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House Committee on Energy and Digital Infrastructure

February 26, 2025

To: House Committee on Appropriations
From: House Committee on Energy and Digital Infrastructure
Re: FY26 State Budget Recommendations

Dear Chair Scheu and Vice Chair Harrison:

The House Committee on Energy and Digital Infrastructure has considered the sections of the proposed FY26 state budget that are relevant to our jurisdiction. Here are our recommendations:

B.1100(b): Funding to support replacement of the outdated Willis classification system, which determines position pay grades under collective bargaining agreements for classified state employees. One-time appropriation of **\$1.575 million** from the General Fund to the Department of Human Resources to develop a new model to replace Willis: **SUPPORT**

D.101(a)(1)(C): Annual statutory fund transfer of **\$4.3 million** from the General Fund to the Tax Computer System Modernization Fund: **SUPPORT**

D.101(a)(3): Annual statutory fund transfer of **\$1.5 million** from the Education Fund to the Tax Computer System Modernization Fund. **SUPPORT**

D.101(a)(1)(F): Transfer of **\$15 million** from the General Fund to the Information Technology Internal Service Fund to permit the Agency of Digital Services to start transitioning to a new billing recovery model. **SUPPORT**

This \$15 million appropriation will partially "buy down" the level of ADS services currently billed to state agencies and departments via the Service Level Agreement (SLA) recovery method (which is billed in arrears by 12 months). Beginning in FY27, these services will be billed via the allocation recovery method (which is billed in the same year services are delivered). This year's requested \$15m appropriation is the first step in an important two-year process to move from arrears-based deficit spending — based on the SLA charge-back approach — to services delivered and billed in the same fiscal year.

The House Energy and Digital Infrastructure Committee is concerned about the significant risk that federal funding cuts could pose to our state's financial stability. It's imperative that the state moves quickly to reduce the financial exposure inherent in deficit spending models like the SLA charge-back. Based on testimony from ADS, it's our understanding that the agency has a two-year plan to correct the process of deficit billing and spending as they move toward a new Core Enterprise Services approach. We look forward to working with ADS to provide legislative oversight during this transition and to ensure that the goals are being met.

Department of Corrections: Wi-Fi in Correctional Facilities: RECOMMEND THAT DEPARTMENT OF CORRECTIONS ENGAGE IN PROJECT PLANNING WITH AGENCY OF DIGITAL SERVICES

During the first half of the session, our committee spent significant time on government oversight. During testimony with Department of Corrections Commissioner Nicholas Deml, and through conversations with colleagues on House Corrections and Institutions, we learned about DOC's proposed project to expand Wi-Fi in its facilities. At this point, the estimated \$3 million project cost is several years old and needs to be updated. We join the House Corrections and Institutions Committee in **requesting that DOC engage in formal project planning with the Agency of Digital Services.**

Our committee approved this letter by a unanimous 9-0 vote on 2.25.2026. Thank you for the opportunity to consider these areas of the budget.

Rep. Kathleen James

Chair, House Energy and Digital Infrastructure Committee

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