Joint Budget Committee

Staff Budget Briefing
FY 2026-27

Information Technology Projects (IT Capital)

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Contents

Additional Resources

To find the online version of the briefing document search the General Assembly's website for [budget documents](#) (leg.colorado.gov/content/budget/budget-documents).

Overview of IT Capital

The Information Technology Projects or "IT Capital" section of the Long Bill includes appropriations to state departments and institutions of higher education for information technology projects. In 2020, the JBC approved the addition of a separate Information Technology Projects section of the Long Bill for the 2021 Long Bill.

Pursuant to Section 2-3-1704 (11)(a), C.R.S., the Joint Technology Committee, or JTC, is tasked with producing a report to the JBC setting forth recommendations and prioritization for information technology budget requests submitted for inclusion in the Long Bill by February 15th each year.

The Joint Budget Committee is required to consider the prioritized list of information technology budget requests made by the Joint Technology Committee. If the Joint Budget Committee alters the determinations of priority established by the Joint Technology Committee, the JBC is required to notify the JTC and allow for a joint meeting to discuss the differences.

Senate Joint Resolution 14-039 created Joint Rule 45, which added guidelines and threshold amounts ($500,000 for IT projects) for the categorization of operating, building capital, and IT budget requests. It also establishes a generally open referral process for budget requests that may be more appropriately reviewed or referred for technical review by one of the other committees.

Joint Technology Committee

Established in 2013 in H.B. 13-1079, Creation of the Joint Technology Committee, the JTC is a statutory, six-member committee of the Colorado Senate and House of Representatives. The JTC was created to provide legislative oversight for the Governor's Office of Information Technology (OIT).

Additionally, prior to FY 2015-16, IT budget requests were submitted and considered as capital construction budget requests and were reviewed and prioritized by the Capital Development Committee (CDC) alongside building capital requests. House Bill 14-1395, Information Technology Budget Requests, transferred review of IT capital budget requests to the JTC. The JBC also occasionally seeks the JTC's review of operating budget requests for IT.

Statutory Definitions

Definitions were amended in legislation related to the creation of the JTC in H.B. 14-1395, Information Technology Budget Requests. Joint Technology Committee responsibilities and definitions are located at Part 17 of Article 3 of Title 2, C.R.S. Additionally, H.B. 21-1236, a JTC bill, most recently amended definitions to additionally provide for IT-related "maintenance" and repealed prior restrictions on post-implementation support, hardware life-cycle replacement, or maintenance. Sections 2-3-1701 (7) and (8), C.R.S., now define information technology and information technology budget request as follows:

> (7) "Information technology" means technology, infrastructure, equipment, systems, or software that controls, displays, switches, interchanges, transmits, and receives data or information, including audio, video, graphics, and text. "Information technology" shall be construed broadly to incorporate future technologies that change or supplant those in effect as of September 7, 2021.

(2.5) "Information technology budget request" means a budget request from a state agency or state institution of higher education for the installation, development, maintenance, or upgrade of information technology, including the purchase of services from the office on the condition that the use of such services is the most cost beneficial option or falls within the duties and responsibilities of the office or the office's chief information officer as described in sections 24-37.5-105 and 24-37.5-106. "Information technology budget request" does not include budget requests that are primarily operational in nature or a budget request where the majority of funding will be used to support or modify state staffing levels.

In 2023, the General Assembly adopted Joint Budget Committee bill S.B. 23-142 (Information Technology Project Appropriation Process), which clarified that while independent agencies are not required to submit IT projects for prioritization to the JTC, those agencies can request and receive appropriations from the IT Capital Account of the Capital Construction Fund. It also clarified that while those requests are initially made to the JBC, agencies are required to provide data and/or periodic project updates at the request of the JTC.

Fund sources and the IT Capital Account

House Bill 15-1266 (Information Technology Budget Request Process) created the Information Technology Capital Account in the Capital Construction Fund (IT Capital Account) in Section 24-75-302 (3.7), C.R.S. This account was created to provide dedicated state funding for information technology projects in the capital construction budget while keeping such funding distinct from dedicated funding for building capital projects. The IT Capital Account earns interest and is credited for reversions which incrementally increase funds available for projects in a given fiscal year. IT capital projects may also be funded from cash funds, reappropriated funds, or federal funds. Like appropriations made from the Capital Construction Fund, those made from the IT Capital Account carry a three-year appropriation period, providing flexibility to project managers to delay payments until milestones are met despite spanning fiscal years.

Recent Appropriations

IT Capital

Funding Source	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27 [1]
General Fund/CCF	$68,165,922	$86,836,669	$34,541,285	$10,547,139
Cash Funds	8,184,071	14,255,934	21,954,666	15,338,270
Reapprop. Funds	996,386	276,088	3,634,037	0
Federal Funds	50,190,455	58,281,629	13,761,239	7,224,720
Total Funds	$127,536,834	$159,650,320	$73,891,227	$33,110,129

[1] Requested appropriation.

Graphic Overview

Department's Share of Statewide General Fund
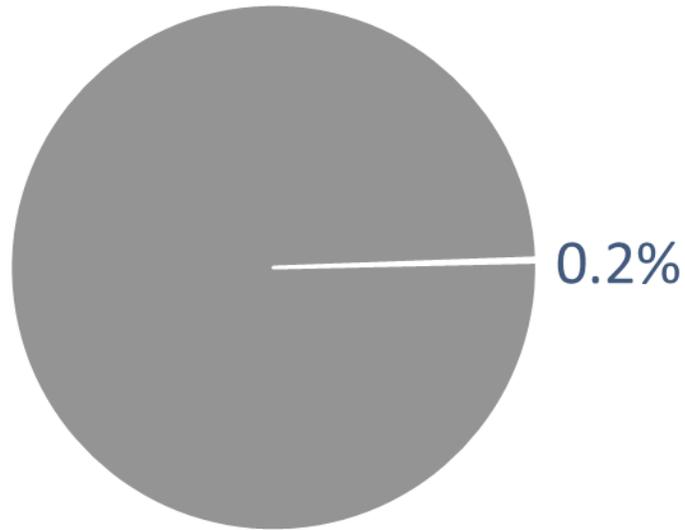
0.2%

Based on the FY 2025-26 appropriation.

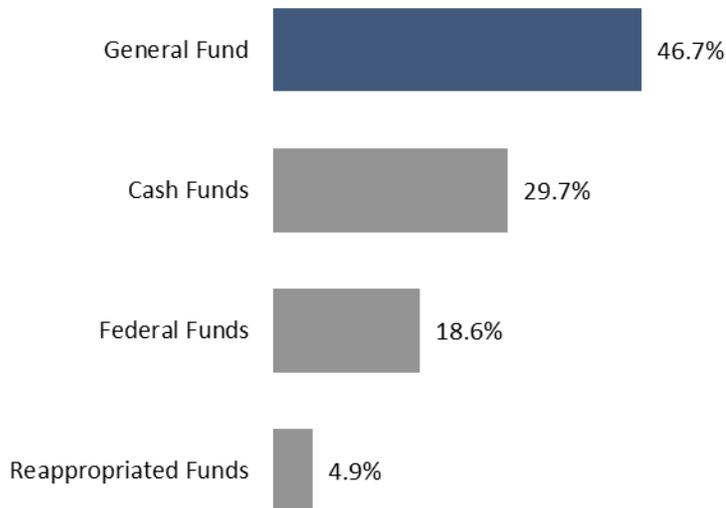**Department Funding Sources**

General Fund	46.7%
Cash Funds	29.7%
Federal Funds	18.6%
Reappropriated Funds	4.9%

Based on the FY 2025-26 appropriation.

Department's Share of Statewide General Fund (5 year history)

0.6%
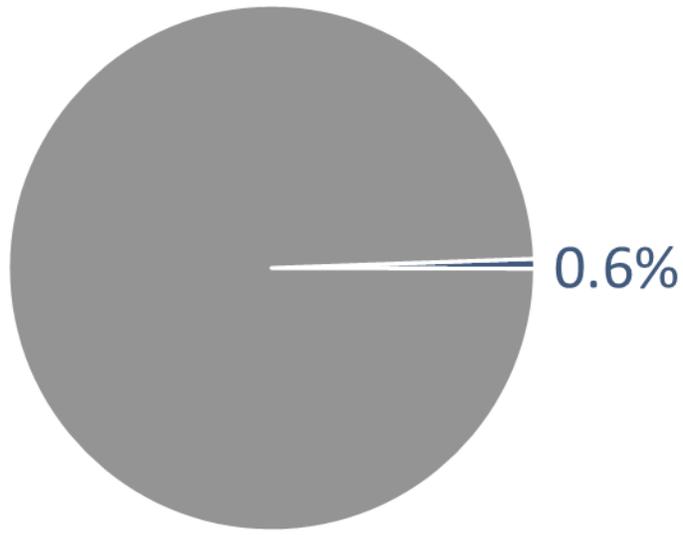
Based on General Fund Appropriations for IT Capital from FY 2021-22 through FY 2025-26

Department Funding Sources (5 year history)

Funding Source	Percentage
General Fund	57.3%
Federal Funds	25.8%
Cash Funds	16.0%
Reappropriated Funds	0.8%
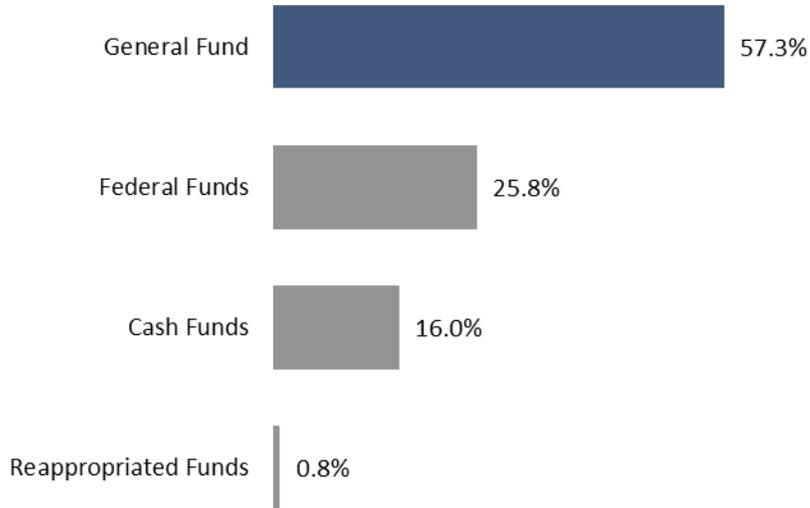
Based on General Fund Appropriations for IT Capital from FY 2021-22 through FY 2025-26

General Factors Driving the Budget

Revenue Available for IT Capital

The primary budget driver for IT Capital is General Fund revenue available in any given year. Transfers to the IT Capital Account of the Capital Construction Fund from the General Fund vary from year-to-year. The amount appropriated for IT capital is based on the Governor's request, Joint Technology Committee recommendations, and the most recent forecast of revenues available, given constitutional, statutory, and other budget constraints.

General Fund transfers to the IT Capital Account have historically not necessarily been equal to appropriations from the IT Capital Account due to annual interest earnings and reversions credited to the account in any year. Appropriations from the IT Capital Account are the best data point available to track annual state-funded commitment for IT Capital. However, General Fund transfers to the Account provide a generally equivalent reflection of the state-funded commitment for IT Capital over time. The following chart outlines General Fund transfers to the IT Capital Account since FY 2016-17.
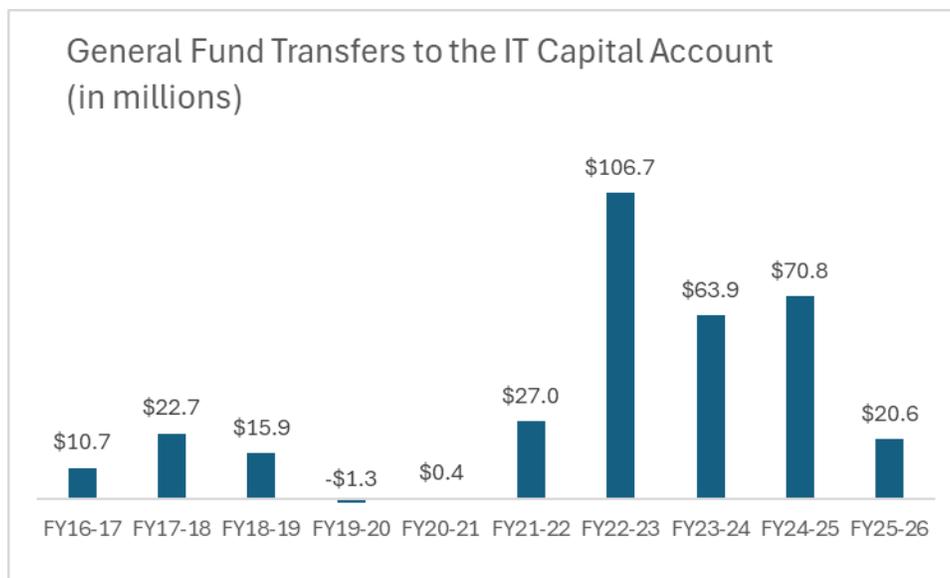
IT Capital Construction Fund appropriations in FY 2019-20 totaled $19.8 million. However, reversions from the FY 2015-16 appropriation generated a surplus balance that was transferred back to the General Fund for balancing purposes in the 2020 budget cycle. This resulted in the negative $1.3 million transfer reflected in the chart.

Moving forward, the revenue available for IT Capital will be dependent on the General Fund and cash funds available in any given year. With the passage of S.B. 25-262 (Changes to Money in the Capital Construction Fund), all unexpended and unencumbered money in the Capital Construction Fund and the IT Capital subaccount of the fund revert to the General Fund at the end of each fiscal year. In practice, this means that the annual transfer to the Capital Construction Fund in any given year will be equivalent to the appropriations from the Capital Construction Fund and IT Capital subaccount.

Summary of Request

Information Technology Capital

			Total Funds	Capital Constr'n Fund	Cash Funds	Reapprop. Funds	Federal Funds	add'l Out-year State Funds
		FY 2025-26 Appropriation						
		FY 2025-26 Long Bill (SB 25-206)	$73,891,227	$34,541,285	21,954,666	3,634,037	13,761,239	n/a
		TOTAL	**$73,891,227**	**$34,541,285**	**21,954,666**	**3,634,037**	**13,761,239**	

OSPB Priority		**FY 2026-27 OSPB Prioritized GF Requests**						
1	HCPF	CBMS Re-procurement	$4,823,806	$905,237	$0	$0	$3,918,569	n/a
2	EDU	School finance modernization	$3,150,000	$3,150,000	0	0	0	3,150,000
3	PubHea	Stationary sources modernization	$1,748,863	$1,748,863	0	0	0	0
4	HCPF	Social health info exchange	$4,049,989	$743,838	0	0	3,306,151	0
5	COR	Insp. Gen. Offense Rep. (IGOR) Sys.	$510,669	$510,669	0	0	0	0
6	PER	Human Resources Information System	$955,500	$955,500	0	0	0	13,340,574
7	HED	UNC Life Safety Tech. Modern.	$1,982,160	$1,861,248	120,912	0	0	0
8	HED	Fort Lewis Door Access Control Upgrade	$1,061,023	$671,784	389,239	0	0	0
		Subtotal - OSPB Prioritized Requests	**$18,282,010**	**$10,547,139**	**$510,151**	**$0**	**$7,224,720**	**$16,490,574**

OSPB Priority		**FY 2026-27 OSPB Prioritized CF Requests**						
1	PubSaf	Records Utilization Upgrade	$2,564,100	$0	$2,564,100	$0	$0	$0
2	PER	Statewide Procurement System	2,299,500	0	2,299,500	0	0	0
3	LAB	Workers' Comp Database Replacement	9,964,519	0	9,964,519	0	0	0
		Subtotal - OSPB Prioritized CF Requests	**$14,828,119**	**$0**	**$14,828,119**	**$0**	**$0**	**$0**
		Total Prioritized Project Funding	**$33,110,129**	**$10,547,139**	**$15,338,270**	**$0**	**$7,224,720**	**$16,490,574**

CCHE Priority		**FY 2024-25 CCHE Prioritized Requests Beyond OSPB**						
1	HED	Otero College Campus sec improvements	$234,300	$184,300	$50,000	$0	$0	$0
1	HED	Front Range CC Cell sys improvements	$5,824,000	$5,468,000	$356,000	0	0	0

			Total Funds	Capital Constr'n Fund	Cash Funds	Reapprop. Funds	Federal Funds	add'l Out-year State Funds
1	HED	Arapahoe CC Classroom tech	$1,311,447	1,174,447	$137,000	$0	$0	$2,526,364
5	HED	Colorado Mesa Univ SIS modernization	8,852,214	8,316,655	535,559	0	0	0
6	HED	CO Northwest CC Sec camera upgrades	986,192	986,192	0	0	0	0
7	HED	Western CO Univ Digital ID, sec, & access	8,124,856	7,812,362	312,494	0	0	0
9	HED	Pueblo CC Wireless network upgrade	824,373	824,373	0	0	0	0
10	HED	CC of Aurora Modern campus tech	999,000	949,050	49,950	0	0	2,998,000
		SUBTOTAL - CCHE Prioritized Requests Beyond OSPB Prioritized	**$27,156,382**	**$25,715,379**	**$1,441,003**	**$0**	**$0**	**$5,524,364**
		TOTAL - All IT Capital Requests	**$60,266,511**	**$36,262,518**	**$16,779,273**	**$0**	**$7,224,720**	**$22,014,938**
		TOTAL INCREASE/-DECREASE	-$13,624,716	$1,721,233	-$5,175,393	-$3,634,037	-$6,536,519	
		Percentage Change	-18.4%	5.0%	-23.6%	-100.0%	-47.5%	
		TOTAL OSPB PRIORITIZED INCREASE/-DECREASE	-$40,781,098	-$23,994,146	-$6,616,396	-$3,634,037	-$6,536,519	
		Percentage Change	-55.2%	-69.5%	-30.1%	-100.0%	-47.5%	

For FY 2026-27, the Governor's request includes two Higher Education projects in it prioritized request for General Funded projects. The Colorado Commission on Higher Education has eight additional non-prioritized projects. Staff notes that OSPB's prioritization differs from the Department on Higher Education for the Fort Lewis door access upgrade, which the Department identified as its eighth highest priority.

To fund all the OSPB Prioritized requests will require an estimated General Fund transfer of $10.5 million to the Capital Construction Fund, which includes two CCHE requests. To fund all OSPB and CCHE Capital IT requests, an estimated General Fund transfer of $36.3 million would be required.

General Fund Projects

HCPF Colorado Benefits Management System (CBMS) re-procurement: The Department of Health Care Policy and Financing requests $4.8 million in total funds, including $905,237 in Capital Construction Fund. This funding will be used for the 10-year re-procurement of the Colorado Benefits Management System (CBMS), which is federally required. The Department has not yet estimated out-year costs for the re-procurement.

EDU School finance modernization: The Department of Education requests $3.2 million from the Capital Construction Fund for modernization of calculating the school finance funding formula. Presently, the Department manages the formula through internal calculations and spreadsheets. The Department is working toward adoption of more flexible systems, which will more easily allow them to implement legislative changes to the funding formula and reduce the opportunity for data entry error. The Department projects an additional $3.2 million in Capital Construction Fund for FY 2027-28 to complete the project.

PubHea Stationary source modernization: The Department of Public Health and Environment requests $1.7 million in Capital Construction Fund for modernization of the stationary sources permitting system. This would be the final phase in replacing the outdated stationary sources system. This upgrade is expected to reduce the permitting backlog for entities regulated under the stationary sources program.

HCPF Social Health Information Exchange: The Department of Health Care Policy and Financing requests $4.0 million in total funds, including $743,838 in Capital Construction Fund. This will fund the final phase of the project. The goal of this change is to improve care coordination between providers and public programs, reducing duplicative assessments for clients.

COR Inspector General Offense Rep. (IGOR) System: The Department of Corrections requests $510,669 in Capital Construction Fund to replace the existing IGOR System. The Department states that existing system lacks needed functionality for case review and sentencing, and proposes using an OIT-supported "off-the-shelf" software suite to address these gaps.

PER Human Resources Information System: The Deparment of Personnel requests $955,500 in Capital Construction Fund for the first phase of procurement for a statewide human resources information system. Presently, human resources management is done on an *ad hoc* basis across state agencies, utilizing manual entry and legacy systems. This funding will be used to identify and plan for a statewide human resources system. The Department suggests that this will improve both efficiency and data security. The Department has projected that an additional $13.3 million in Capital Construction Fund will be needed to complete this project in future years.

HED UNC Life Safety Tech Modernization: The Department of Higher Education requests $2.0 million in total funds, including $1.9 million in Capital Construction Fund, for modernization of life safety technology at the University of Northern Colorado. The Department states that existing life safety technology is outdated and unsupported, and further states that communication technology is non-compliant with accessibility regulations. This would be a single-phase project completed in FY 2026-27. The project was ranked joint-first in the Department's prioritization.

HED Fort Lewis Door Access Control Upgrade: The Department of Higher Education requests $1.1 million in total funds, including $671,784 in Capital Construction Fund, for campus-wide door access upgrades at Fort Lewis College. The project aims to enhance physical security by replacing mechanical locks with centralized access technology. This would allow the institution to respond more quickly to emergencies on campus. The Department ranked this project eighth in its prioritization.

Cash-Funded Projects

PubSaf Records Utilization Upgrade: The Department of Public Safety requests $2.6 million in cash funds for phase 3 of the records utilization upgrade. This project aims to transition Colorado State Patrol from paper-based management of traffic citations to an integrated cloud-based system.

PER Statewide Procurement System: The Department of Personnel requests $2.3 million in cash fund spending authority for centralized statewide procurement. The Department has suggested that the existing decentralized system is leads to inefficiency, duplication and poor data sharing in procurement, with a centralized system enhancing efficiency.

LAB Workers' Comp Database Replacement: The Department of Labor and Employment requests $10.0 million in cash funds for phase 3 of the Colorado Workers' Compensation Database replacement, which includes final testing, launch and troubleshooting for the new system. The Department expects this system to improve efficiency by not requiring the use of unsupported third-party software (e.g., Excel) to manage the database.

Non-Prioritized HED Projects

Otero College campus security improvements: The Department requests $234,300 total funds, including $184,300 in Capital Construction Fund, for campus security improvements. The institution intends to replace outdated cameras and communication infrastructure, suggesting that the existing existing security equipment is inadequate for campus security needs.

Front Range CC cell system improvements: The Department requests $5.8 million total funds, including $5.5 million in Capital Construction Fund, for cellular system improvements across Front Range Community College. The Department has indicated that this improvement is needed for both daily communications and emergency response.

Arapahoe CC classroom technology: The Department requests $1.3 million total funds, including $1.2 million Capital Construction Fund, for replacement and upgrade of classroom technology. This overhaul would include replacement of older technology in classrooms, as well as new technology to enhance remote learning, such as lecture capture. The Department projects an additional $2.5 million of state funds in future years to complete the project.

Colorado Mesa University student information system (SIS) modernization: The Department requests $8.9 million total funds, including $8.3 million in Capital Construction Fund, for improvements to the student information system. The Department indicates that these funds would be used to upimplement a single student information platform, replacing the existing modular system. The Department has further suggested that this will enhance efficiency, as well as lower the cost for degree completion by making it easier for students to track degree progress.

CO Northwest CC security camera upgrades: The Department requests $986,192 Capital Construction Fund for replacement and expansion of campus sceurity camera infrastructure. Outdated cameras and connection infrastructure has made security monitoring unreliable. Furthermore, many areas of the college campuses have no camera monitoring. The Department suggests that this upgrade and expansion would enhance security and emergency response.

Western CO University digital ID, security, & access: The Department requests $8.1 million total funds, including $7.8 million in Capital Construction Fund, for a comprehensive overhaul of the institution's campus security and access control systems. The Department indicates that existing infrastructure presents risk, with outdated current sytems being inadequate to meet physical and cybersecurity requirements.

Pueblo CC wireless network upgrade: The Department requests $824,373 Capital Construction Fund for wireless network improvements. The Department indicates that this upgrade will improve network speed and reliability. This is expected to enhance learning outcomes by allowing faculty to

maintain consistent connectivity, as well as allowing students to leverage newer technology, such as AI. The Department further indicates that improved wireless reliability will improve security by more carefully controlling physical access to campus buildings.

CC of Aurora Modern campus tech: The Department requests $1.0 million total funds, including $949,050 million in Capital Construction Fund, for technology modernization. The Department indicates that this is a necessary investment to replace outdated systems. They also state that these improvements will enhance physical security on campus through reliable emergency communication and access control. The Department projects an additional $3.0 million of state funds in future years to complete the project.

Reversions from the IT Capital Account to the General Fund

Under S.B. 24-224, any IT Capital projects intialized from FY 2025-26 and beyond will require annual depreciation-lease equivalent (ADLE) payments upon completion to the IT subaccount of the Capital Construction Fund to manage future tech debt. Meanwhile, S.B. 25-262 transfers unexpended and unencumbered funds from the IT subaccount to the General Fund at the close of each fiscal year. Staff requests permission to work on a bill draft which would provide a carve-out for ADLE payments, such that these funds for long-term tech debt management are not reverted annually.

Recommendation

Staff requests permission to work with Legislative Legal Services (LLS) Staff to develop a bill draft which would prevent collected ADLE payments in the IT subaccount from reverting to the General Fund at the end of each fiscal year.

Discussion

Senate Bill 24-224 established a plan to mitigate tech debt through the inclusion of ongoing ADLE payments for projects which received their first appropriation in FY 2025-26 or later. These payments will allow the state to manage tech debt on a rolling basis, rather than through periodic, large-scale requests for tech modernization. The expectation is that the ADLE payments will be used on an as-needed basis to maintain system functionality as completed IT projects age.

A balance will accrue in the IT subaccount as ADLE payments are made prior to replacement of outdated technology, which would carry forward to the following fiscal year. However, S.B. 25-262 requires the transfer of all unexpended and unencumbered money from the IT subaccount to the General Fund at the close of each fiscal year. In practice, this will dramatically limit the ability to use ADLE payments to manage ongoing tech debt, and would largely return the State to the tech debt environment which existed prior to S.B. 24-224. To remedy this interaction between the two bills, staff requests permission to work with LLS on a bill draft which would prevent the ADLE payments from being reverted to the General Fund each year.

Staff notes that no ADLE appropriations have been requested for FY 2026-27, as no projects initiated in the current fiscal year are expected to be completed. As such, the first year of ADLE payments into the IT Capital subaccount will be FY 2027-28