



**CO L O R A D O**

**Chief Information Officer &  
Executive Director**

Governor's Office of Information Technology

**TO:** Joint Technology Committee Members  
**FROM:** David Edinger, Chief Information Officer & Executive Director  
**DATE:** March 4, 2026  
**RE:** **Real-time Billing (RtB) for IT Services**

Honorable Joint Technology Committee members,

Thank you for expressing an interest in learning more about Real-time Billing for IT Services.

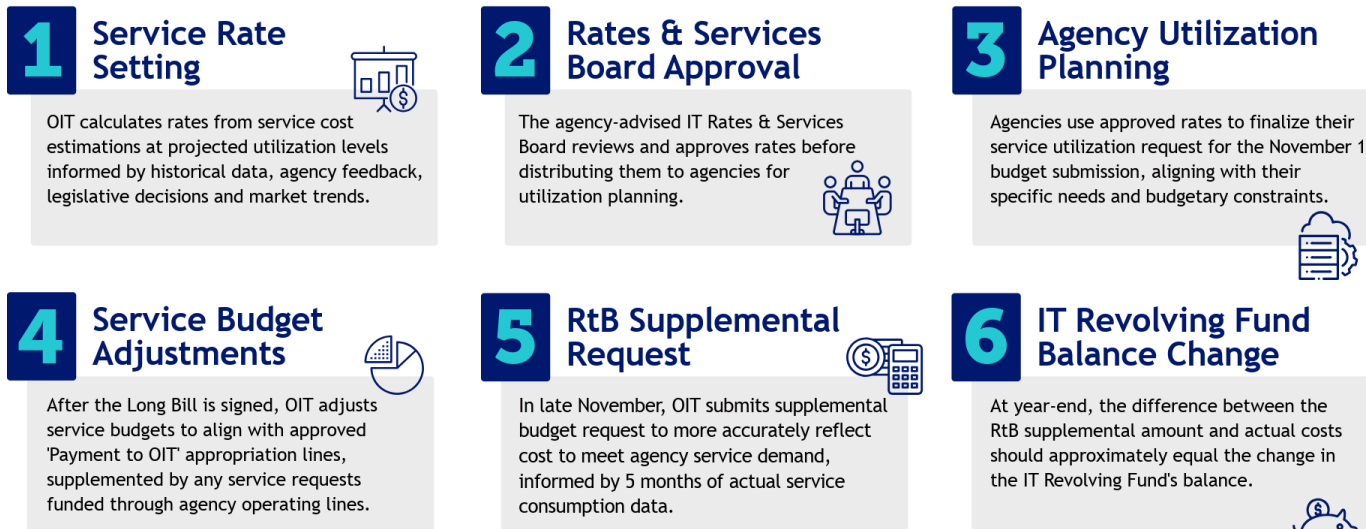
### **Executive Summary: Real-Time Billing (RtB) for IT Services**

Real-time Billing (RtB) was adopted by the Office of Information Technology (OIT) in response to recommendations from the BerryDunn report commissioned under HB17-1361 and as a key component of a broader IT Transformation initiative. The BerryDunn assessment identified the need to modernize IT billing practices to improve simplicity, transparency, comparability and accountability across state agencies.

### **Rationale for Adoption**

The BerryDunn report recommended simplifying OIT billing, reducing units of measure, stabilizing billing codes and reports, and improving asset management and transparency. RtB directly addressed the first three recommendations by replacing the prior “Common Policy” approach—billing agencies one-twelfth of an annual appropriation—with billing based on actual monthly consumption of IT services. This shift also aligned with OIT Transformation goals to strengthen accountability and ownership, enhance collaborative governance, improve transparency into service costs, and create a more agile, value-focused IT organization.

# Real-time Billing (RtB)



## How It Works

Improving resource management and budget efficiency

Since RtB's introduction in FY22...

**3** of the **4** RtB supplemental requests submitted were reductions in agencies' 'Payment to OIT' appropriation lines.



Real-Time Billing (RtB) begins with the development of service rates. These rates are determined by dividing the estimated cost of a service, at a projected utilization level, by that same estimated utilization forecast. This forecast incorporates inputs such as historical data, agency feedback, legislative decisions, and market trends.

Agencies use this calculated rate to finalize their service utilization request for the November 1 budget submission, aligning with their specific needs and budgetary constraints. The finalized service utilization allocation, multiplied by the approved rate, constitutes the majority of the agency's "Payment to OIT" appropriation line within their November 1 budget submission. Agencies are later invoiced based on actual usage rather than fixed annual allocations. While both RtB and the former Common Policy rely on estimated rates to set budgets, RtB provides significantly greater predictability and stability. RtB limits year-over-year rate changes to within +/-10%, whereas the Common Policy had no such guardrails, often resulting in sharp annual rate swings that complicated agency budgeting, planning, and comparisons to external service providers.

### Improved Resource Management and Budget Efficiency

A central benefit of RtB is its ability to reconcile differences between estimated and actual costs more quickly and transparently. RtB provides two mechanisms to address variances:

1. **RtB Supplemental Process:** Allows adjustments during the current fiscal year, using actual service consumption data from the first five months, enabling corrections up to 18 months sooner than under the Common Policy model.
2. **Rate Setting Adjustments:** Residual differences between revenues and expenses are incorporated into future rate calculations, managed jointly by OIT and the agency-advised Rates and Services Board, while maintaining the +/-10% rate stability threshold.

In contrast, the Common Policy addressed all variances solely during annual rate setting, leading to greater rate volatility and masking underlying cost or demand changes. Historically, supplementals were rarely required under Common Policy because spending was managed to fit the budget rather than to reflect actual need or delivered value.

The transparency of the rate-setting process is ensured through collaboration with the Rates and Services Board (RSB). The RSB's composition includes five agency representatives, three OIT representatives, and one representative from the Office of State Planning and Budget. Establishing a new rate, introducing a new service, or modifying/eliminating an existing service requires a two-thirds approval from the RSB. Additionally, the RSB works with OIT to identify and establish accountability measures for systemic issues in billing or service delivery.

## **Conclusion**

Real-time Billing enhances fiscal discipline, transparency, and accountability by aligning IT costs with actual consumption, stabilizing rates, and enabling earlier corrective action. It supports more efficient use of state resources and reinforces a value-based approach to IT services. Should the Common Policy model ever be reconsidered, the experience gained under RtB provides a stronger foundation to ensure future billing practices remain focused on transparency, stability, and value for agencies and the State as a whole.