

**Department of State**

**Funding Request for the FY 2026-27 Budget Cycle**

**Request Title**

**R-01 Phone System Modernization**

Dept. Approval By: Andrew Kline, Deputy Secretary of State

**Supplemental FY 2025-26**

OSPB Approval By: OSPB Approval Not Required

**Budget Amendment FY 2026-27**

**X**

**Change Request FY 2026-27**

Summary Information	Fund	FY 2025-26		FY 2026-27		FY 2027-28
		Initial Appropriation	Supplemental Request	Base Request	Elected Official	Budget Estimate
	<b>Total</b>	<b>\$4,396,219</b>	<b>\$0</b>	<b>\$4,247,219</b>	<b>\$185,000</b>	<b>\$116,000</b>
<b>Total of All Line Items Impacted by Change Request</b>	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$4,254	\$0	\$4,254	\$0	\$0
	CF	\$4,391,965	\$0	\$4,242,965	\$185,000	\$116,000
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2025-26		FY 2026-27		FY 2027-28
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$4,396,219</b>	<b>\$0</b>	<b>\$4,247,219</b>	<b>\$185,000</b>	<b>\$116,000</b>
02. Information	FTE	0.0	0.0	0.0	0.0	0.0
Technology Services, (A)	GF	\$4,254	\$0	\$4,254	\$0	\$0
Information Technology Services, (1) Information	CF	\$4,391,965	\$0	\$4,242,965	\$185,000	\$116,000
Technology Services -	RF	\$0	\$0	\$0	\$0	\$0
Operating Expenses	FF	\$0	\$0	\$0	\$0	\$0

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** State Prioritized Request

**Interagency Approval or Related Schedule 13s:**

No Other Agency Impact



## Department Priority: R-01 Phone System Modernization

### Summary of Funding Change for FY 2026-27

Fund Type	FY 2026-27 Base Request	FY 2026-27 Incremental Request	FY 2027-28 Incremental Request
Total Funds	\$4,247,219	\$185,000	\$116,000 <sup>1</sup>
General Fund	\$4,254	\$0	\$0
Cash Funds	\$4,242,965	\$185,000	\$116,000
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0

### Summary of Request

#### Problem or Opportunity

The Customer Support Services (CSS) Unit in the Business & Licensing (B&L) Division of the Department of State (Department) currently uses an antiquated phone system for the Department’s call center. The phone system’s limitations include the inability to record calls, perform automated call prioritization or routing, or integrate with customer relationship management (CRM) software or modern technologies. The CSS Unit answers calls for all four divisions that come through the Department’s main telephone line and then routes them appropriately. As a result, this upgrade will provide essential Department-wide benefits.

#### Proposed Solution

The Department requests spending authority to upgrade to a modern, cloud-based phone system to more effectively and efficiently serve customers and to ensure that we have the technology infrastructure in place to adapt to future technological advancements.

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<sup>1</sup> The incremental amount of spending authority required in the IT Division: Operating Expenses (CF) appropriation decreases from \$185,000 to \$116,000 (ongoing) in FY 2027-28.

**Fiscal Impact of Solution**

Based upon a preliminary investigation, the Department anticipates that the initial cost of the phone system upgrade is \$185,000 in the first year with \$116,000 in ongoing annual costs for CRM software licensing. Such system and software costs are paid from the Information Technology (IT) Division’s budget. Therefore, this spending authority is requested in the IT Division’s Operating Expenses appropriation from the CDOS Cash Fund.<sup>2</sup>

<b>Requires Legislation</b>	<b>Revenue Impacts</b>	<b>Impacts Another Department?</b>	<b>Statutory Authority</b>
No	No	No	§ 24-21-101 et seq C.R.S.

**Background and Opportunity**

The CSS Unit in the B&L Division serves as the frontline staff for handling constituent inquiries and providing essential Department services to members of the public across phone, in-person, email, and mail customer service channels. Composed of 14 team members, 2 leads, and 2 supervisors, the CSS Unit is split evenly and alternates between handling phone calls, responding to emails, and performing critical in-person and onsite services. The CSS Unit handled approximately 139,000 phone calls, responded to 14,371 email inquiries, and assisted 15,628 in-person constituents in 2024. In addition to providing B&L Division services, the CSS Unit also serves as the first point of contact for Elections Division inquiries.

The IT Division provides systems and hardware support to all four Divisions within the Department. The Division operates largely independently from the Governor’s Office of Information Technology (OIT). Specifically, CDOS is excluded from the definition of “state agency” in the relevant OIT statutes.<sup>3</sup> The IT Division will work closely with the vendor(s) and B&L Division staff to implement the phone system upgrade.

The current system lacks several critical functions that are standard in modern phone systems, including:

1. No call recording functionality for customer service priorities or threat assessment and documentation.

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<sup>2</sup> § 24-21-104(3)(b) C.R.S.

<sup>3</sup> § 24-37.5-102(28) C.R.S.

2. First-In-First-Out-only (FIFO) call routing without prioritization or agent-level routing which increases customer wait time and the time it takes to provide constituents with timely, knowledgeable, and program-specific services.
3. Reporting that is restricted to static tables with no real-time data, visualizations, or passive monitoring capabilities.
4. No integrated call documentation or CRM tools, resulting in inefficient constituent interactions and lost historical context.

Additionally, the lack of system integration across the Department's customer service channels requires constituents to repeat and reshare their information across separate interactions with the office, leading to inefficiency.

By volume and time commitment, phone calls from the public represent the primary means of constituent engagement with the Department. Call volume has increased substantially in 2025 compared to 2024, making the need to modernize our phone system even more urgent.

## **Proposed Solution and Anticipated Outcomes**

The Department requests spending authority to upgrade to a cloud-based phone system that will modernize our communication infrastructure, enhance customer service, and position our call center for future technological advancements. This upgrade is essential to overcome current system limitations and meet the growing demand in a digital-first environment. If the spending authority is approved, the Department will evaluate vendors under State Price Agreements for their suitability to complete this work. Should the Department select a vendor on a price agreement, the work likely will be completed within FY 2026-27. However, if the Department determines it is necessary to issue a formal solicitation under the State Procurement Code, it is likely that roll-forward spending authority into FY 2027-28 will be required.

A modern phone system will improve constituent service by enabling smarter call routing, call recording, and enhanced data reporting, while also providing staff with better tools to manage and respond to inquiries efficiently. Call routing will reduce wait times by connecting constituents directly to program specialists. Call recording will support staff coaching, improve communication, shorten handling times, and strengthen threat documentation. Time saved through improved routing and recording will increase staff availability and enhance the overall constituent experience across service channels.

Tracking trends and forecasting call volumes through improved reporting will allow the CSS Unit to adjust staffing more effectively. Integration with a CRM will further enhance data analysis and service coordination. By tracking the status and nature of constituent interactions, the Department can better identify common issues and follow individual requests over time. This added visibility reduces call handling times by minimizing the need to re-collect information from repeat callers.

## **Assumptions and Calculations**

The anticipated costs are \$185,000 in the first year, with \$116,000 in ongoing annual costs for CRM software licensing and are based on quotes the Department has received from vendors.