OFFICE OF INFORMATION TECHNOLOGY SERVICES

Budget Committee Report

KLRD Analyst:	Fisher	**DOB Analyst:**	Gunn
KLRD Summary:	Pg. 297	**GBR Analysis:**	Vol 1. Pg. 76

Executive Summary

Summary of Total Expenditures, FY 2023 – FY 2027

	SGF	All Other Funds	Total	FTE Positions
FY 2023 Actual	$ 4,250,000	$ 839,226	$ 5,089,226	-
FY 2024 Actual	11,790,250	4,674,732	16,464,982	15.0
FY 2025 Actual	15,163,090	12,230,532	27,393,622	29.0
FY 2026				
Approved, with Reappropriations	$ 31,241,282	$ 2,424,304	$ 33,665,586	48.0
Agency Revised Estimate	31,241,282	2,720,489	33,961,771	49.0
Special Committee on the State Budget	31,241,282	2,720,489	33,961,771	48.0
House Committee of the Whole	31,241,282	2,424,304	33,665,586	48.0
Senate Committee of the Whole	31,241,282	2,424,304	33,665,586	48.0
Conference Committee*	-	-	-	-
Governor's Recommendation	31,241,282	2,720,489	33,961,771	49.0
FY 2027				
FY 2026 Approved, with Adjustments	$ 31,241,282	$ 1,205,489	$ 32,446,771	48.0
Agency Request	39,511,182	1,575,000	41,086,182	52.0
Special Committee on the State Budget	31,260,970	1,575,000	32,835,970	48.0
House Committee of the Whole	31,241,282	2,424,304	33,665,586	48.0
Senate Committee of the Whole	31,241,282	2,424,304	33,665,586	48.0
Conference Committee*	-	-	-	-
Governor's Recommendation	31,260,970	1,575,000	32,835,970	49.0

* *Note* : This committee has not taken action on this agency's budget yet.

The Office of Information Technology Services' (OITS) mission is to provide efficient and cost-effective electronic information processing and technical management services to state agencies, functioning as a "utility" for phone, computer, and data communication services while managing services for around 95 agencies and thousands of users for Office 365, data communication, and phones.

The OITS budget comprises both on-budget and off-budget expenditures. On-budget expenditures are funded primarily through State General Fund (SGF) appropriations and federal moneys. Historically, these funds have supported statewide IT infrastructure projects and, more recently, state government-wide cybersecurity initiatives. Off-budget expenditures involve services performed for other state agencies, and are funded through recharge billings for the services provided. This prevents double counting of appropriations, as the funds are already included in the budgets of the state agencies utilizing OITS services. This document will provide information pertaining to On-Budget expenditures only. Off-budget expenditure information can be found in the referenced Off-Budget document.

OFFICE OF INFORMATION TECHNOLOGY SERVICES
Budget Committee Report

FY 2026

Summary of Legislative Recommendations, FY 2026	SGF	All Other Funds	Total	FTE Positions
Approved, with Reappropriations	**$ 31,241,282**	**$ 2,424,304**	**$ 33,665,586**	**48.0**
Agency Revised Estimate	**31,241,282**	**2,720,489**	**33,961,771**	**49.0**
Special Committee on the State Budget (SBC)				
Change from Agency Revised Estimate	*$ -*	*$ -*	*$ -*	*(1.0)*
TOTAL – Special Committee	**$ 31,241,282**	**$ 2,720,489**	**$ 33,961,771**	**48.0**
House Committees				
General Government Budget	$ -	$ -	$ -	-
Appropriations	-	-	-	-
Committee of the Whole	-	-	-	-
Subtotal – House Change from SBC	*$ -*	*$ -*	*$ -*	-
TOTAL – Current House Position	**$ 31,241,282**	**$ 2,720,489**	**$ 33,961,771**	**48.0**
Senate Committees				
Ways and Means [Executive]	$ -	$ -	$ -	-
Ways and Means	-	-	-	-
Committee of the Whole	-	-	-	-
Subtotal – Senate Change from SBC	*$ -*	*$ -*	*$ -*	-
TOTAL – Current Senate Position	**$ 31,241,282**	**$ 2,720,489**	**$ 33,961,771**	**48.0**
Legislative Approved				
Conference Committee	$ -	$ -	$ -	-
Governor's Vetoes	-	-	-	-
Veto Overrides	-	-	-	-
Subtotal – Approved Change from SBC	*$ -*	*$ -*	*$ -*	-
GRAND TOTAL – Final Approved	**$ 31,241,282**	**$ 2,720,489**	**$ 33,961,771**	**48.0**

* *Note* : This committee has not taken action on this agency's budget yet.

Agency

The **agency** requests a revised estimate of $34.0 million, including $31.2 million SGF, for on-budget expenditures in FY 2026. This represents an increase of $296,185 or 0.9 percent, above the amount approved by the 2025 Legislature. The increase is attributable to receipt of federal funds for state and local cybersecurity grants in FY 2026 ($1.5 million). The increase is partially offset by decreased ARPA fund expenditures ($1.2 million) due to the completion of the initial development of an enterprise professional licensure platform by the vendor Accela

The agency's revised estimate also includes $82.2 million in off-budget expenditures, an increase of $15.7 million, or 23.6%, above the amount approved by the 2025 Legislature. This increase is partially attributable to increased utilization and operational costs associated with the Unisys data center ($9.0 million), Accela enterprise licensure platform ($2.5 million), and Microsoft Azure cloud computing service ($2.0 million). Additionally, the increase is attributable to desk phone upgrades for state agencies ($500,000), and the purchase of additional Microsoft 365 licenses ($460,000). The agency revised estimate also includes an increase of 19.0 FTE (13.0 New, and 6.0 existing interns) positions to support service delivery, network operations, and IT project management ($1.0 million)

The agency's total revised estimate is $116.2 million in FY 2026, an increase of $16.0 million, or 16.0%, above the amount approved by the 2025 Legislature.

Special Committee on the State Budget

The **Special Committee** concurs with the agency's revised estimate in FY 2026, with the following adjustments:

1. Delete 1.0 on-budget FTE position.

House Committees

House Committee on General Government Budget

The **House Budget Committee** concurs with the Special Committee's recommendation in FY 2026.

House Committee on Appropriations

The **House Committee** concurs with the House Budget Committee's recommendation in FY 2026.

House Committee of the Whole

The **House Committee of the Whole** concurs with the House Committee's recommendation in FY 2026.

Senate Committees

Senate Ways and Means Executive Subcommittee

The **Senate Subcommittee** concurs with the Special Committee's recommendation in FY 2026.

Senate Ways and Means

The **Senate Committee** concurs with the Senate Subcommittee's recommendation in FY 2026.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the Senate Committee's recommendation in FY 2026.

OFFICE OF INFORMATION TECHNOLOGY SERVICES

Budget Committee Report

FY 2027

Summary of Legislative Recommendations, FY 2027	SGF	All Other Funds	Total	FTE Positions
FY 2026 Approved, with Adjustments**	**$ 31,241,282**	**$ 1,205,489**	**$ 32,446,771**	**48.0**
Agency Request	**39,511,182**	**1,575,000**	**41,086,182**	**52.0**
Special Committee on the State Budget (SBC)				
Change from Agency Request	*$ (8,250,212)*	*$ -*	*$ (8,250,212)*	*(4.0)*
TOTAL – Special Committee	**$ 31,260,970**	**$ 1,575,000**	**$ 32,835,970**	**48.0**
House Committees				
General Government Budget	$ -	$ -	$ -	-
Appropriations	-	-	-	-
Committee of the Whole	-	-	-	-
Subtotal – House Change from SBC	*$ -*	*$ -*	*$ -*	-
TOTAL – Current House Position	**$ 31,260,970**	**$ 1,575,000**	**$ 32,835,970**	**48.0**
Senate Committees				
Ways and Means [Executive]	$ -	$ -	$ -	-
Ways and Means	-	-	-	-
Committee of the Whole	-	-	-	-
Subtotal – Senate Change from SBC	*$ -*	*$ -*	*$ -*	-
TOTAL – Current Senate Position	**$ 31,260,970**	**$ 1,575,000**	**$ 32,835,970**	**48.0**
Legislative Approved				
Conference Committee	$ -	$ -	$ -	-
Governor's Vetoes	-	-	-	-
Veto Overrides	-	-	-	-
Subtotal – Approved Change from SBC	*$ -*	*$ -*	*$ -*	-
GRAND TOTAL – Final Approved	**$ 31,260,970**	**$ 1,575,000**	**$ 32,835,970**	**48.0**

* *Note* : This committee has not taken action on this agency's budget yet.

** *Note* : The approved budget includes expenditures in FY 2026 that are not included in the agency allocation for FY 2027. These expenditures are not included for FY 2027 as to better provide a point of comparison. For OITS, this analysis excludes $1.2 million in ARPA funding due to the completion of initial development for an enterprise professional licensure platform in FY 2026.

Agency

The **agency** requests a revised estimate of $41.1 million, including $39.5 million SGF, for on-budget expenditures for FY 2027. This represents an increase of $7.4 million or 22.0 percent, above the amount approved by the 2025 Legislature. The increase is primarily attributable to the agency's two enhancement requests. The first request for $8.0 million, all SGF, to cover a one-time cost gap for the new Unisys data center contract that was finalized after publication of the FY 2027 budget instructions resulting in service rates that do not allow for the recovery of the entire operating costs. The second request was for $250,000, all SGF, and 3.0 FTE positions to provide IT support for non-cabinet agencies currently lacking internal IT staff. Additionally, the increase is partially attributable to receipt of $1.5 million in federal funds for state and local cybersecurity grants. The increase is partially offset by a reduction in ARPA funding totaling $2.4 million due to the completion of network infrastructure and IT security projects, aligning with the requirement that all ARPA funds be expended by September 2026.

The agency's revised estimate also includes $85.4 million in off-budget expenditures, an increase of $18.9 million, or 28.3%, above the amount approved by the 2025 Legislature. This increase is partially attributable to increased utilization and operational costs associated with the Unisys data center ($12.0 million), Accela enterprise licensure platform ($2.5 million), and Microsoft Azure cloud computing service ($2.0 million). Additionally, the increase is attributable to desk phone upgrades for state agencies ($500,000), and the purchase of additional Microsoft 365 licenses ($460,000). The agency revised estimate also includes an increase of 19.0 FTE (13.0 New, and 6.0 existing interns) positions to support service delivery, network operations, and IT project management ($1.0 million)

The agency's total revised estimate is $126.5 million for FY 2027, an increase of $26.3 million, or 26.2%, above the amount approved by the 2025 Legislature.

Special Committee on the State Budget

The **Special Committee** concurs with the agency's revised estimate for FY 2027, with the following adjustments:

1. Delete $8.0 million SGF for one-time expenditures for a new datacenter as a service contract
2. Delete $250,212 SGF and 3.0 FTE positions for dedicated IT resources and technical support to non-cabinet agencies lacking internal IT Staff.
3. Delete 1.0 on-budget FTE position.

House Committees

House Committee on General Government Budget

The **House Budget Committee** concurs with the Special Committee's recommendation for FY 2027.

House Committee on Appropriations

The **House Committee** concurs with the House Budget Committee's recommendation for FY 2027.

House Committee of the Whole

The **House Committee of the Whole** concurs with the House Committee's recommendation for FY 2027.

Senate Committees

Senate Ways and Means Executive Subcommittee

The **Senate Subcommittee** concurs with the Special Committee's recommendation for FY 2027.

Senate Ways and Means

The **Senate Committee** concurs with the Senate Subcommittee's recommendation for FY 2027.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the Senate Committee's recommendation for FY 2027.