JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

IT Capital Projects

**Colorado General Assembly
Joint Budget Committee**

The IT Capital section of the Long Bill includes funding appropriated to state departments and institutions of higher education for IT Capital projects. IT Capital appropriations are primarily supported by General Fund transferred to the Information Technology Capital Account in the Capital Construction Fund. For FY 2023-24, appropriations for IT Capital Construction account for 0.2 percent of statewide total funds and 0.4 percent of statewide General Fund.

FY 2023-24 APPROPRIATION AND FY 2024-25 REQUEST

FY 2024-25 INFORMATION TECHNOLOGY PROJECTS - GOVERNOR'S REQUEST

		TOTAL FUNDS	CAPITAL CONSTR'N FUND	CASH FUNDS	REAPP'D FUNDS	FEDERAL FUNDS	ADD'L OUT-YEAR STATE FUNDS
	FY2023-24 APPROPRIATION						
	S.B. 23-214 Long Bill	$124,261,834	$64,890,922	$8,184,071	$996,386	$50,190,455	
	TOTAL	**$124,261,834**	**$64,890,922**	**$8,184,071**	**$996,386**	**$50,190,455**	
OSPB	**FY2024-25 OSPB PRIORITY**						
1	PER Payroll Modernization	$17,203,705	$17,203,705	$0	$0	$0	$15,461,933
2	HCPF Medicaid Enterprise Solutions Reprocurement	36,865,695	4,239,554	0	0	32,626,141	0
3	HUM OCFMH Info Mgmt Systems and Reporting	2,205,218	2,205,218	0	0	0	1,647,221
4	REV Licensing & Case Mgmt Software	9,000,000	9,000,000	0	0	0	0
5	HCPF CBMS Reprocurement Phase I of III	1,705,158	318,028	0	0	1,387,130	0
6	PubHea WIC Systems Upgrade	1,456,092	500,000	0	0	956,092	500,000
7	PubSaf Sex Offender Registry	3,250,000	3,250,000	0	0	0	0
8	GOV/OIT Modernizing Aging IT System	15,000,000	15,000,000	0	0	0	0
9	HUM Seamless Human Services Delivery	16,516,500	3,716,625	0	0	12,799,875	3,831,497
10	HCPF Social health Info Exchange	11,031,650	1,539,359	0	0	9,492,291	1,947,758
11	HED MSU Reimagining the Digital Exp.	9,256,163	8,406,163	850,000	0	0	0
12	HUM Health Infrastructure roll-forward	0	0	0	0	0	0
13	REV Seed to Sale tracking for MED	4,080,000	0	4,080,000	0	0	500,000
14	LAB CoCo Workers' Comp Project	8,626,812	0	8,626,812	0	0	22,104,732
SUBTOTAL - OSPB PRIORITIZED REQUESTS		**$136,196,993**	**$65,378,652**	**$13,556,812**	**$0**	**$57,261,529**	**$45,993,141**
CCHE	**FY2024-25 CCHE PRIORITY**						
1	Duplicate of the MSU Digital Exp.			See OSPB #11			
2	UNC Wireless First	$5,344,448	$5,125,326	$219,122	$0	$0	$0
3	FRCC College Wide Cellular Improvements	2,995,000	2,695,500	299,500	0	0	0
4	Mines Network Modernization & Refresh	10,000,000	7,300,000	2,700,000	0	0	0

FY 2024-25 INFORMATION TECHNOLOGY PROJECTS - GOVERNOR'S REQUEST						
	TOTAL FUNDS	CAPITAL CONSTR'N FUND	CASH FUNDS	REAPP'D FUNDS	FEDERAL FUNDS	ADD'L OUT-YEAR STATE FUNDS
5 Auraria Campus Network Infrastructure Modernization	4,614,341	4,614,341	0	0	0	3,746,390
6 Otero Security Access Software and Equipment Upgrades	518,000	438,000	80,000	0	0	0
7 CSU Human Capital Management	14,492,978	11,015,322	3,477,656	0	0	15,244,752
SUBTOTAL - CCHE PRIORITIZED REQUESTS	**$37,964,767**	**$31,188,489**	**$6,776,278**	**$0**	**$0**	**$18,991,142**
TOTAL - ALL IT CAPITAL REQUESTS	**$174,161,760**	**$96,567,141**	**$20,333,090**	**$0**	**$57,261,529**	**$66,984,283**
TOTAL Increase/(Decrease)	$49,899,926	$31,676,219	$12,149,019	($996,386)	$7,071,074	
Percentage Change	40.2%	48.8%	148.4%	(100.0%)	14.1%	
TOTAL Increase/(Decrease) OSPB Only	$11,935,159	$487,730	$5,372,741	($996,386)	$7,071,074	
Percentage Change	9.6%	0.8%	65.6%	(100.0%)	14.1%	

REQUEST DESCRIPTIONS – OSPB PRIORITIZATION

1. PER PAYROLL MODERNIZATION: The Department of Personnel requests $17.2 million from the IT Capital Account in FY 2024-25, and $15.5 million from the IT Capital Account in FY 2025-26, to continue development on the creation and implementation of a payroll modernization on a statewide basis, for a total project cost of $52.9 million. This request is not a continuation of the HRWorks project that was previously halted; this is a new project that was funded for the first time with a $6 million appropriation in FY 2022-23. This request is the second request of an agile phased approach to modernize the State's payroll system and is anticipated to span four years for implementation concluding in FY 2025-26. As of June 2023, $5.9 million has been spent or encumbered for this project against the FY 2022-23 $6 million appropriation with $9,142 not spent or encumbered. Since the entire $6 million was part of the Department's budget request for a new payroll system, the Department also requests that the FY 2022-23 appropriation be modified to provide three-year funding.

2. HCPF MEDICAID ENTERPRISE SOLUTIONS REPROCUREMENT: The Department requests $36.9 million total funds, including $4.2 million Capital Construction Fund (CCF) and 0.0 FTE in FY 2024-25 for continuation funding for a *Systems Enhancement Regulatory Compliance IT project* to comply with state procurement regulations and the Center for Medicare and Medicaid Services (CMS) procurement requirements for the Department's Medicaid Enterprise Solutions (MES). This funding request is for year two of the MES reprocurement project and the fiscal year request is the remaining funding needed for the project, taking into consideration appropriations made in FY 2023-24.

3. HUM OFFICE OF CIVIL AND FORENSIC MENTAL HEALTH INFORMATION MANAGEMENT SYSTEMS AND DATA REPORTING: The Department of Human Services (DHS, Department), Office of Civil and Forensic Mental Health (OCFMH) requests $2.2 million from the IT Capital Account in FY 2024-25 and $1.6 million from the IT Capital Account in FY 2025-26 for the continued purchase, development, and enhancement of OCFMH data and information systems. The project represents a System Replacement for current technology that is not meeting the needs of the Office and applications that are becoming obsolete. This Information Technology capital request is for out-year funding for a continuation project that received initial funding of $2,093,951 General Fund in FY 2023-24, including multiple sub-projects which will be more effective if they can be developed as part of a coherent strategic IT plan for the Office. This project would provide direct and critical business functionality for programs within the Office consisting of the Office's Forensic Services Division (FSDV), the Colorado Mental Health Hospital in Pueblo (CMHHIP), and the Colorado Mental Health Hospital in Fort Logan (CMHHIFL).

4. REV LICENSING & CASE MANAGEMENT SOFTWARE: The Department of Revenue requests continuation funding of $9.0 million from the IT Capital Account in FY 2024-25 for the second phase of its project to update the licensing and case management software many of its subprograms utilize to track work each performs. There is an annual operating cost estimated to be $150,000 cash funds per year, appropriated from each of the impacted program's cash funds and beginning in FY 2025-26. Programs that rely on this software include Auto Industry Division, Gaming, Liquor and Tobacco Enforcement, Racing, Marijuana Enforcement Division (MED), vehicle emissions program, and the Lottery division. Previous market research provided by the Department states that the divisions do not have sufficient funds in current cash reserves to secure a new system. If the funding request is not approved, the impacted divisions would need to deplete any remaining fund balances and significantly increase fees. Fee increases would increase the statewide level of TABOR revenue (except the MED revenue increases, which are TABOR-exempt).

5. HCPF CBMS REPROCUREMENT PHASE I OF III: The Department of Health Care Policy and Financing (HCPF) is requesting $1.7 million total funds, including $0.3 million from the IT Capital Account, in FY 2024-25 for Phase I of a Systems Enhancement Regulatory Compliance project. The Department is requesting funding to comply with Colorado contract term limits and CMS federal funding requirements. The Department is required every 10 years to procure contracts related to the CBMS both under state procurement rules and CMS regulation. CMS requires that CBMS contracts be procured in a modular format because federal regulations no longer permit IT eco-systems to be procured as a single vendor solution. This request would provide funding to assist with the re-procurement work and ensure the Department stays on schedule. The contractor resources will operate as subject matter experts (SME) who can draft necessary solicitation documents and procurement requirements. The contractors' work will ensure that the solicitation of the CBMS and its modules is done accurately and stays on schedule within the confines of both the state and federal timelines.

6. PUBHEA WIC SYSTEMS UPGRADE: The Department of Public Health and Environment request $1.5 million total funds, including $0.5 million from the IT Capital Account, in FY 2024-25 and $1.9 million total funds, including $0.5 million from the IT Capital Account, in FY 2025-26 for a system replacement request which supports the modernization of Colorado's WIC program. The system will facilitate a transition to a new participant-centered Management Information System (MIS) that better addresses programmatic and participant needs. WIC MIS encompasses the database and related systems responsible for compliance, reporting, integration, and service delivery for WIC participants throughout the state. As such, state and local public health agency staff are the system's primary users, while WIC participants and WIC eligible Coloradans are its primary beneficiaries. Although the program's current MIS, Compass, has fulfilled its purpose for over a decade, more advanced alternatives have emerged in other states. State funds will allow the Department to have access to federal funds to make a transition to one of those systems and in the absence of these state funds we risk missing this opportunity to leverage temporarily available federal funds.

7. PUBSAF SEX OFFENDER REGISTRY: The Department of Public Safety requests a one-time $3.3 million from the Capital IT Account in FY 2024-25 to overhaul and ensure regulatory compliance with the Colorado Sex Offender Registry (Colorado Registry) and to enhance the system. The Colorado Registry is maintained on the Colorado Crime Information Center (CCIC) computer system for Colorado law enforcement agencies, and on the internet for the public. The CCIC system works in conjunction with the National Crime Information Center (NCIC) system, exchanging registration information throughout the United States, the Indian Tribes, and the US territories. This information is also shared with the National Sex Offender Registry public website. While the public-facing site provides a clearinghouse of information about sex offenders that is available as determined by State statute, the CCIC system is the location where the actual tracking of the sex offenders occurs. Enhancements include record-making simplification and elimination of duplicative work necessary for law enforcement to perform leading to increased reliability of actionable data.

8. GOV/OIT MODERNIZING AGING IT SYSTEMS (PHASE III TECH DEBT): The Governor's Office of Information Technology (OIT) requests $15.0 million from the IT Capital Account for FY 2024-25 to extend another round of investment for agency network equipment remediation needs, security audit finding remediation support, and for the remaining funding gap for the enterprise identity project from OIT's Modernizing Aging IT Systems phase II request last year. OIT is requesting for these IT capital funds to be directly appropriated to OIT and to be allowed to prioritize which projects the funds are used on to reduce tech debt based on the amount of funding approved. This funding is targeted at addressing the states "tech debt."

9. HUM SEAMLESS HUMAN SERVICES DELIVERY: The Department of requests a one-time appropriation of $33.7 million total funds, including $7.5 million from the IT Capital Account, in FY 2024-25, to build a high-quality, unified, county-driven, data system to provide business process, data, and document management. This system will increase efficiencies for our county partners who administer many of Colorado's human services programs and improve the customer experience of our clients. This will allow state systems (CBMS, ACSES, CHATS and Trails), to talk to one another, which will result in better connecting clients to safety net benefits and services, starting with Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Child Care Assistance, and Child Support and Child Welfare.

10. HCPF SOCIAL HEALTH INFORMATION EXCHANGE: The Office of eHealth Innovation (OeHI), in partnership with the Department of Health Care Policy and Financing (HCPF), the Office of the Lieutenant Governor, and the Behavioral Health Administration requests $11.0 million total funds, including $1.5 million from the IT Capital Account, and 5.5 FTE in HCPF, and 2.0 FTE for the Office of Information Technology in FY 2024-25 to support the continued expansion and implementation of technical infrastructure that enables prescribers and community partners to facilitate access to health improvement supports and Social Health information Exchange (SHIE). This project has also been described as Prescriber Tool Phase II in a number of strategic documents and presentations. This request is for continuation of the project after being initially developed through a $15.0 million Home and Community-Based Services (HCBS) cash fund investment.

11. HED MSU REIMAGINING THE DIGITAL EXPERIENCE: Metropolitan State University (MSU) requests $9.3 million total funds, including $8.4 million from the IT Capital Account to implement a modern Student Information System to deliver a world-class, modern, accessible, mobile-friendly, and cloud-based digital experience for MSU students. MSU seeks to replace a disparate collection of proprietary and third-party applications and apps students use to interact with the university digitally.

12. HUM BHA HEALTH INFRASTRUCTURE roll-forward: The Department of Human Services and the Behavioral Health Administration (BHA) requests an extension of spending authority, through FY 2024-25, to continue projects related to Behavioral Health Infrastructure Investments. This funding was authorized initially in FY 2021-22 through FY 2023-24. The total amount approved was $8,446,918, including $6,616,918 from the IT Capital account and $1,830,000 federal funds. The funds were appropriated to develop or improve upon bed capacity tracking system, behavioral health data collection system, the health information exchange, and the vital crisis telehealth application. Due to legislative changes to the BHA and delays due to establishing the organization, technology expenditures moved more slowly than planned or desired and there were multiple material changes to technology requirements and priorities based on changes in BHA's founding structure and funding. The BHA is requesting an additional year of spending authority to continue in designing and delivering technology that will ultimately be most impactful to Coloradans. The BHA is not requesting any additional funding for this request.

13. REV SEED TO SALE TRACKING SYSTEM FOR MED: The Department of Revenue requests $4.1 million from the Marijuana Tax Cash Fund in FY 2024-25 for a seed-to-sale inventory tracking system for the Marijuana Enforcement Division (MED) to maintain regulatory compliance with procurement rules and guidelines as well as meet statutory

requirements for the regulation of marijuana. The current contract is in an optional renewal window with options to extend ending October 2026. A third-party system developed, hosted, and maintained by a vendor has been the only solution utilized by the state to this point in time. The current system has been in place since January 1, 2014, and has been specifically developed, designed, and implemented to meet the regulatory requirements for the commercial marijuana industry in Colorado. The Department is seeking an appropriation from the Marijuana Tax Cash Fund and not the Marijuana Cash Fund, which is derived from regulatory fees, because the fund reserves and Department's fee schedule do not support the additional expenditures requested.

14. LAB CoCo Workers' Compensation Project: The Department of Labor and Employment and Division of Workers' Compensation is requesting $8.6 million from the Workers' Compensation Cash Fund in FY 2024-25 to replace its workers' compensation computer system and database, commonly known as CoCo. The Division completed a system modernization project in 2018 which migrated its legacy system off of the mainframe. While the state mandate to transition off of a legacy system was met, limited funding prevented a full system modernization. The recent COVID-19 pandemic has expedited the need to transform the system, streamline workflows, and eliminate the reliance on paper filings. The Division is requesting a full system replacement of the migrated mainframe legacy workers' compensation application and database, CoCo. The new system will integrate all workers' compensation system related workflows and processes, allow all forms to be filed electronically, eliminate potential entry errors, allow external stakeholder access, improve reliability of data and access to it, and align with other industry accepted filing standards.

Request Descriptions – CCHE Prioritization

1. MSU Reimagining the Digital Experience: See the description for this project under those prioritized by the Office of State Planning and Budgeting (OSPB) above. This item was prioritized as number eleven by OSPB and number one by CCHE and thus appears in the table twice.

2. UNC Wireless First: The University of Northern Colorado (UNC) requests $5.3 million total funds, including $5.1 million from the IT Capital Account, in FY 2024-25 for work to expand its wireless footprint, and address the significant tech debt associated with our aging networking equipment. Funding the upgrades of our aging equipment will also significantly improve the security posture of our networking edge hardware. Transforming UNC's focus from a wired to the *Wireless First* model will reduce future costs. The cost reductions will result from reducing the number of physical connections because the new strategy will only offer a wireless environment. We are also transitioning away from wired physical phones to softphone technology. Changes are expected to significantly reduce the network switch count required and future tech debt.

3. FRCC College Wide Cellular improvements: Front Range Community College's request $3.0 million total funds, including $2.7 million from the IT Capital Account, in FY 2024-25 to deploy infrastructure to enhance the availability of cell phone wireless service on the Westminster, Boulder County, and Larimer County campuses, which is expected to improve student and faculty experience, improve security communications, and improve facility operations. Unique challenges exist on each campus to effectively deliver wireless connectivity within large buildings that tend to be built on higher education campuses. Lack of effective and reliable cellular connectivity is likely to even present a threat to public safety which was highlighted during a recent first responder training where participants were unable to access cellular networks. The College also recently completed Hazardous Vulnerability Assessments of all three campuses, and the lack of seamless communication for our employees and first responders was highlighted as a critical obstacle to successfully saving lives and respond/recover from a major emergency or disaster.

4. Mines Network Modernization and Refresh: The Colorado School of Mines requests $10.0 million total funds, including $7.3 million from the IT Capital Account, in FY 2024-25 to replace network infrastructure to address

the changing information technology landscape, support and enhance the student experience, and streamline university business processes. Mine's wants to provide students a campus network that provides pervasive coverage and can support the connection of multiple laptops, smartphones, tablets, and smart watches. The network infrastructure is integral to any university's campus operations. After completing two preliminary studies Mines will replace and modernize the campus network by implementing a modern design with increased coverage, resiliency, enhanced security, and a partnership with a vendor to ensure reliable and responsive support to enhance student and faculty experience while simplifying management overhead.

5. AURARIA CAMPUS NETWORK INFRASTRUCTURE MODERNIZATION: The Auraria Campus Institutions request $4.6 million from the IT Capital Account in FY 2024-25, and $3.8 million from the IT Capital Account in FY 2025-26, for a comprehensive network infrastructure update that impacts every program offered by the collective. Auraria Campus seeks to provide a more stable and reliable foundation for their combined enterprise networks, updating to a modern network platform to provide greater monitoring capabilities and security measures for increased cyber security, improving technological resources for students, staff, and faculty for all institutions on campus. Funding requested for the first phase of a two-phase project to modernize the network infrastructure, address deferred maintenance, and to provide more current network infrastructure to support emerging technology for hybrid classrooms, virtual reality, robotics for simulated medical/surgery labs.

6. OTERO SECURITY ACCESS SOFTWARE AND EQUIPMENT UPGRADES: Otero College requests $0.5 million total funds, including $0.4 million from the IT Capital Account, for FY 2024-25 to replace and upgrade end-of-life technology equipment and maintain state of the art technology in their computer laboratories, library, and classrooms. The funding will also allow the College to invest in a significant number of computers to be made available for students to check out and utilize for an entire semester at no charge to allow them access online, streaming capabilities, and remote delivery reception. To provide educational opportunities our students demand and pay for; the College must invest in the most current technology so that we can offer the latest learning and teaching techniques to our students and instructional staff. This environment is continually evolving and requires the College to make significant monetary investment on a regular basis to attract and retain students and remain viable as an educational institution of higher learning.

7. CSU HUMAN CAPITAL MANAGEMENT: Colorado State University (CSU) requests $14.5 million total funds, including $11.0 million from the Capital IT Account, in FY 2024-25 and a total of $15.2 million from the Capital IT Account in FY 2024-25 and FY 2025-26, to partner on the replacement of multiple, outdated, and at risk, Human Resources systems. CSU's primary goal is to develop a shared multi-campus Human Capital Management service with a modern, cloud-based solution that will meet the growing and diverse needs of CSU's campuses, allowing our institutions to attract, develop, and motivate a modern workforce that is charged with fulfilling the academic, research, and outreach missions that serve the state of Colorado. This proposal seeks funding for software acquisition and related contingency planning. CSU is committed to funding the staff backfill and professional services costs if the Capital IT request is funded by the General Assembly.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

OTHER IT PROJECTS RECOMMENDED FOR REFERRAL TO JOINT TECHNOLOGY COMMITTEE PURSUANT TO JOINT RULE 45: The Joint Budget Committee is substantially aided in making better decisions related to IT projects because of the structure, oversight, and technical staff resources of the Joint Technology Committee (JTC). Additionally, the Committee is aided in gaining broad General Assembly support for projects funded in this section of the budget. One operating request submitted by the Department of Revenue related to GenTax and DRIVES was recommended to be referred to the JTC by JBC Staff during the 2023 briefing cycle.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to http://leg.colorado.gov/content/budget/budget-documents to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2023