey and merit pay increases. These decreases are offset slightly by an increase of \$0.7 million for escalators within facility leases.

Recommendation: Staff recommends that the Office collect \$125,308,520 from State agencies for FY 2016-17 to cover the costs associated with the provision of information technology services. The decrease of \$1,454,226 compared to the request is due to a difference in the requested and Committee-approved appropriations for centrally appropriated line items that support the Office’s employees (e.g. health, life, and dental insurance and PERA contributions).

Analysis: During staff’s figure setting presentation for the Governor’s Office of Information Technology in the Office of the Governor, the Joint Budget Committee took action on the line items included in the following table. These line items, plus a prior year true-up (amount over- or under-billed to agencies), compensated absences (amount needed to pay out staff members who sever employment with the Office), contract and financial adjustments (leased space contract escalators), and various small adjustments, constitute the amount of moneys the Office is bills out to State agencies for the provision of information technology services.

The line item amounts in the following table reflect the recommendations staff’s figure setting presentation for the Office. In some cases, line item amounts shown here may differ from those in the figure setting document. This occurs when line items in the Office include appropriations that are directly billed to agencies in addition to appropriations collected through the information technology common policy. In these instances, the line item amount below will indicate a lower appropriation than what is included in staff’s figure setting recommendation for the Office.

Additionally, the amounts shown in the following table for the line items do not include information technology decision items (e.g. R1 OIT Secure Colorado). These amounts only represent the base appropriations that staff recommends billing out through the information technology common policy. If the Joint Budget Committee approves information technology decision items, the corresponding appropriations will be in addition to the information technology common policy.

FY 2016-17 Information Technology Common Policy Recommended Total Billings	
Line Item	Amount
(A) OIT Central Administration	
Central Administration	\$8,895,035

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Staff Working Document – Does Not Represent Committee Decision

FY 2016-17 Information Technology Common Policy Recommended Total Billings	
Line Item	Amount
Project Management	5,317,475
Health, Life, and Dental	7,428,182
Short-term Disability	123,927
AED	3,137,611
SAED	3,104,933
Salary Survey	22,627
Merit Pay	0
Shift Differential	94,672
Workers' Compensation	421,427
Legal Services	46,460
Payment to Risk Management and Property Funds	314,504
Vehicle Lease Payments	84,366
Leased Space	3,172,018
Capitol Complex Leased Space	248,984
Indirect Costs	387,833
(B) IT Infrastructure	
Infrastructure Administration	\$5,618,063
Data Center Services	788,645
Mainframe Services	4,349,493
Server Management	11,721,901
(C) Network Services	
Network Administration	\$3,466,243
Colorado State Network Core	5,716,189
Colorado State Network Circuits	6,016,138
Voice and Data Services	205,000
Public Safety Network	5,165,120
(D) Information Security	
Security Administration	\$397,656
Security Governance	5,955,430
Security Operations	2,471,604
(E) Applications	
Applications Administration	\$143,910
Enterprise Services	3,020,064
Health Services	11,500,526
Revenue and Regulatory Services	6,611,050
Financial Management Services	1,056,979
Personnel Management Services	1,702,036
Safety and Transportation Services	4,321,292
Labor and Employment Services	2,459,345
(F) End User Services	
End User Administration	\$208,410
Service Desk Services	3,065,771
Deskside Support Services	8,587,874
Email Services	1,942,045
Subtotal	\$129,290,838

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Staff Working Document – Does Not Represent Committee Decision

FY 2016-17 Information Technology Common Policy Recommended Total Billings	
Line Item	Amount
FY 2014-15 True-up (amount over-billed to agencies in prior year)	(\$5,827,940)
Compensated absences (fund balance required by service agencies)	1,157,164
Contract and financial adjustments (leased space contract escalator)	677,582
Various small adjustments	10,876
Total	\$125,308,520

➔ Information Technology Common Policy Agency Allocations

Request: The Office requests that \$126,762,746 of its costs be appropriated to agencies for FY 2016-17.

Recommendation: Staff recommends that \$125,308,520 in OIT’s costs be appropriated to agencies in the following amounts for FY 2016-17. The following tables summarize the recommended appropriations by agency. Note, the appropriation for the Office of the Governor indicates a negative value (\$310,241) for FY 2016-17. This indicates that the Office of the Governor receives a credit in this amount based on prior year over-billings.

Additionally, the fund source allocations are based on estimations of available funds from the four sources. Staff requests permission to adjust the final fund sources for agency allocations for Payments to OIT line items to account for fund source availability, an agency’s ability to offset General Fund appropriations with other fund sources (e.g. cash funds), or other financing structures that may be in place within an agency for financing centrally appropriated line items. Historically, these adjustments made for these reasons during the Long Bill drafting process are technical in nature and have negligible impacts on the total amount of General Fund appropriated to State agencies for this purpose.

Recommended FY 2016-17 Information Technology Common Policy Funding Allocations					
Agency	GF	CF	RF	FF	Total
Agriculture	\$993,176	\$312,008	\$0	\$0	\$1,305,184
Corrections	16,327,225	98,576	0	0	16,425,801
Education	136,668	57,196	126,895	0	320,759
General Assembly	28,800	0	0	0	28,800
Governor's Office	(310,241)	0	0	0	(310,241)
Health Care Policy and Financing	1,667,132	191,394	0	1,858,523	3,717,048
Higher Education	3,994	334,446	50,813	0	389,253
Human Services	12,851,539	362,490	760,273	9,952,297	23,926,600
Judicial	2,390,288	71,740	0	0	2,462,027
Labor and Employment	2,466,272	5,095,668	384,102	4,001,162	11,947,204
Law	47,549	71,955	99,619	4,644	223,767
Local Affairs	272,207	113,689	702,175	537,898	1,625,969
Military and Veterans Affairs	120,187	0	0	0	120,187
Natural Resources	1,353,541	5,747,414	1,120,777	137,929	8,359,661
Personnel and Administration	1,511,583	589,438	3,468,803	0	5,569,823
Public Health and Environment	1,590,714	208,660	5,541,801	0	7,341,175
Public Safety	4,408,045	3,722,347	364,007	24,538	8,518,937
Regulatory Agencies	104,155	2,392,088	0	0	2,496,243
Revenue	7,990,548	7,519,205	0	0	15,509,752
State	0	266,702	0	0	266,702
Transportation	0	14,696,345	0	0	14,696,345
Treasurer	43,443	0	0	0	43,443
Subtotal	\$53,996,822	\$41,851,360	\$12,619,266	\$16,516,992	\$124,984,440

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Recommended FY 2016-17 Information Technology Common Policy Funding Allocations					
Agency	GF	CF	RF	FF	Total
Non-common policy	(80,354)	0	0	0	(80,354)
Higher Education (non-appropriated)	0	404,434	0	0	404,434
Total	\$53,916,468	\$42,255,794	\$12,619,266	\$16,516,992	\$125,308,520

Payments to OIT Appropriations by Agency – Comparing Current Year to Recommendation			
Agency	FY 2015-16	FY 2016-17	Difference
Agriculture	\$1,248,817	\$1,305,184	\$56,367
Corrections	17,709,795	16,425,801	(1,283,994)
Education	734,983	320,759	(414,224)
General Assembly	41,938	28,800	(13,138)
Governor's Office	1,540,635	(310,241)	(1,850,876)
Health Care Policy and Financing	3,775,292	3,717,048	(58,244)
Higher Education	408,001	389,253	(18,748)
Human Services	25,122,963	23,926,600	(1,196,363)
Judicial	4,031,075	2,462,027	(1,569,048)
Labor and Employment	10,207,303	11,947,204	1,739,901
Law	444,965	223,767	(221,198)
Local Affairs	1,139,232	1,625,969	486,737
Military and Veterans Affairs	260,299	120,187	(140,112)
Natural Resources	8,099,684	8,359,661	259,977
Personnel	3,768,565	5,569,823	1,801,258
Public Health and Environment	8,998,554	7,341,175	(1,657,379)
Public Safety	8,285,676	8,518,937	233,261
Regulatory Agencies	3,844,691	2,496,243	(1,348,448)
Revenue	15,027,853	15,509,752	481,899
State	0	266,702	266,702
Transportation	15,667,480	14,696,345	(971,135)
Treasury	31,277	43,443	12,166
Subtotal	\$130,389,078	\$124,984,440	(\$5,404,638)
Non-common policy	219,070	(80,354)	(299,424)
Higher Education (non-appropriated)	167,194	404,434	237,240
Total	\$130,775,342	\$125,308,520	(\$5,466,822)

Payments to OIT Appropriations by Agency – Comparing Request to Recommendation			
Agency	Request	Recommendation	Difference
Agriculture	\$1,347,537	\$1,305,184	(\$42,353)
Corrections	16,633,508	16,425,801	(207,707)
Education	321,189	320,759	(430)
General Assembly	28,831	28,800	(31)
Governor's Office	(310,241)	(310,241)	(0)
Health Care Policy and Financing	2,791,755	3,717,048	925,293
Higher Education	399,469	389,253	(10,216)
Human Services	24,583,221	23,926,600	(656,621)
Judicial	2,464,759	2,462,027	(2,732)
Labor and Employment	12,195,668	11,947,204	(248,464)

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Staff Working Document – Does Not Represent Committee Decision

Payments to OIT Appropriations by Agency – Comparing Request to Recommendation			
Agency	Request	Recommendation	Difference
Law	224,065	223,767	(298)
Local Affairs	1,678,093	1,625,969	(52,124)
Military and Veterans Affairs	120,365	120,187	(178)
Natural Resources	8,583,331	8,359,661	(223,670)
Personnel	5,632,096	5,569,823	(62,273)
Public Health and Environment	7,396,405	7,341,175	(55,230)
Public Safety	8,595,126	8,518,937	(76,189)
Regulatory Agencies	2,601,170	2,496,243	(104,927)
Revenue	15,818,187	15,509,752	(308,435)
State	339,201	266,702	(72,499)
Transportation	14,951,530	14,696,345	(255,185)
Treasury	43,367	43,443	76
Subtotal	\$126,438,632	\$124,984,440	(\$1,454,192)
Non-common policy	(80,354)	(80,354)	(0)
Higher Education (non-appropriated)	404,468	404,434	(34)
Total	\$126,762,746	\$125,308,520	(\$1,454,226)

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

Staff does not recommend the inclusion of any Long Bill footnotes related to the information technology common policy.

REQUESTS FOR INFORMATION

Staff does not recommend the inclusion of any requests for information related to the information technology common policy.



JBC Staff FY 2016-17 Figure Setting Information Technology Common Policy

Presented by:

Kevin Neimond, JBC Staff

March 10, 2016

Common Policy Overview

Staff Recommendation

\$125.3 total funds

Department Request

\$126.7 total funds

2 Department and Staff Decision Items



Decision Items

Change Requests

Information Technology Common Policy Total Billings (p.3)

Information Technology Common Policy Agency Allocations (p.6)



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