



COLORADO
Governor's Office of
Information Technology

Joint Technology Committee

March 12, 2026



Agenda

- Real-time Billing
- R-07 Payments to OIT Adjustment
- R-01 Statewide SB24-205 AI Compliance
- Re-aligning OIT to Deliver Value



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Real-time Billing



IT Revolving Fund & Real-time Billing

Real-time Billing (RtB)



1 Service Rate Setting



OIT calculates rates from service cost estimations at projected utilization levels informed by historical data, agency feedback, legislative decisions and market trends.


2 Rates & Services Board Approval

The agency-advised IT Rates & Services Board reviews and approves rates before distributing them to agencies for utilization planning.



3 Agency Utilization Planning

Agencies use approved rates to finalize their service utilization request for the November 1 budget submission, aligning with their specific needs and budgetary constraints.




4 Service Budget Adjustments



After the Long Bill is signed, OIT adjusts service budgets to align with approved 'Payment to OIT' appropriation lines, supplemented by any service requests funded through agency operating lines.


5 RtB Supplemental Request



In late November, OIT submits supplemental budget request to more accurately reflect cost to meet agency service demand, informed by 5 months of actual service consumption data.

6 IT Revolving Fund Balance Change

At year-end, the difference between the RtB supplemental amount and actual costs should approximately equal the change in the IT Revolving Fund's balance.



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. 



IT Revolving Fund Balances (6130)

Schedule 9	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Forecast	FY 2026-27 Forecast
Beginning Fund Balance	\$6,624,226	\$48,301,607	\$61,665,061	\$25,000,000
Change to Fund Balance	\$41,677,381	\$13,363,454	(\$36,665,061)	\$20,332,530
Ending Fund Balance	\$48,301,607	\$61,665,061	\$25,000,000	\$45,332,530
Maximum Reserve	\$53,749,520	\$59,853,804	\$60,099,149	\$60,099,150
OIT Fund Target	\$26.8M-\$40.3	\$29.9M-\$44.9M	\$30.0M-\$45.1M	\$30.0M-\$45.1M

The IT Revolving Fund is projected to decline in Fiscal Year (FY) 2025-26. This decrease is attributed to two factors: the FY26 S-01 RtB Supplemental, which includes a \$14.5 million reduction in the Payment to OIT appropriation lines, and a separate, anticipated bill that proposes transferring \$11 million+ from the IT Revolving Fund to the General Fund.



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Payments to OIT Adjustments R07



R 07 Payments to OIT Adjustments

- Statewide IT common policy annual funding request
- On Nov. 1, OIT requested an **increase of +\$10.8M** in reappropriated funds (or 3.4% YoY), reflecting statewide rate adjustments made by OIT and projected utilization of services by agencies.
- R-07 creates an estimated **+\$1.2M** General Fund increase in payments to OIT.
- **Agencies requested** their largest increases in the following IT services in FY27:
 - Agency specific direct pass-through of vendor costs = **+\$6.8M**
 - Data Management and Governance services = **+\$3.6M**
 - Data hourly roles and warehousing (Snowflake)
- Statewide total compensation common policies impacts for FY27 compared to FY26:
 - 3% Salary, Benefits, and POTs increase = **+\$6.5M**
- **Update as of Mar. 11th:**
 - JBC figure setting for individual agencies are taking place where reductions to proposed payments to OIT amounts for FY27 are being recommended



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Statewide SB24-205 AI Compliance R01



SB24-205 Definitions

- "High-Risk Artificial Intelligence System" means any artificial intelligence system that, when deployed, makes, or is a substantial factor in making, a consequential decision.
- "Consequential Decision" means a decision that has a material legal or similarly significant effect on the provision or denial to any consumer of, or the cost or terms of:
 - (a) education enrollment or an education opportunity;
 - (b) employment or an employment opportunity;
 - (c) a financial or lending service;
 - (d) an essential government service;
 - (e) health-care services;
 - (f) housing;
 - (g) insurance; or
 - (h) a legal service.



OIT's R01 Calculation

- When the fiscal note was submitted, OIT had received ~150 GenAI evaluation requests
- Early submission patterns suggested ~500 submissions per year are likely
- Every new application must be evaluated and the small fraction determined high-risk per SB24-205 must be reviewed annually

The Math

- 75% of evaluations take ~6 hours; 25% (more complex, higher-risk) take ~12 hours
- Weighted average: 7.5 hours per evaluation
- $500 \text{ submissions} \times 7.5 \text{ hours} = \sim 3,750 \text{ hours} = 2.5 \text{ FTE for evaluation}$
- Remaining 1.0 FTE covers additional SB24-205 compliance obligations



OIT's R01 Calculation

Remaining FTE covers ongoing SB24-205 obligations:

- Impact assessments for high-risk determinations
- Annual reviews of all deployed high-risk systems
- Consumer notification and appeal workflows
- Attorney general disclosures within 90 days of identified algorithmic discrimination

Looking ahead:

- OIT is actively working to automate routine, lower-complexity evaluations (with a human in the loop)
- Goal is to absorb growing submission volumes without additional resources
- 3.5 FTE is intended to remain stable as intake grow



Evaluation Example #1

Co-Pilot Code Assist

- AI code assistant generally not high-risk
- In this deployment, the system interacts with FERPA-protected student data
- Evaluated as high-risk under SB24-205, triggering full impact assessment and annual review requirements
- Risk is context-dependent, not technology-dependent



Evaluation Example #2

GenAI Virtual Agent (Contact Center)

- Coloradan-facing conversational AI used to support contact center interactions
- Not flagged as high-risk, but subject to SB24-205's disclosure requirements
- We are actively conducting user research to determine how to meet disclosure obligations in a way that is clear and non-disruptive to the customer experience
- Even low-risk, non-consequential systems carry compliance obligations that require good design

Questions?



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Re-aligning OIT to Deliver Value



Need for Change

Delivery Gap

Despite hard work, we're not delivering at the level Coloradans and agency partners need. JTC, JBC, OSA, LAC, and agency feedback made clear our pace of change is unacceptable.

Alignment Problem

The issue isn't effort — it's alignment. We've organized around internal structures rather than outcomes. This misalignment has made excellent work harder.

Lost Sight of Purpose

We've lost sight of our statutory purpose. It's time to realign every function with why OIT exists.





Organizational Alignment

Digital & Delivery

led by Sarah Tuneberg as Interim Deputy Executive Director

Enable excellent service delivery through user-centered design and modern delivery practices

- Artificial Intelligence
- Colorado Digital Service
- Customer Office
- Data Programs & Strategy
- Enterprise Project Management Office
- Service Management Office
- Solutions Delivery & Support
- Strategy, Performance & Administration

Security & Infrastructure

led by Jill Fraser as Interim Deputy Executive Director

Ensure Colorado has a strong, secure foundation based on engineering and architectural excellence

- Data Operations
- GIS
- Information Security Office
- Infrastructure Operations
- Innovation & Enterprise Solutions
- Integrations
- Platform Services



Our goals for this transformation:

01

Align on Enterprise Governance

- Everyone understands how their work connects to our statutory purpose
- Measure outcomes for users – not just process completion

02

Break Down Silos

- Organize around services and outcomes, not internal structures
- Create cross-functional teams that own end-to-end delivery

03

Increase Velocity & Quality

- Invest in tools and automation that eliminate manual work
- Embed testing, QA, and product ownership in delivery teams

04

Decrease Friction

- Make it easy to do the right thing
- Replace unclear processes with clear standards and documentation
- Build systems, not dependencies on individual heroics

05

Prioritize Meaningful Outcomes

- Continuous improvement by investing in training and technology so we can better deliver value
- Real accountability tied to meaningful outcomes



A Hypothesis

Business Operations

The engine that runs the OIT organization itself. It covers internal functions like Communications, Finance and Human Resources, allowing the technical service lines to stay focused on delivery.

Delivery to Coloradans

Accessible, seamless and user-friendly digital interactions and high-speed internet for all. *Examples: myColorado, Colorado.gov, digital design system, broadband*

Delivery to Agency Partners

Bridging the gap between business requirements and technical solutions with a focus on delivery to end users. *Examples: technology consulting, custom applications development and project delivery*

Delivery to State Employees

Dedicated to the state workforce, ensuring that employees have the modern tools they need to perform their jobs. *Examples: hardware, standard software and direct support*

Infrastructure

These are the mission-critical services that must remain consistently operational for anything else to function. *Examples: network, security, cloud hosting and observability/logging*

Enterprise Standards, Policy & Governance

The foundation of OIT's work: policies, architecture and standards ensure technology is interoperable, sustainable and secure. By establishing universal standards, this layer enables speed, clarity and excellence in service delivery.

Questions?

Appendix



R 01 Statewide SB24-205 AI Compliance - Request

- Ongoing and sustainable funding on behalf of 24 state agencies:
 - To support an AI compliance program including appeals, data corrections, and risk and impact assessments to implement SB24-205 (SB25B-004) beginning on June 30, 2026, with funding available July 1, 2026 if approved.
- Amount:
 - FY 2026-27 Incremental Request - Total funds \$5,234,764 that includes 33.8 FTE
 - FY 2027-28 Incremental Request - Total funds \$5,316,896 that includes 36.9 FTE



R-01 Statewide SB24-205 AI Compliance - Agency FTE Breakdown

Agency	FTE
Judicial	9.3
OIT	3.5
CDLE	2.8
DPA	1.8
HCPF	1.8
CDHS	1.8
BHA	1.4
Remaining 18 agencies have under 1.0 FTE	11.4 (Total)
Total	33.8





Real-time Billing Background

[HB17-1361](#) commissioned the [BerryDunn report](#). The report evaluated State agency information technology (IT) resources and made [recommendations](#) in several operational areas including IT billing practices. The report made the following recommendations in the area of IT billing practices.

Summary of Recommendations:

- A. Purchase all capital IT assets and bill
 - a. Bill those assets to agencies on a depreciation basis.
 - b. Develop a method to clearly identify and control refresh dollars.
- B. Simplifying OIT billing process
 - a. Evaluate and reduce the number of units of measure used to compute bills
 - b. Improve reports by minimizing changes to billing codes
 - c. Create new reports that are consistent and comparable from year to year
 - d. Provide agencies with a clear lists of their IT assets



RtB Process: Billing

Billing: Pre-RtB

- Payment to OIT lines establishes agency spend.
- Agency billed at 1/12th of Payment to OIT line each month.
- Changes in consumption did not affect current fiscal year invoices.
- Residual billing AKA “True-up” factored into service rates 2 fiscal years later.

Billing: RtB

- Agency decide what funding source to use, increasing IT accountability and ownership
- Invoices based on actual consumption supporting transparency into OIT’s service offerings
- Consumption variances are typically managed by the agency. Creating a more nimble and process-oriented IT organization
- Ensure collaborative IT governance and oversight through the Rates and Services Board



Rates and Service Board Charter

Membership guidelines

Standing members:

- CIO's designee from OIT technology service delivery
- CIO's designee for OIT financial services office (Chair)
- CIO's designee for OIT Customer Office
- Member of the Governor's Office, or their designee (OSPB)
- Five representatives from executive agencies who deal with billing and business side tech operations
- **Standing members serve for 2 year term**

Invited as required (examples):

- Service owners
- Agency representatives
- Representative from SIPA
- Potential future members (during transition)

Meeting structure and cadence

- Voting requires two-thirds approval for decisions to be made
- Meetings follow Robert's Rules of Order for procedure and structure
- Meetings are bi-weekly the first few months of start up, then shift to monthly or ad hoc

Decision inputs

- Usage and service monitoring reports
- Agency requirements forecast
- Chargeback rate calculations
- Service level compliance reports
- Agency satisfaction reports/surveys
- Escalated services issues/risks/change
- Best practices and lessons learned from other agencies or states

Outputs

- Approved rates
- Service level agreement compliance
- Approved IT services
- Service remediation recommendations



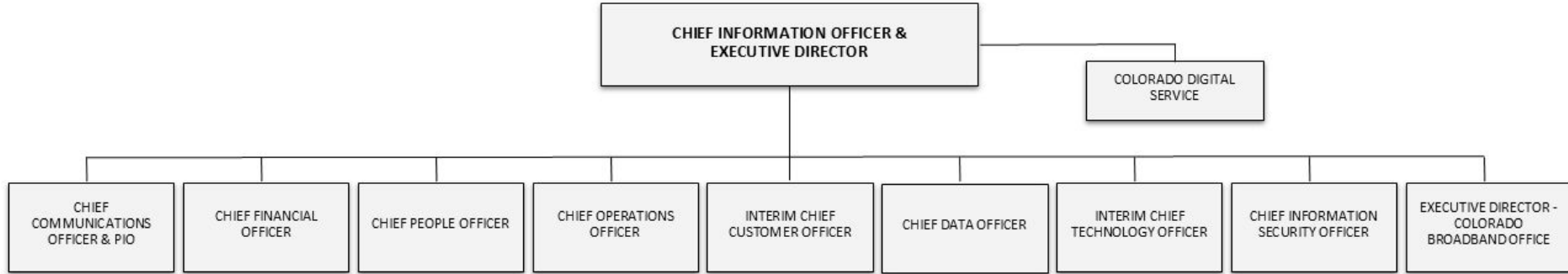
Money Appropriated FY2023-25

	Appropriated Budget	Expenditures	Committed Funds	Remaining Funds
Phase 1 (FY23)	\$56,864,415	\$49,183,381	\$7,681,034	\$0.00
Phase 2 (FY24)	\$11,524,141	\$9,073,629	\$2,450,512	\$0.00
Phase 3 (FY25)	\$15,000,000	\$11,844,302	\$3,155,698	\$0.00
Totals	\$83,388,556	\$70,101,311	\$13,287,244	\$0.00

*\$8,479,829 of the Enterprise Identity Services budget was appropriated in FY24.



Former Org Structure - CIO Direct Reports





New Org Structure - CIO Direct Reports

