



COLORADO

Governor's Office of
Information Technology

OIT Financials & Real Time Billing

Joint Technology Committee Hearing

June 23, 2025



Financial Overview

FY25 Long Bill (HB24-1430)

Reappropriated (RF)	IT Capital	General	Cash (CF)	Federal
\$349,228,719	\$15,000,000	\$5,134,437	\$3,297,550	\$4,573

Information Technology Revolving Fund & Technology Risk Prevention and Response (TRPR) Fund Balance

	FY23	FY24	FY25	FY26 (Projected)	Fund Balance Cap	Statutory Authority
IT Revolving Fund (RF)	\$5,271,446	\$6,624,227	\$48,301,607	\$76,695,220	\$56,598,878 (projected)	C.R.S. 24-37.5-103
TRPR (CF)	\$1,128,333	\$10,229,930	\$19,268,400	\$5,155,897	\$50,000,000	C.R.S. 24-37.5-120

Information Technology Revolving Fund - Primarily funded by services delivered by OIT to agencies.

TRPR Fund - Primarily funded by reversions from unexpended or unencumbered general funds originally allocated for IT resources or projects.



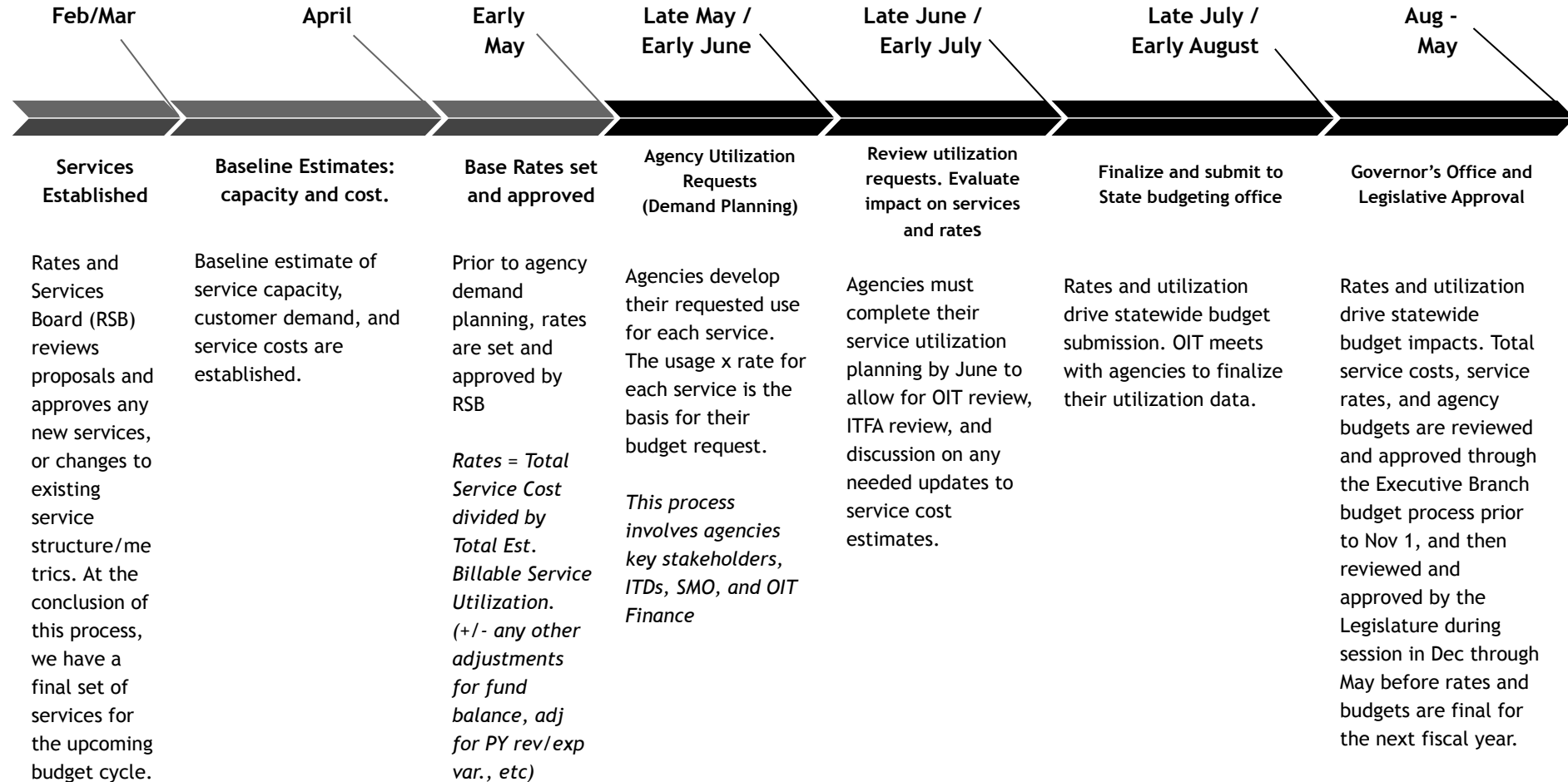
Real Time Billing Background

[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: Annual Timeline





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



Partnering for Required Work

SB24-224

Establish a technology lifecycle plan



Rulemaking for IT Lifecycle Management



Tech Refresh
Asset Inventory
Effort



APM - Application Portfolio
Management (module in
ServiceHub) Effort



What Are ADLE Payments?

- Definition: ADLE = Annual Depreciation Lease-Equivalent payments
- Required by: C.R.S. 24-37.5-127
- Purpose: Ensures IT capital assets are sustainably funded over time
- Applies to IT capital projects funded starting in FY 2025-26



FY 2025–26 Impact Summary

- FY26 is the first year ADLE applies
- No ADLE transfers are required yet—no assets currently in service
- OIT must annually submit a fiscal impact analysis (per statute)
- 1% Risk Transfer: Per C.R.S. 24-37.5-127(2)(b), 1% of project costs must go to the Technology Risk Prevention and Response Fund



Agency Impact and Planning

- Agencies must plan for ADLE in future budget cycles (e.g., FY27 and beyond)
- OIT will help agencies coordinate data gathering for fiscal impact analysis
- ADLE currently only applies to new assets purchased using IT capital funds



Technology Procurements

Colorado Digital Service as an agile procurement enabler:

Quality Assurance Service Plan (QASP) for DPA's Payroll Modernization

- Vendor is only paid for functionality delivered
- Protects the taxpayer by only paying for working technology

Challenge based procurement for Worker's Compensation

- Agency decided that they wanted a "build with me" vendor
- Built challenges that showed the vendors' ability to work in partnership with the agency team
- Approach ensures vendors can deliver technology partnership

Conducting robust user research and service design to support the CBMS reprocurement

- Robust user research and service design
- Supports a data driven decision making process throughout the procurement process



Discussion and Questions?