JOINT
BUDGET
COMMITTEE

STAFF BUDGET BRIEFING
FY 2017-18

OFFICE OF THE GOVERNOR

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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OFFICE OF THE GOVERNOR

DEPARTMENT OVERVIEW

This Joint Budget Committee staff budget briefing document includes the following offices and agencies within the Office of the Governor:

- The **Office of the Governor (division)** oversees operation of the executive branch of State government including coordination, direction, and planning of agency operations. The Office represents the State, and serves as a liaison with local and federal governments. Includes the core functions of a traditional executive director's office, the Colorado Energy Office, and the Office of Marijuana Coordination;

- The **Office of the Lieutenant Governor** directly oversees the Colorado Commission of Indian Affairs, Commission on Community Service, and other initiatives. The Lieutenant Governor temporarily takes the Governor's place if the Governor is out of Colorado or is unable to perform his/her duties.

- The **Office of State Planning and Budgeting (OSPB)** develops executive branch budget requests, reviews and analyzes departmental expenditures, and prepares quarterly revenue and economic estimates for the state. Additionally, the Office implements the Results First initiative, a cost benefit analysis model initially developed by the Washington State Institute for Public Policy, and now supported by the Pew Charitable Trusts and the MacArthur Foundation, that aims to determine the monetary value of State policies and programs;

- The **Office of Economic Development and International Trade (OEDIT)** assists in strengthening Colorado's prospects for long-term economic growth by providing broad-based support to businesses. The Office's support services include business funding and incentives, promotion of creative industries, international trade assistance, tourism promotion, minority business assistance, key industry promotion (including advanced industries, aerospace, and health and wellness), and film, television, and media industry development; and

- The **Governor's Office of Information Technology (OIT)** is responsible for the operation and delivery of all information and communications technology services across State executive branch agencies. The Office is tasked with providing information technology services, as well as promoting Colorado as the ideal location for information technology companies and technology-based workers.

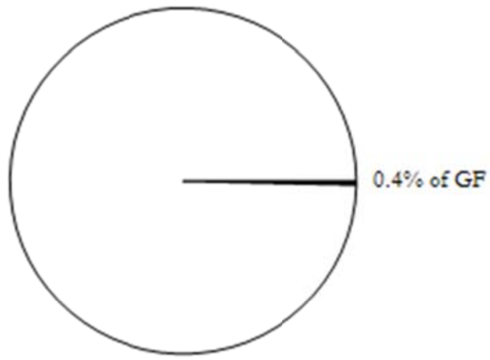
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

Funding Source	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$34,983,120	$41,871,028	$35,996,004	$39,458,936
Cash Funds	41,899,571	42,239,163	43,978,954	47,861,019
Reappropriated Funds	210,000,641	181,708,763	220,765,787	237,922,358
Federal Funds	6,440,371	6,492,609	6,511,867	6,481,020
TOTAL FUNDS	**$293,323,703**	**$272,311,563**	**$307,252,612**	**$331,723,333**
Full Time Equiv. Staff	1,073.1	1,088.7	1,090.0	1,106.0

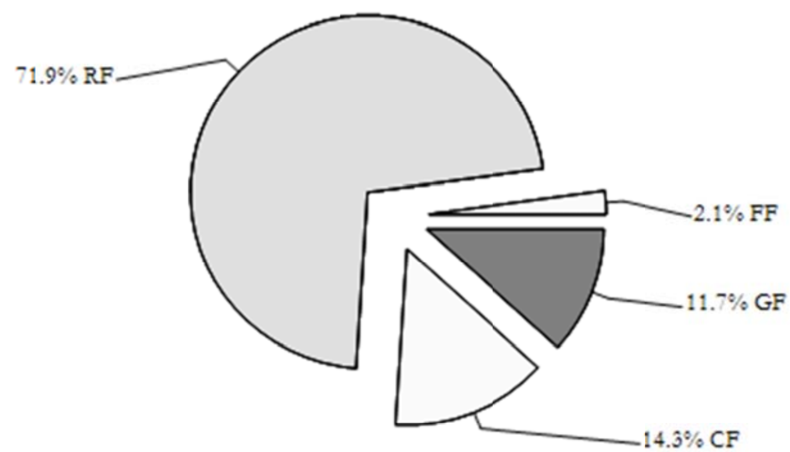
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

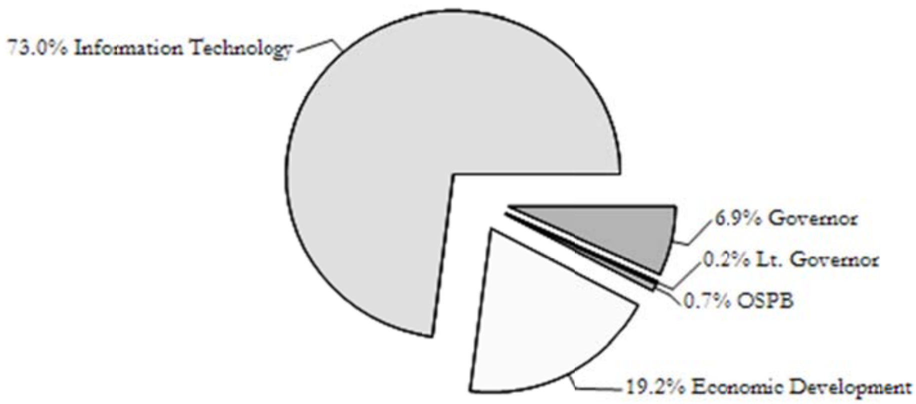


Department Funding Sources

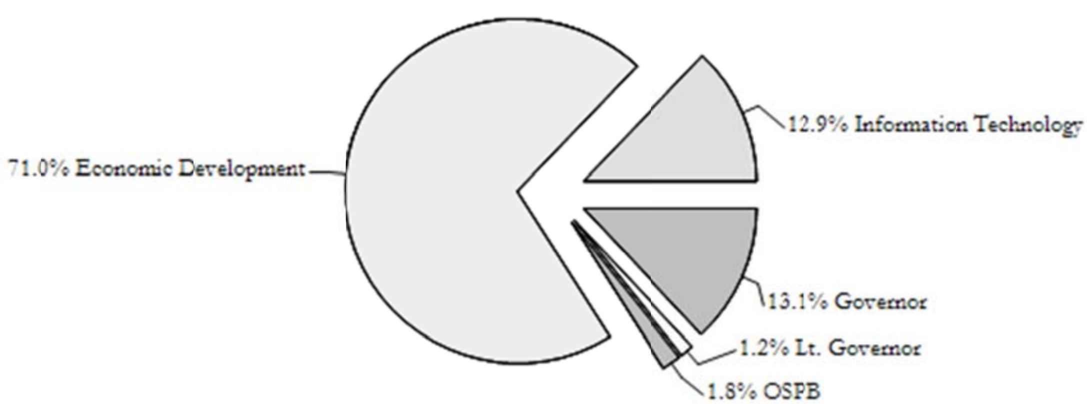


All charts are based on the FY 2016-17 appropriation.

Distribution of Total Funds by Division



Distribution of General Fund by Division



All charts are based on the FY 2016-17 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

Funding for this department consists of 11.7 percent General Fund, 14.3 percent cash funds, 71.9 percent reappropriated funds, and 2.1 percent federal funds for the current FY 2016-17 appropriation. Some of the major factors driving the Department's budget are discussed below.

OFFICE OF THE GOVERNOR (DIVISION)

Office of the Governor (division) Recent Appropriations				
FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$6,584,160	$6,124,354	$4,703,539	$4,876,707
Cash Funds	11,675,566	12,205,245	11,898,892	13,171,332
Reappropriated Funds	19,668,956	684,171	563,706	876,105
Federal Funds	3,876,657	3,868,011	3,908,145	3,877,298
TOTAL FUNDS	**$41,805,339**	**$22,881,781**	**$21,074,282**	**$22,801,442**
Full Time Equiv. Staff	67.1	67.1	65.7	64.7

*Requested appropriation.

CENTRALLY APPROPRIATED LINE ITEMS

The budget for the Office of the Governor (division) is driven by the centrally appropriated line items (e.g. health, life, and dental insurance coverage, short-term disability payments, and payments to PERA) supporting over 150 staff within several agencies of the department. The amount of funding provided is determined by common policies adopted by the General Assembly. Prior to FY 2015-16, the appropriations for centrally appropriated line items included moneys to support the employees of the Governor's Office of Information Technology. Beginning in FY 2015-16, appropriations supporting this purpose were moved to the Governor's Office of Information Technology division. This resulted in a decrease of $23.4 million reappropriated funds in this division and an increase of a like amount in the Governor's Office of Information Technology division.

COLORADO ENERGY OFFICE

The Colorado Energy Office (CEO) has historically been funded with federal money associated with weatherization projects and petroleum violation escrow funds (PVE) awarded to the State beginning in the early 1980s. PVE is a fixed source of funding, with a total allocation to Colorado of $70.5 million. In preparation for the depletion of PVE funds, CEO migrated funding for its programs to alternative sources, such as limited gaming tax revenue, which were later eliminated due to the influx of federal money from the American Recovery and Reinvestment Act of 2009 (ARRA). Under federal guidelines, the Office exhausted the ARRA money by the end of FY 2011-12.

To address the future of the Office, H.B. 12-1315 (Reorganization Of Governor's Energy Office) changed the statutory mission of CEO from promoting renewable energy and energy efficiency to encouraging all sources of energy development and created to dedicated funding streams to support the Office (Clean and Renewable Energy Cash Fund and the Innovative Energy Fund). Today, the budget for CEO is steered by transfers of money from severance tax revenue and the General Fund into numerous cash funds, per statute. The primary transfers that fund the operations of the agency are as follows:

Colorado Energy Office Cash Fund Transfers			
Cash Fund	Source	Amount	Final Statutory Transfer
Weatherization Low-Income Energy Assistance Fund	Severance Tax, Tier 2	*$6,500,000	July 1, 2018
Energy Outreach Low-Income Energy Assistance Fund	Severance Tax, Tier 2	*3,250,000	July 1, 2018
Clean and Renewable Energy Fund	General Fund	1,600,000	July 1, 2016
Innovative Energy Fund	Severance Tax, Off-the-top	1,500,000	July 1, 2016
Public School Energy Efficiency Fund	Severance Tax, Interest	210,000	September 1, 2015

*Under current law, the amount available for FY 2016-17 and FY 2017-18 is forecast to be zero.

For more information on the Colorado Energy Office and its current funding, see staff's briefing issue in this document entitled "Funding the Colorado Energy Office" and "Appendix E Colorado Energy Office RFI Response."

Office of Marijuana Policy Coordination

The Office of Marijuana Policy Coordination is housed within the Office of the Governor (division). The unit received an appropriation of $191,590 and 2.0 FTE for FY 2016-17 from the Marijuana Tax Cash Fund. Moneys in the Fund are generated from taxes collected from the sale of recreational and medicinal marijuana. The FY 2017-18 budget request seeks to close the Office of Marijuana Coordination and transfer $97,199 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE to the Office of the Governor for long-term cross-agency coordination.

OFFICE OF THE LIEUTENANT GOVERNOR

Office of the Lieutenant Governor Recent Appropriations				
Funding Source	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$316,223	$429,386	$439,027	$439,027
Cash Funds	1,184	1,184	1,184	1,184
Reappropriated Funds	0	218,825	218,825	218,825
Federal Funds	0	0	0	0
TOTAL FUNDS	**$317,407**	**$649,395**	**$659,036**	**$659,036**
Full Time Equiv. Staff	5.0	6.0	6.0	6.0

*Requested appropriation.

Base funding for the Office of the Lieutenant Governor has remained relatively constant in recent fiscal years at a level of $0.3 million total funds, with nearly all money coming from the General Fund. Beginning in FY 2015-16, the General Assembly provided an increase in appropriations for two special projects.

- Senate Bill 15-290 (Colorado Student Leaders Institute) created the Colorado Student Leaders Institute, a competitive summer residential education program for high school students. The initiative is funded by a transfer of $218,825 from the Department of Education's State Education to the Office. The moneys are used to pay for the administration (1.0 FTE) and per student costs of the Institute. This program is repealed on July 1, 2019.

- Serve Colorado, the Governor's Commission on Community Service, received an ongoing increase of $100,000 General Fund beginning in FY 2015-16. The initiative seeks to build a culture of civic engagement in the state by working in partnership with community-based organizations. Serve Colorado works under the leadership of a board of 15 Commissioners to distribute and administer Colorado's allocation of AmeriCorps State funding from the Corporation for National and Community Service.

OFFICE OF STATE PLANNING AND BUDGETING (OSPB)

Office of State Planning and Budgeting Recent Appropriations				
FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$467,297	$787,132	$638,174	$1,138,174
Cash Funds	176,454	0	0	0
Reappropriated Funds	1,519,721	1,546,654	1,578,088	1,578,088
Federal Funds	0	0	0	0
TOTAL FUNDS	**$2,163,472**	**$2,333,786**	**$2,216,262**	**$2,716,262**
Full Time Equiv. Staff	19.5	19.5	20.5	20.5

*Requested appropriation.

Base funding for the Office of State Planning and Budgeting has remained relatively constant in recent fiscal years at a level of approximately $1.5 million reappropriated funds transferred to the agency from the collection of Statewide indirect costs in other departments. Additionally, the General Assembly has provided funding to the Office for a variety of special projects in recent years, increasing General Fund appropriations gradually from zero in FY 2011-12 to $0.6 million in FY 2016-17. These projects have included a prison utilization study, the implementation of a continuous incremental process improvement program known as lean, and the implementation of a cost-benefit analysis tool dubbed Results First. For FY 2017-18, the Office requests a General Fund increase of $500,000 to provide additional process improvement training opportunities for State employees.

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE (OEDIT)

Office of Economic Development and International Trade Recent Appropriations				
FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$23,132,094	$27,836,093	$25,563,807	$22,586,489
Cash Funds	28,795,439	28,781,806	30,827,950	32,327,950
Reappropriated Funds	189,336	91,520	85,291	85,291
Federal Funds	2,442,714	2,503,598	2,482,722	2,482,722
TOTAL FUNDS	**$54,559,583**	**$59,213,017**	**$58,959,770**	**$57,482,452**
Full Time Equiv. Staff	55.6	60.3	60.3	62.3

*Requested appropriation.

Funding for the Office of Economic Development and International Trade (OEDIT) is heavily dependent on cash funds. Much of the increase in cash funds occurred in the 2006 legislative session through the passage of H.B. 06-1201 (Increase Limited Gaming Funds for Tourism). The legislation increased the amount of Limited Gaming Fund money transferred to the Colorado Travel and Tourism Promotion Fund, and authorized additional transfers to the newly created State Council on the Arts Cash Fund, Film Operations and Incentives Cash Fund, and the New Jobs Incentives Cash Fund.

Revenues available for transfer to the Limited Gaming Fund vary considerably from year to year. Senate Bill 13-133 (Distribution of State Share of Ltd Gaming Revenues) modified the distribution of the State share of the Limited Gaming Fund to bring more consistency to the transfers. Specifically, the bill amended the distribution to various cash funds at the close of each fiscal year from a percentage-based amount to a fixed-dollar amount.

Limited Gaming Tax Revenue Transfers to OEDIT per S.B. 13-133	
Travel and Tourism Promotion Fund	$15,000,000
Advanced Industries	$5,500,000
Creative Industries	$2,000,000
Film, TV, and Media	$500,000

In addition to limited gaming tax revenue, for FY 2016-17, the legislature provided OEDIT with $5.0 million General Fund to provide new job creation incentives for companies relocating to Colorado and expanding in Colorado, $4.0 million General Fund for tourism promotion, $3.1 million General Fund to accelerate the development of advanced industries in the state, and $3.0 million General Fund to provide job creation incentives for the film industry *(for more information on film incentives, see "Appendix F Economic Development Film Incentives")*.

It is important to note that OEDIT is also responsible for implementing the State's Job Growth Incentive Tax Credit program established via H.B. 09-1001 (Income Tax Credit For CO Job Growth). The incentive provides a State income tax credit equal to 50.0 percent of the Federal Insurance Contributions Act (FICA) money paid by the business on the net job growth for each calendar year in the credit period. Businesses need to create at least 20 new jobs in Colorado, with an average yearly wage of at least 110 percent of the county average wage rate based on where the business is located, and all new jobs must be maintained for at least one year after the positions are hired to qualify. For FY 2015-16, tax credits in the amount of $12.6 million were issued based on the creation of 4,086 jobs. During the same time period, 38 projects received approval for up to $149.8 million in tax credits associated with the creation of 9,901 jobs. While the Job Growth Incentive Tax Credit program does not impact State appropriations, it decreases the amount of General Fund revenue available to the State for appropriations.

GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY (OIT)

Governor's Office of Information Technology Recent Appropriations				
Funding Source	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$4,483,346	$6,694,063	$4,651,457	$10,418,539
Cash Funds	1,250,928	1,250,928	1,250,928	2,360,553
Reappropriated Funds	188,622,628	179,167,593	218,319,877	235,164,049
Federal Funds	121,000	121,000	121,000	121,000
TOTAL FUNDS	**$194,477,902**	**$187,233,584**	**$224,343,262**	**$248,064,141**
Full Time Equiv. Staff	925.9	935.8	937.5	952.5

*Requested appropriation.

In May 2007, the Governor issued an executive order to begin centralizing the management of executive branch information technology resources in the Governor's Office of Information Technology (OIT). The purpose was to address infrastructure, purchasing, project planning and delivery, asset management, and strategic leadership needs. Senate Bill 08-155 (Centralize IT Management In OIT) statutorily consolidated the responsibility for information technology oversight of most of the State's executive branch agencies in OIT.

Specifically, S.B. 08-155 transferred several information technology functions and staff positions from various State agencies to OIT in FY 2008-09. The largest single agency transfer involved moving the Division of Information Technology from the Department of Personnel and Administration, along with its 178.8 FTE, to OIT. The Division of Information Technology transfer included the General Government Computer Center (GGCC), telecommunications coordination, public safety communications planning and maintenance, and Statewide information technology management and support functions. Additionally, the Department's FY 2008-09 appropriation included the transfer of 33.4 FTE from various State agencies to OIT as part of the migration of agency chief information officers to OIT.

Senate Bill 08-155 also allowed for the transfer of other information technology employees from State agencies to OIT between July 1, 2008 and July 1, 2012. Per statutory authority, the State Chief Information Officer, department executive directors, and department chief information officers jointly identified the additional positions and functions affiliated with the management and administration of each agency's information technology resources and enterprises to be transferred to OIT. The Department's FY 2010-11 appropriation included a transfer of 680.7 FTE and $57.7 million from State agencies to OIT.

Funding historically dedicated to the associated information technology staff in specific State agencies and programs continues to be appropriated to those agencies in order for them to maintain consistency of program, State, and federal funding streams and reporting standards. Agencies make payments to OIT for their share of information technology staff payroll costs, including centrally appropriated items and personal services expenses. The payments are made from an information technology common policy line item (Payments to OIT) appropriation.

Outside of OIT's collection of recoverable costs associated with the information technology common policy, expenses for the operation of the Colorado Benefits Management System (CBMS) are billed directly to the Department of Human Services and Department of Health Care Policy and Financing. Beginning with the passage of H.B. 12-1339 (Colorado Benefits Management System Project), CBMS has played a prominent role in OIT's annual budget. The bill reappropriated funds to OIT from the Department of Human Services and the Department of Health Care Policy and Financing, and implemented a system of oversight for the project.

CBMS Modernization Project Appropriations to OIT	
FY 2011-12	$8,950,260
FY 2012-13	12,279,762
FY 2013-14	14,571,587
FY 2014-15	35,342,773
TOTAL	**$71,144,382**

For FY 2016-17, OIT received an increase of $22.4 million reappropriated funds transferred from the Department of Human Services and Department of Health Care Policy and Financing for operating CBMS.

The following table summarizes total appropriation levels for OIT for FY 2009-10 through FY 2016-17. This period includes the Office's budget from the beginning of the consolidation of information technology personnel resources through the full implementation of the personnel consolidation.

OFFICE OF INFORMATION TECHNOLOGY - FY 2009-10 THROUGH FY 2016-17 (DOLLARS IN MILLIONS)								
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
FTE	218.8	898.8	902.8	897.5	920	925.9	935.8	937.5
Change	(3.7%)	310.8%	0.4%	(0.6%)	2.5%	0.6%	1.1%	0.2%
Appropriation	$45.0	$122.0	$125.7	$136.3	$151.4	$194.5	$187.2	$224.3
Change	(3.9%)	171.1%	3.0%	8.4%	11.1%	28.5%	(3.8%)	19.8%

Note, pursuant to S.B. 14-169 (Office Of Information Technology Reports To GA), the Governor's Office of Information Technology (OIT) is required to annually submit an inventory and refresh cycle information to the Joint Budget Committee and the Joint Technology Committee for specific types of information technology assets. To read staff's summary of the Office's report submitted on November 1, 2016, please see "Appendix G IT Asset Report."

SUMMARY: FY 2016-17 APPROPRIATION & FY 2017-18 REQUEST

Governor - Lieutenant Governor - State Planning And Budgeting	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Appropriation:						
HB 16-1405 (Long Bill)	306,849,429	35,996,004	43,978,954	220,362,604	6,511,867	1,090.0
Other legislation	403,183	0	0	403,183	0	0.0
TOTAL	**$307,252,612**	**$35,996,004**	**$43,978,954**	**$220,765,787**	**$6,511,867**	**1,090.0**
FY 2017-18 Appropriation:						
FY 2016-17 Appropriation	$307,252,612	35,996,004	$43,978,954	$220,765,787	$6,511,867	1,090.0
Office of the Governor						
R1 (GOV) Marijuana Office sunset	(103,030)	0	(103,030)	0	0	(1.0)
R2 (GOV) LEAN initiatives	500,000	500,000	0	0	0	0.0
Colorado Energy Office						
R1 (CEO) Reauthorization of Clean and Innovative Fund	5,100,000	0	5,100,000	0	0	24.0
Office of Economic Development and International Trade						
R1 (OEDIT) EDC reauthorization	5,000,000	5,000,000	0	0	0	5.0
R2 (OEDIT) Outdoor Rec FTE	97,500	97,500	0	0	0	1.0
Office of Information Technology						
R1 (OIT) Secure Colorado	3,091,644	0	0	3,091,644	0	7.0
R2 (OIT) CO Technology Advancement and Emergency Fund	2,000,000	2,000,000	0	0	0	0.0
R3 (OIT) Marijuana data coordination	1,109,625	0	1,109,625	0	0	0.0
R4 (OIT) Deskside staffing	1,095,218	0	0	1,095,218	0	8.0
R5 (OIT) Enterprise applications realignment	0	0	0	0	0	0.0
R6 (OIT) Department of Revenue telephone replacement	791,172	0	0	791,172	0	0.0
Other Changes						
Annualize prior year budget actions	2,071,152	(5,000,000)	0	7,071,152	0	(4.0)
Centrally appropriated line items	1,505,615	216,027	(24,530)	1,344,965	(30,847)	0.0
Technical changes	1,500,000	0	1,500,000	0	0	0.0
Non-prioritized request items	403,358	23,035	0	380,323	0	0.0
Annualize prior year legislation	308,467	626,370	(3,700,000)	3,382,097	0	(24.0)
TOTAL	**$331,723,333**	**$39,458,936**	**$47,861,019**	**$237,922,358**	**$6,481,020**	**1,106.0**
INCREASE/(DECREASE)	$24,470,721	$3,462,932	$3,882,065	$17,156,571	($30,847)	16.0
Percentage Change	8.0%	9.6%	8.8%	7.8%	(0.5%)	1.5%

Office of the Governor

R1 (GOV) Marijuana Office sunset: The request includes a decrease $103,030 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE for FY 2017-18 to close the Office of Marijuana Coordination and transfer the remaining $97,199 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE to the Office of the Governor for long-term cross-agency coordination. The submittal indicates that the short-term work of the Office of Marijuana Coordination is approaching completion and the remaining work related to the State's implementation of medical and recreational marijuana policy can be absorbed by agencies in conjunction with the 1.0 FTE requested for transfer to the Office of Governor proper.

Note, a budget change such as the one requested does not require a statutory change. However, statutory changes are required to sunset the Office of Marijuana Coordination and changes have been requested. The provisions of current law requested to be amended include sections related directly to the creation and duties of the Office (Sections 24-38.3-101 and 102, C.R.S.), as well as references to the Office included in other sections of statute (e.g. Section 25-3.5-1006, C.R.S.)

R2 (GOV) LEAN INITIATIVES: The request seeks an increase of $500,000 General Fund for FY 2017-18 to provide process improvement and LEAN training opportunities to State employees. The Office of State Planning and Budgeting currently has funds in its base appropriation to administer a training program to approximately 80 State employees each year. The Office indicates that this program, dubbed the Performance Management Academy, is not sufficiently funded to build on its successes and to meet the training needs of a larger number of State employees. The goal of the request requested is to scale up the Academy through a new delivery mechanism in conjunction with the Department of Personnel's Center for Organizational Effectiveness. The requested money would be used to provide equal matching funds to State agencies to increase training opportunities. The Office estimates that this appropriation would provide training for approximately 500 additional State employees.

COLORADO ENERGY OFFICE

R1 (CEO) REAUTHORIZATION OF CLEAN AND INNOVATIVE FUND: The request includes two components, each requiring statutory changes:

- The Colorado Energy Office received its final annual transfer of $1.6 million General Fund to the Clean and Renewable Energy Fund on July 1, 2016. This transfer occurred for five consecutive fiscal years. Additionally, the Office received its final annual transfer of $1.5 million of "off-the-top" severance tax to the Innovative Energy Fund on July 1, 2016. This transfer occurred for five consecutive fiscal years, as well. The Office requests that these two transfers be reauthorized for five additional fiscal years. These transfers have historically been used to fund the personal services and operating expenses associated with the Office's functions.

- Under current law, the Colorado Energy Office receives an annual transfer of up to $6.5 million from Tier 2 of the Operational Account of the Severance Tax Trust Fund to the Colorado Energy Office Low-income Energy Assistance Fund. This transfer is used by the Office to improve home energy efficiency through various weatherization initiatives. Per the September 2016 Legislative Council Services economic forecast, this transfer will not occur in FY 2016-17 or FY 2017-18 due to a decrease in the collection of severance tax revenue. To continue providing weatherization services in the absence of revenue from severance tax collections, the Office requests a transfer of $2.0 million General Fund to the Colorado Energy Office Low-income Energy Assistance Fund for five years beginning on July 1, 2017.

For more information on the Colorado Energy Office and its current funding, see staff's briefing issue in this document entitled "Funding the Colorado Energy Office" and "Appendix E Colorado Energy Office RFI Response."

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

R1 (OEDIT) EDC REAUTHORIZATION: The Office of Economic Development and International Trade seeks a 10 year extension of the July 1, 2017 repeal date for the statutory provisions that create, authorize, and delineate the responsibilities of the Colorado Economic Development Commission. Additionally, the Office asks for a continuation-level appropriation of $5.0 million General Fund for FY 2017-18 and future years to fund the activities of the Commission.

For more information on this request, see staff's briefing issue in this document entitled "Reauthorization of the Economic Development Commission."

R2 (OEDIT) OUTDOOR REC FTE: The request includes an increase of $97,500 General Fund and 1.0 FTE for FY 2017-18 for the Office of Economic Development and International Trade to hire a Deputy Director for the Colorado Outdoor Recreation Industry Office (ORec Office). The ORec Office provides a central point of contact, advocacy, and support at the state level for the constituents, businesses, communities, and groups that rely on the continued health of the outdoor recreation industry in Colorado for their economic well-being. This Office is currently staffed by one individual at the director level.

OFFICE OF INFORMATION TECHNOLOGY

R1 (OIT) SECURE COLORADO: The request seeks an increase of $3,091,644 reappropriated funds transferred from State agencies to the Office of Information Technology and 7.0 FTE for FY 2017-18 for several initiatives related to the State's cybersecurity program known as "Secure Colorado." The initiatives include:

- An internship program to hire and train skilled military veterans;
- Acquiring a governance, risk, and compliance tool (GRC) to document security controls;
- Hiring additional staff to conduct internal and vendor security compliance monitoring;
- Adding to the existing capabilities of the Office of Information Technology to address existing high-risk security audit findings and build-out the capability to more quickly assess high-priority security needs; and
- Deploying a multi-factor authentication tool for enterprise identity management.

FY 2017-18 Secure Colorado Request		
Item	Amount	FTE
Veterans Internship Program	$912,125	1.0
Governance, Risk, and Compliance Tool	476,506	2.0
Internal and Vendor Security Compliance Monitoring	453,013	4.0
High-risk Security Audit Findings / High Priority Threats	250,000	0.0
Identity Management	1,000,000	0.0
Total	**$3,091,644**	**7.0**

R2 (OIT) CO TECHNOLOGY ADVANCEMENT AND EMERGENCY FUND: The request includes an increase of $2,000,000 General Fund for FY 2017-18 and future fiscal years for the Office of Information Technology to make emergency IT expenditures, address deferred maintenance of State agency IT assets (network, systems, and voice), and to provide additional services as requested (but not funded) by State agencies. The requested money would be divided as follows:

- Emergency IT Expenditures – $500,000;
- Deferred Maintenance of IT Assets – $1,000,000; and
- Additional Services for Agencies – $500,000.

The request indicates that an "IT Advancement Steering Committee" would be formed to review project status, allocate or revoke funding, and provide oversight to the technical operations of OIT as it relates to expenditures of money appropriated for these purposes. This committee would consist of five members at the Executive Director or Deputy Executive Director level from executive branch agencies under the legal jurisdiction of OIT.

R3 (OIT) MARIJUANA DATA COORDINATION: The request seeks $1,109,625 cash funds from the Marijuana Tax Cash Fund for FY 2017-18 to create a data platform to identify, locate, assimilate, store, analyze, disseminate, and present marijuana-related information. A report commissioned by the Colorado Department of Public Safety found that the State has a medium to low capability to collect data related to the impact of legalized marijuana. The current model for exchanging data between agencies results in out-of-date information, issues with data ownership, issues with data security, and issues with data formatting. This request aims to correct these deficiencies.

Specifically, OIT will develop tools to bring together data from all data owners in real-time for use in a variety of applications specific to agency needs. This solution does not seek to remove data from its existing databases, but rather calls for a series of tools that access the data in a secure manner so that it can be combined with other data within applications used by agencies.

R4 (OIT) DESKSIDE STAFFING: The request includes an increase of $1,095,218 reappropriated funds transferred from State agencies to the Office of Information Technology and 8.0 FTE for FY 2017-18 to add staff and contract resources to the Office's End User Deskside team. This unit, consisting of 112 employees, services State employee computer devices, including peripheral equipment, such as printers. The Office indicates that the industry standard for deskside staff to customers is 1:175. OIT's current ratio is 1:253 and this request seeks to move the Office to a ratio of 1:220.

For FY 2015-16, the group received 26,078 change orders, had an average of 1,194 open at the end of each month, and had an average resolution time of 10.22 days. Note, in FY 2015-16, OIT took the short-term step of enlisting six contract resources to address the backlog. For FY 2014-15, without the contract resources made available for one year, the average resolution time was 19.08 days.

R5 (OIT) ENTERPRISE APPLICATIONS REALIGNMENT: The request seeks a budget neutral transfer of appropriations between line items in the Office of Information Technology for FY 2017-18 to modify the current organizational structure of the unit providing support and maintenance of approximately 1,700 applications for 17 State agencies. The current organizational structure is based on a model of employees serving the needs of a specific application for a specific agency. As the number of applications has been reduced through a General Assembly-funded project dubbed "eliminate redundant applications," the need to budget at the agency-type level (e.g. health services) has been replaced with a need to budget at the technology-level (e.g. shared services vs. agency services).

R6 (OIT) DEPARTMENT OF REVENUE TELEPHONE REPLACEMENT: The request includes an increase of $791,172 reappropriated funds transferred from the Department of Revenue to the Office of Information Technology for FY 2017-18 to replace the legacy telecommunications system at six of the Department of Revenue's locations.

Department of Revenue Telephone Replacement Equipment Count			
Location	Phones	Voicemail	Call Center Agents
1881 Pierce	806	800	200
1375 Sherman	176	176	127
720 S. Colorado	109	109	0
17301 Colfax	68	68	0
350 W. Carr	32	32	0
147 Lawrence	48	48	0
Total	**1,239**	**1,233**	**327**

Department of Revenue Telephone Replacement Budget			
Item	FY 2017-18	FY 2018-19	FY 2019-20 and Beyond
Phones	$438,606	$438,606	$438,606
Voicemail	88,776	88,776	88,776
Call Center Services	128,790	128,790	128,790
Project Management	135,000	67,500	0
Total	**$791,172**	**$723,672**	**$656,172**

OTHER CHANGES

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments related to prior year budget actions, primarily decision items. The table below itemizes each requested annualization for FY 2017-18.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize CBMS/PEAK annual base adjustment	$4,009,792	$0	$0	$4,009,792	$0	0.0
Annualize HRIS/KRONOS capital project into operating budget	3,043,760	0	0	3,043,760	0	0.0
Annualize Voice services spending authority	300,854	0	0	300,854	0	0.0
Annualize CBMS client correspondence	59,844	0	0	59,844	0	0.0
Annualize OIT End user configuration management tool	6,605	0	0	6,605	0	0.0
Annualize prior year salary survey	0	0	0	0	0	0.0
Annualize EDC authority	(5,000,000)	(5,000,000)	0	0	0	(4.0)
Annualize HCPF Legacy systems and technology support	(325,000)	0	0	(325,000)	0	0.0
Annualize Niche Records Management System	(24,703)	0	0	(24,703)	0	0.0
TOTAL	**$2,071,152**	**($5,000,000)**	**$0**	**$7,071,152**	**$0**	**(4.0)**

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; payment to risk management and property funds; Capitol complex leased space; and Payments to OIT. *With the exception of the Payments to OIT line item, all of these requests will be addressed in a separate staff briefing presented by Alfredo Kemm for the Department of Personnel on Wednesday, December 7th. The Payments to OIT request is addressed in a briefing issue in this document entitled "Statewide Information Technology Base Budget Request."* The table below itemizes each requested centrally appropriated line item adjustment for FY 2017-18.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	$2,305,604	$173,146	$103,841	$2,004,506	$24,111	0.0
Health, life, and dental adjustment	534,864	146,987	(1,691)	358,363	31,205	0.0
Indirect cost assessment adjustment	283,026	(283,026)	0	566,052	0	0.0
SAED adjustment	247,607	21,503	(33,341)	272,813	(13,368)	0.0
AED adjustment	205,589	18,382	(35,700)	236,882	(13,975)	0.0
Capitol Complex leased space adjustment	105,715	56,325	0	49,390	0	0.0
Workers' compensation adjustment	98,246	10,153	0	88,093	0	0.0
Legal services adjustment	28,193	17,290	1,546	9,357	0	0.0
Leased space adjustment	24,000	0	0	24,000	0	0.0
Short-term disability adjustment	2,491	655	(1,368)	3,737	(533)	0.0
Payments to OIT adjustment	(2,187,346)	223,573	0	(2,410,919)	0	0.0
Payment to risk management / property funds adjustment	(86,281)	(27,473)	0	(58,808)	0	0.0
CORE adjustment	(53,777)	(141,488)	(57,817)	203,815	(58,287)	0.0
Shift differential adjustment	(2,316)	0	0	(2,316)	0	0.0
TOTAL	**$1,505,615**	**$216,027**	**($24,530)**	**$1,344,965**	**($30,847)**	**0.0**

TECHNICAL CHANGES: Represents revenue forecast adjustments and various technical adjustments included in the FY 2017-18 appropriation request.

TECHNICAL CHANGES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Advanced industries true-up	$1,500,000	$0	$1,500,000	0.0

NON-PRIORITIZED REQUEST ITEMS: Includes the annual fleet vehicle request from the Department of Personnel and the Office of the Governor's (division) share of the Secure Colorado decision item in the Office of Information Technology. *The annual fleet vehicle change request item will be addressed in a separate staff briefing presented by Alfredo Kemm for the Department of Personnel on Wednesday, December 7th. The Secure Colorado request item is addressed in a briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."* The table below itemizes each requested non-prioritized item for FY 2017-18.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP OIT HCPF Benefit Utilization System (BUS)	$325,000	$0	$0	$325,000	$0	0.0
NP DPA OAC Electronic Case MS	54,429	0	0	54,429	0	0.0

Non-prioritized Request Items						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
NP OIT Secure Colorado	15,652	15,652	0	0	0	0.0
NP OIT Deskside support	6,259	6,259	0	0	0	0.0
NP Annual fleet vehicle request	2,018	1,124	0	894	0	0.0
TOTAL	**$403,358**	**$23,035**	**$0**	**$380,323**	**$0**	**0.0**

Annualize prior year legislation: The request includes adjustments related to prior year legislation. The table below itemizes each requested annualization for FY 2017-18.

Annualize Prior Year Legislation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize HB 14-1203 (Funding For Digital Trunked Radio Sys Maintenance)	$7,400,000	$3,700,000	$0	$3,700,000	$0	0.0
Annualize SB 16-069 (Community Paramedicine Regulation)	38,080	0	0	38,080	0	0.0
Annualize HB 12-1315 (Reorganization Of Governors Energy Office)	(3,700,000)	0	(3,700,000)	0	0	(24.0)
Annualize HB 14-1011 (Advanced Industry Economic Development Funding)	(3,073,630)	(3,073,630)	0	0	0	0.0
Annualize HB 16-1227 (Exemptions Child Support Reqmnts Child Care Assist)	(268,562)	0	0	(268,562)	0	0.0
Annualize HB 16-1047 (Interstate Medical Licensure Compact)	(66,100)	0	0	(66,100)	0	0.0
Annualize SB 16-030 (Motor Vehicle Weight Violation Surcharges)	(12,566)	0	0	(12,566)	0	0.0
Annualize HB 16-1097 (PUC Permit For Medicaid Transportation Providers)	(8,755)	0	0	(8,755)	0	0.0
TOTAL	**$308,467**	**$626,370**	**($3,700,000)**	**$3,382,097**	**$0**	**(24.0)**

ISSUE: FUNDING THE COLORADO ENERGY OFFICE

Current law funds the operations of the Colorado Energy Office primarily with a combination of General Fund money and revenue from severance tax that is annually transferred into cash funds. The Office requests, and staff recommends, that the Joint Budget Committee sponsor legislation to continue funding the Office's operations via transfers into its cash funds through FY 2021-22.

SUMMARY

- The mission of the Colorado Energy Office is to improve the effective use of all of Colorado's energy resources and the efficient consumption of energy in all economic sectors by providing technical guidance, financial support, policy advocacy, and public communications;

- The operations of the Office are funded with a combination of General Fund money and revenue from severance tax that is annually transferred into three cash funds. The final statutory transfers into two of three cash funds occurred on July 1, 2016. The third cash fund, which supports the Office's weatherization programming, is not forecast to receive any funding for FY 2016-17 or FY 2017-18 due to a decline in severance tax collections; and

- The Office requests that the Joint Budget Committee sponsor legislation during the 2017 session to reauthorize the annual transfer of General Fund money and revenue from severance tax into two cash funds for an additional five years to fund its overall operations. Additionally, the Office requests an annual transfer of General Fund into the cash fund that supports its weatherization programming to partially offset lost revenue from decreased severance tax collections.

RECOMMENDATION

Staff recommends that the Joint Budget Committee sponsor legislation to continue funding the operations of the Colorado Energy Office for an additional five years with General Fund and revenue from severance tax collections. Additionally, staff recommends that the Committee deny the Office's request to backfill severance tax funding with General Fund transfers for weatherization programming and instead consider year-to-year direct General Fund appropriations as part of the annual figure setting process for the Office, beginning with FY 2017-18.

DISCUSSION

Background

Beginning on July 1, 2012, via H.B. 12-1315 (Reorganization Of Governor's Energy Office), the focus of the Colorado Energy Office statutorily changed from promoting renewable energy and energy efficiency to encouraging all sources of energy development. Specifically, the post-2012 mission of the Office is:

> "To improve the effective use of all of Colorado's energy resources and the efficient consumption of energy in all economic sectors by providing technical guidance, financial support, policy advocacy and public communications."

Today, the Office structure to accomplish this redefined mission consists of a Director position and the following units:

- Policy and Research (6.0 FTE);
- Finance and Operations (7.0 FTE);
- Administration and Communications (4.0 FTE);
- Programs and Initiatives (7.5 FTE); and
- Low-income Energy Services (9.0 FTE).

Current law funds the operations of the Colorado Energy Office (CEO) primarily with a combination of General Fund money and revenue from severance tax that is annually transferred into continuously appropriated cash funds on July 1st of each year. These transfers are made into the following funds:

Funding the Operations of the Colorado Energy Office				
Cash Fund	Source	Amount	Final Statutory Transfer	Appropriation Type
Low-Income Energy Assistance Fund	Severance Tax, Tier 2	*$6,500,000	July 1, 2018	Continuous
Clean and Renewable Energy Fund	General Fund	1,600,000	July 1, 2016	Continuous
Innovative Energy Fund	Severance Tax, Off-the-top	1,500,000	July 1, 2016	Continuous

*Under current law, the amount available for FY 2016-17 and FY 2017-18 is forecast to be zero.

- Low-Income Energy Assistance Fund (Section 40-8.7-112 (3)(a), C.R.S.) – Money is statutorily earmarked to improve the home energy efficiency of low-income households. The Office uses the funds to retrofit households with low-cost and cost-effective energy efficiency measures through the state weatherization assistance program, to provide heating system and other appliance replacement, to supplement available funding for energy efficiency measures or services offered to low-income households through electric or gas utility energy efficiency or renewable energy programs, and to pay a portion of the cost for energy efficiency upgrades to new housing built for low-income families.

- Clean and Renewable Energy Fund (Section 24-38.5-102.4, C.R.S.) – Money is statutorily earmarked, and used by the Office, for multiple purposes:

    - To attract renewable energy industry investment in the state;
    - To assist in technology transfer into the marketplace for newly developed energy efficiency and renewable energy technologies;
    - To provide market incentives for the purchase and distribution of energy efficient and renewable energy products;
    - To assist in the implementation of energy efficiency projects throughout the state;
    - To aid governmental agencies in energy efficiency government initiatives;
    - To facilitate widespread implementation of renewable energy technologies; and
    - In any other manner that serves the purposes of advancing energy efficiency and renewable energy throughout the state.

- Innovative Energy Fund (Section 24-38.5-102.5, C.R.S.) – The Fund may be used to support existing, new, or emerging technologies that enable the use of a local fuel source, establish a more efficient or environmentally beneficial use of energy, and help to create energy independence or energy security for the state. Money is statutorily earmarked, and used by the Office, for multiple purposes:

- To overcome market barriers facing emerging and cost-effective energy technologies;
- To promote robust research, development, commercialization, and financing of innovative energy technologies;
- To educate the general public on energy issues and opportunities;
- To attract innovative energy industry investment in the state;
- To assist in technology transfer into the marketplace for newly developed innovative energy efficiency technologies;
- To provide market incentives for the purchase and distribution of efficient innovative energy products;
- To assist in the implementation of innovative energy efficiency projects throughout the state;
- To aid governmental agencies in innovative energy efficiency government initiatives;
- To facilitate widespread implementation of innovative energy technologies; and
- In any other manner that serves the purposes of advancing innovative energy efficiency throughout the state.

Office Performance

Following the reorganization of the Colorado Energy Office via H.B. 12-1315, the Joint Budget Committee submitted an annual request for information to the Office seeking the following:

> "The Colorado Energy Office is requested to submit a report to the Joint Budget Committee on November 1st. At a minimum, the report shall specify the following information with regard to the programs administered by the Office in the most recent fiscal year: (1) the amount of moneys expended in the most recent fiscal year from the Clean and Renewable Energy Fund, Innovative Energy Fund, Colorado Low-income Energy Assistance Fund, and Public School Energy Efficiency Fund; (2) the goals and objectives that the moneys in section (1) were intended to achieve; (3) the performance measures used by the Office to monitor the status of moneys outlined in section (1) against said measures; and (4) the status of the performance measures outlined in section (3)."

The Office has responded to all components of this request on annual basis with a detailed report. Each year Joint Budget Committee staff reviews this report, provides it to the Committee during the briefing process for its review, and monitors the results to ensure that the funding provided by the General Assembly is expended in a manner consistent with legislative intent to achieve its stated goals. Through this process, the Office has demonstrated an ability to set meaningful and measureable goals that align with statutory parameters and are consistent with available funds. In terms of performance, the Office has successfully met the majority of its goals. *To review the most up-to-date version of its performance report, please see "Appendix E: Colorado Energy Office RFI Response" of this document.*

Issues

There are two issues that must be addressed if the General Assembly wishes to continue funding the operations of the Colorado Energy Office:

1 Operating Funding Transfers Expire – The Office received its final annual transfer of $1.6 million General Fund to the Clean and Renewable Energy Fund on July 1, 2016 for use in FY 2016-17. This transfer occurred for five consecutive fiscal years. Additionally, the Office received its final annual transfer of $1.5 million of "off-the-top" severance tax to the Innovative Energy Fund on July 1, 2016 for use in FY 2016-17. This transfer occurred for five consecutive fiscal years, as well. Money does not remain in either of these cash funds to cover the operating costs of the Office for FY 2017-18.

2 Energy Assistance Funding Shortfall – Per the September 2016 Legislative Council Services economic forecast, the transfer of up to $6.5 million from Tier 2 of the Operational Account of the Severance Tax Trust Fund to the Low-income Energy Assistance Fund will not occur in FY 2016-17 or FY 2017-18 due to a decrease in the collection of severance tax revenue.

Proposed Solution
The Office requests that the Joint Budget Committee sponsor legislation to mitigate the issues listed above. The legislation would accomplish the following:

- Reauthorize the annual transfer of $1.6 million General Fund to the Clean and Renewable Energy Fund for five additional years beginning on July 1, 2017. Specifically, the Office requests amending Section 24-38.5-102.4, (III) (A), C.R.S. as follows:

  > "On July 1, ~~2013~~ 2017, and each July 1 thereafter through July 1, ~~2016~~ 2021, one million six hundred thousand dollars shall be transferred by the state treasurer from the general fund to the clean and renewable energy fund."

- Reauthorize the annual transfer of $1.5 million from "off-the-top" severance tax revenue to the Innovative Energy Fund for five additional years beginning on July 1, 2017. Specifically, the Office requests amending Section 39-29-108 (2) (a) (I), C.R.S. as follows:

  > "Of the total gross receipts realized from the severance taxes imposed on minerals and mineral fuels under the provisions of this article after June 30, 2012, one million five hundred thousand dollars shall be annually transferred on July 1, ~~2012~~ 2017, and each July 1 thereafter through July 1, ~~2016~~ 2021, to the innovative energy fund created in section 24-38.5-102.5, C.R.S."

- To continue providing weatherization services in the absence of revenue from severance tax collections, the Office requests a transfer of $2.0 million General Fund to the Colorado Energy Office Low-income Energy Assistance Fund for five years beginning on July 1, 2017. Specifically, the Office requests adding a provision Section 40-8.7-112, C.R.S. as follows:

  > "ON JULY 1, 2017, AND EACH JULY 1 THEREAFTER THROUGH JULY 1, 2021, TWO MILLION DOLLARS SHALL BE TRANSFERRED BY THE STATE TREASURER FROM THE GENERAL FUND TO THE COLORADO ENERGY OFFICE LOW-INCOME ENERGY ASSISTANCE FUND."

Additionally, the Office requests four statutory clean-ups to reflect its current programming:

1 Repeal the Green Building Incentive Program due to the completion of the pilot initiative (Section 24-38.5-201 et seq., C.R.S.);

2 Repeal the Colorado Clean Energy Finance Program as the partnership with the Treasurer's Office was never implemented (Section 24-38.7-101 et seq., C.R.S.);

3 Repeal the Wind for School Grant Program due to this federal program's level of inactivity (Section 22-89-101 et seq., C.R.S.); and

4 Modify Section 24-38.5-102.5 (2) (c) (II), C.R.S. to eliminate language indicating that terms and conditions for making grants or loans from the Innovative Energy Fund "shall be limited to innovative energy efficiency projects and policy development." The Office indicates that this restriction unnecessarily limits its ability to expend funds to achieve the legislative intent of the Innovative Energy Fund by not allowing grants and loans to be issued within the traditional energy sector.

Recommendation
Staff recommends that the Joint Budget Committee sponsor legislation to continue funding the operations of the Colorado Energy Office with General Fund and revenue from severance tax collections for an additional five years. Specifically, staff recommends the following:

1 As requested, reauthorize the annual transfer of $1.6 million General Fund to the Clean and Renewable Energy Fund for five additional years beginning on July 1, 2017. Staff considered recommending an ongoing direct appropriation of $1.6 million General Fund beginning in FY 2017-18 rather than a statutory transfer of General Fund into a cash fund. The advantage of the statutory transfer currently in place and requested to be continued into the future, however, is that statute clearly delineates how the moneys shall be expended by the Office. Statute provides more direction to the Office on the General Assembly's intent of the funding than is provided via a direct General Fund appropriation made to a line item in the Long Bill.

2 Amend statute governing the appropriation method of money in the Clean and Renewable Energy Fund to the Office from continuously appropriated to annually appropriated. This change is not requested by the Office. However, staff recommends an annual appropriation to provide the General Assembly with a yearly opportunity to review and adjust the Office's cash fund spending authority from the Clean and Renewable Energy Fund based on the Office's performance and needs.

3 As requested, reauthorize the annual transfer of $1.5 million from "off-the-top" severance tax revenue to the Innovative Energy Fund for five additional years beginning on July 1, 2017.

4 Amend statute governing the appropriation method of money in the Innovative Energy Fund to the Office from continuously appropriated to annually appropriated. This change is not requested by the Office. However, staff recommends an annual appropriation to provide the General Assembly with a yearly opportunity to review and adjust the Office's cash fund spending authority from the Innovative Energy Fund based on the Office's performance and needs.

5 Deny the Office's request to transfer $2.0 million General Fund to the Colorado Energy Office Low-income Energy Assistance Fund for five years beginning on July 1, 2017 to continue providing services in the absence of revenue from severance tax collections. Staff is sympathetic to the Office's desire to identify alternative funds to continue to improve the home energy efficiency of low-income households in the state in the absence of severance tax revenue. Given the volatility of severance tax revenue collections, though, it is feasible (but not predicted) that revenue to fully fund the Office's allocation of Tier 2 severance tax funding for home energy efficiency will materialize. If the General Assembly were to grant the statutory request to transfer $2.0 million General Fund into the Colorado Energy Office Low-income Energy Assistance Fund for the next five years, there is potential that the Office could be appropriated funds in excess of the $6.5 million in State money that is currently earmarked for its program. *(Note, the current funding level of $6.5 million does not provide sufficient money to meet the total number of 600,000 weatherization-eligible households.)* Instead, staff recommends that the Joint Budget Committee consider providing a year-to-year direct appropriation of General Fund to the Office for its home energy efficiency program during the annual figure setting process, beginning with FY 2017-18. This provides the General Assembly with annual flexibility to adjust General Fund appropriations based on the availability of severance tax revenue.

6 As requested, include in the Committee-sponsored legislation the Office's requests for four statutory clean-ups to reflect its current programming.

7 Include other provisions in the Committee-sponsored legislation that correspond to relevant recommendations included in the Office of the State Auditor's performance audit of the Colorado Energy Office. This audit is required by statute to occur no later than January 15, 2017, and is slated to be presented to the Legislative Audit Committee on January 10, 2017.

ISSUE: REAUTHORIZATION OF THE ECONOMIC DEVELOPMENT COMMISSION

The statutory provisions that create and delineate the roles and responsibilities of the Economic Development Commission are slated to expire on July 1, 2017. The Office requests, and staff recommends, that the Joint Budget Committee sponsor legislation to extend repeal of the Commission to July 1, 2027.

SUMMARY

- Created in 1987, the Colorado Economic Development Commission is tasked with encouraging, promoting, and stimulating economic development and employment in Colorado;

- The statutory provisions that create and delineate the roles of the Commission are scheduled to expire on July 1, 2017. By statute the EDC is required to play an active role in approving financial incentives and awards, setting policies, and overseeing many programs administered by the Office of Economic Development and International Trade; and

- If the authorization of the EDC repeals on July 1, 2017, the Office will not be able to offer a variety of its programs, as required by statute. The Office requests that the Joint Budget Committee sponsor legislation during the 2017 session to extend repeal of the Commission to July 1, 2027.

RECOMMENDATION

Staff recommends that the Joint Budget Committee sponsor legislation to reauthorize the Economic Development Commission and its duties related to directly providing incentives, overseeing various other job creation incentive programs within the Office of Economic Development and International Trade, and administering the Colorado Economic Development Fund.

DISCUSSION

Background

The Colorado Economic Development Commission (EDC) was created in 1987. The Commission includes four members appointed by the governor (at least one person from west of the continental divide and one person from the eastern slope), two members appointed by the Speaker of the House of Representatives, and two members appointed by the President of the Senate. Additionally, after September 1, 2013, the commission now includes two additional members (one appointed by the Speaker of the House and one appointed by the President of the Senate) to represent advanced industries. The commission meets at least once each quarter, and members serve without compensation, but re entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties.

Broadly, the EDC is tasked with encouraging, promoting, and stimulating economic development and employment in Colorado. It accomplishes its mission by developing incentive packages (in the form of financial assistance such as loans, grants, and local match requirements) and package operating guidelines to assist with existing business expansions and new company relocations. One of the EDC's primary programs is known as the Strategic Fund. The Strategic Fund is a cash incentive program whereby businesses must create and maintain permanent net new jobs for one year before receiving an incentive. The incentive amount is based on a cost per job calculation that considers annual average wage rate (county level), as well as whether the business is located in an enterprise zone.

The legislature appropriates moneys each year to the EDC for the Strategic Fund program for job creation incentives and other projects aimed at marketing Colorado to attract new businesses to locate here. Beginning in FY 2013-14, the program has received an annual appropriation of $5.0 million General Fund for these purposes. Prior to FY 2013-14, the program received annual appropriations between $1.0 million and $2.0 million General Fund. The Strategic Fund job creation incentives yield a return of roughly $2,000 to $2,500 per job.

The Strategic Fund, however, is not the only program for which the EDC is required to have a role. The programs authorized in current law for which the EDC is statutorily obligated to participate in are as follows:

OEDIT Programs Requiring EDC Involvement (not including the Strategic Fund)		
Program	Purpose	Statutory EDC Role
Job Growth Incentive Tax Credit	Tax credits for job creation and retention	Approve new awards
Regional Tourism Act	State sales tax increment financing to undertake increase regional tourism	Approve modifications of and oversee existing awards
Advanced Industry Accelerator Grants	Cash grants for advanced industries job creation and retention	Consult with OEDIT before awards are made
Film Tax Credit Program	Cash incentives for film industry job creation and retention	Approve new awards
Film Loan Guarantee Program	Cash loans for job creation and retention	Approve new awards
Rural Jump Start	Tax credits for rural job creation	Approve eligibility criteria and awards
Enterprise Zone Program	Tax credits for job creation and retention in economically distressed areas	Approve designation or termination of an enterprise zone
Colorado Credit Reserve Program	Pooled loan-loss reserve fund to increase access to capital for businesses	Contract with Colorado Housing and Finance Authority

Issues

There are three issues identified by the Office of Economic Development and International Trade or Joint Budget Committee staff related to the EDC and its funding.

- Office Identified Issue – The statutory provisions that create and delineate the roles of the EDC are slated to expire on July 1, 2017. As mentioned above in the background section of this briefing issue, by statute the EDC is required to play an active role in approving awards, setting policies, and overseeing many programs administered by the Office. If the existence of the EDC repeals on July 1, 2017, the Office will not be able to offer a variety of its programs, as required by statute.

- Staff Identified Issue #1 – Statutory language is vague in its articulation of the mechanism in which General Fund money directly appropriated to the EDC each year is transferred into the Colorado Economic Development Fund. Specifically, Section 24-46-105 (1), C.R.S. indicates that:

> "There is hereby created a fund to be known as the Colorado economic development fund…which shall be administered by the commission and which shall consist of all moneys that may be available to it."

The Office interprets the statute such that the final word in this section, "it", refers to the EDC, thus each year it transfers direct appropriations of General Fund made to the EDC in the Long Bill into the Colorado Economic Development Fund. It is staff's opinion that statute is open to interpretation, which is not advantageous to the Office, the EDC, or the General Assembly in determining statutory intent and whether that intent is adhered to each year, as required.

- Staff Identified Issue #2 – Statutory language is contradictory in describing the appropriation requirements for money in the Colorado Economic Development Fund to the EDC. The first component of Section 24-46-105 (2), C.R.S. states that:

> "The moneys in the fund shall be subject to annual appropriation by the general assembly..."

The second component of Section 24-46-105 (2), C.R.S., however, states that:

> "Any moneys not expended or encumbered from any appropriation at the end of any fiscal year shall remain available for expenditure in the next fiscal year without further appropriation."

The Office interprets this second component to indicate that the EDC may spend money in the Colorado Economic Development Fund during any fiscal year without cash fund spending authority being granted by the General Assembly. It is staff's opinion that this statute is open to interpretation. It appears that money in the Fund is subject to annual appropriation, but then allows all the money to be rolled forward for expenditure in future fiscal years without an annual appropriation. It is staff's opinion that this paradox is not advantageous to the General Assembly because it allows the EDC to spend money in multiple fiscal years that was potentially intended to be appropriated and expended in the same fiscal year.

Proposed Solution
The following requests were submitted to the Joint Budget Committee on November 1, 2016:

- The Office requests that the Joint Budget Committee sponsor legislation during the 2017 session to extend the repeal date for the sections of statute that govern the EDC to at least July 1, 2027. This statutory provision is located in Section 24-46-106, C.R.S.

"This part 1 is repealed, effective July 1, ~~2017~~ 2027."

- The Office requests that the current funding level of $5.0 million General Fund be maintained annually on an ongoing basis. The request calls for a direct General Fund appropriation to the "Economic Development Commission – General Economic Incentives and Marketing" line item for FY 2017-18.

- The Office did not submit recommendations to address the two staff identified issues regarding statutory concerns.

Recommendation

Note, it is staff's opinion that the use of State tax revenue to provide incentives to private companies falls outside of the core functions of state government. As Donald J. Hall, Jr., President and CEO of Hallmarks Cards, once said: "If you're looking at the competitiveness of a region, the most important thing a region can do is to focus on education. And this use of incentives is really transferring money from education to businesses." Funding education has historically been a core function of State government in Colorado, thus it is staff's opinion that funding incentives for private companies moves moneys from a core function to a non-core function at a time of ongoing discussion regarding appropriate funding levels for K-12 education.

Proponents of job creating financial incentives frequently tout return on investment figures, but fail to discuss and compare the return of investment had the funds been used for other functions, such as education. Staff understands, though, that state governments in the United States have normalized the use of tax revenue for economic development incentives to spur private sector activity. Financial incentives to motivate private sector entities to locate operations in one geography over another are now commonplace across the country. Thus, staff's recommendation to extend the EDC and its roles and responsibilities (including the Strategic Fund program) are based on its performance rather than philosophical discussion of the role of state government.

The funding the EDC has received in prior fiscal years for the Strategic Fund program has yielded an average of $2,500 per job created or retained. This cost-per-job figure is significantly lower than the most current research on the topic coming from Ball State University last month. The research indicates that Indiana spends $6,000 to $8,000 in incentives for each job created, while some local government entities have incentive programs that return only one job for each $30,000 invested.[1]

Based on the EDC's success in fulfilling its statutory duties in a cost-effective manner, staff recommends that the Joint Budget Committee sponsor legislation to reauthorize the Economic Development Commission and its duties. Specifically, staff recommends the following:

1 As requested, amend the repeal date to extend the EDC and its functions through July 1, 2027. The statutory provisions governing the operation of the Office of Economic Development and International Trade and its programs place the EDC at the epicenter of all activities. If the EDC was to sunset on July 1, 2017, the programs put in law by the General Assembly in prior years would no longer function as statutorily required.

2 Amend statute to clarify that the Colorado Economic Development Fund may receive a transfer at the end of a fiscal year of unexpended General Fund money appropriated to the "Economic Development Commission – General Economic Incentives and Marketing" line item. This change is not requested by the Office, however, it is staff's recommendation that the current statutory language is overly vague and could be clarified. Specifically, staff recommends that the following provision, Section 24-46-105 (1), C.R.S., be replaced:

[1] Faluk, D. & Hicks, M.J. (2013) An Analysis of State & Local Tax Incentives in Indiana.

> "There is hereby created a fund to be known as the Colorado economic development fund…which shall be administered by the commission and which shall consist of all moneys that may be available to it."

3 Amend statute to clarify that money in the Colorado Economic Development Fund is subject to annual appropriation by the General Assembly and that any money remaining in the Fund at the end of any fiscal year may be expended in the following fiscal year if the General Assembly provides a further appropriation. In absence of a further appropriation, the money remains in the Fund earning interest. This change is not requested by the Office. Specifically, staff recommends amending Section 24-46-105 (2), C.R.S. in a manner such as:

> "The moneys in the fund shall be subject to annual appropriation by the general assembly... Any moneys not expended or encumbered from any appropriation at the end of any fiscal year shall remain available for expenditure in the next fiscal year ~~without~~ WITH further appropriation."

If the Committee opts to amend statute to clarify that money in the Fund is subject to annual appropriation, as staff recommends, the Committee may wish to provide spending authority in the Long Bill on an annual basis to allow the EDC to spend money from the Fund to meet its incentive obligations. Note, an appropriation of cash funding spending authority may vary from year-to-year. It is common for the EDC to offer incentives in one fiscal year and pay the incentives out to companies in future fiscal years after companies have the met the obligations. This causes yearly variations in expenditures from the Colorado Economic Development Fund, and thus would necessitate fluctuations in cash fund spending authority each year.

4 As requested, consider the Office's request for an appropriation of $5.0 million General Fund for FY 2017-18 on its merits during the figure setting process.

ISSUE: STATEWIDE INFORMATION TECHNOLOGY BASE BUDGET REQUEST

The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis, with OIT acting as a vendor to State agencies. The Office's FY 2017-18 base budget (does not include new funding requests) request includes $137.0 million total funds billed to State agencies for a variety of services.

SUMMARY

- Services offered by OIT to State agencies have a mixture of costs (personal services, operating expenses, centrally appropriated line items, strategy and management, and overhead) associated with the service delivery. The costs are allocated to agencies based on the level of service consumed;

- For FY 2017-18, OIT requests $137.0 million total funds from State agencies for base-level services (does not include new funding requests) provided. Agencies request General Fund appropriations of $61.4 million of the total $137.0 million sought to cover the cost of the services; and

- The FY 2017-18 funding request for base-level services represents a 7.0 percent increase compared to the FY 2016-17 costs recovered from State agencies by OIT. The major drivers of this increase include the annualization of prior year budget actions, additional funding sought for the centrally appropriated line items, such as health insurance and salary survey, that support OIT's employees, and an increase in the amount of collections needed to cover depreciation costs associated with IT assets.

DISCUSSION

Background

The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis, with OIT acting as a vendor. The services offered include:

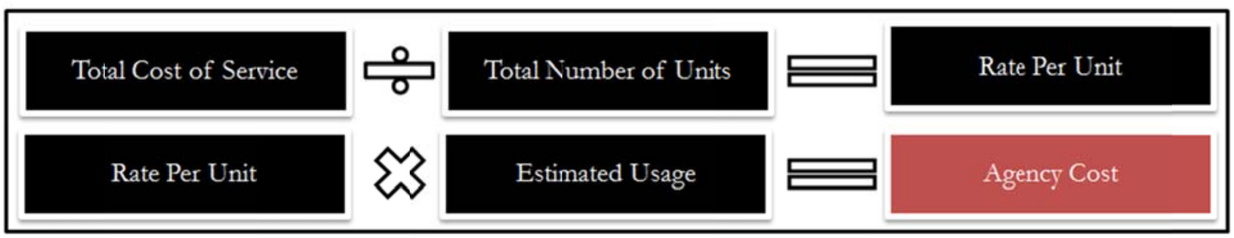
Services Provided by OIT to State Agencies		
Mainframe Computing	Enterprise Email - Archive	Colorado State Network (CSN) Circuits
Agency Mainframe Support	Enterprise Service Desk	Colorado State Network (CSN) CORE
ADABAS	Enterprise Deskside Support	Security - Access Control
Middleware	DBA Services	Security - Governance & Compliance
Enterprise Data Center Housing	Enterprise KRONOS	Security - Operations
Server Hosting	CORE (alias COFRS & FDW)	Secure Colo - Phase I
MF Disk Storage	CPPS & HRDW	DTR/Public Safety Network
MF Virtual Tape Storage (VTS)	Electronic Data Warehouse (EDW)	Project Management Services
Server Storage	Contract Mgmt System (CMS)	Portfolio Mgmt Services - Portfolio Mgrs
Enterprise Email	Colorado Grants Mgmt System (COGMS)	Project Coordinators
Enterprise Email - Encryption	Agency LOB Applications	IT Directors

Each service offered by OIT to agencies has a mixture of costs associated with its delivery. These costs include:

Costs Associated with Service Delivery
Personal services
Operating expenses
Centrally appropriated line items
Overhead
Division strategy and management
Unit strategy and management
Depreciation
Contract and financial obligations

The appropriations needed to support these costs for each service offered by OIT are determined by the Joint Budget Committee during figure setting. The appropriations appear in the Long Bill in the OIT division as reappropriated funds (spending authority for moneys transferred to OIT from other State agencies). The revenue needed to support OIT's spending authority is derived from direct appropriations made to State agencies each year in a "Payments to OIT" line item that appears in the Long Bill for each agency.

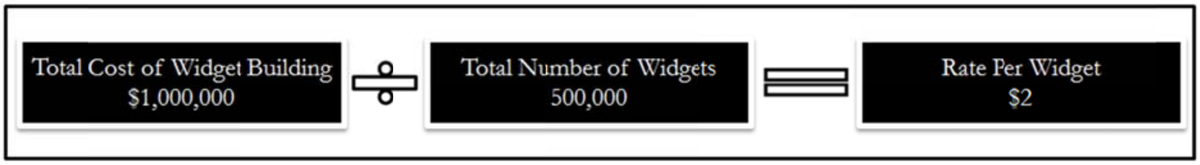
The cost to each agency for services provided by OIT is based on a service-by-service rate structure whereby the total cost for OIT to provide the service across the state is divided by the total number of units of that service. This calculation generates a rate per unit. The cost to each agency is based on its anticipated consumption of a service's unit of measurement multiplied times the established rate. OIT bills each agency on a monthly basis for 1/12th of the full amount of the agency's appropriation in its Payments to OIT line item.



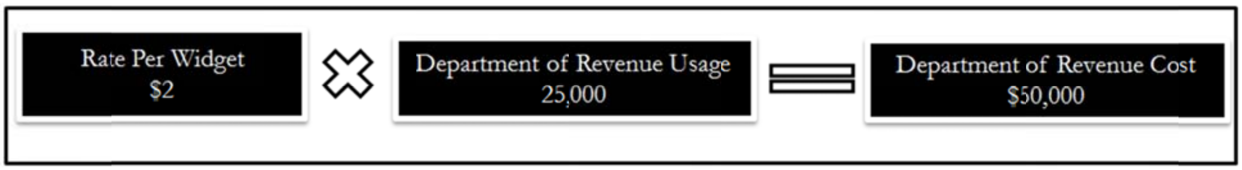
Sample Scenario (Fictitious)
Assume that a service offered to State agencies by OIT is called "Widget Building". Through usage analysis of all State agencies in recent fiscal years, it is determined that OIT must build 500,000 widgets annually to support the total need. In conjunction with the General Assembly, it is determined that it costs OIT $1,000,000 to build 500,000 widgets:

Costs Associated with "Widget Building" Service	
Cost Item	Amount
Personal services	$437,000
Operating expenses	304,000
Centrally appropriated line items	106,000
Overhead	101,000
Division strategy and management	25,000
Unit strategy and management	19,000
Compensated absences	3,000
Contract and financial obligations	3,000
Depreciation	2,000
Total Cost	**$1,000,000**

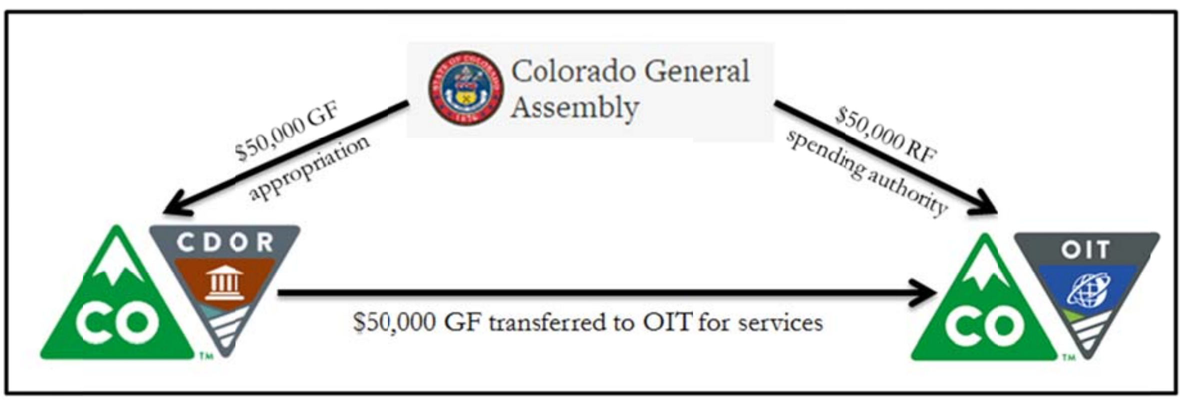
Thus, the rate per widget that OIT builds is calculated to be $2 per widget.



Using the usage analysis of all State agencies in recent fiscal years that determined the total number of widgets that OIT must build annually, it was also determined that the Department of Revenue uses 25,000 widgets each year. Thus, the Department of Revenue needs $50,000 to pay OIT for building the widgets it uses in its business processes.



Assuming the General Assembly agrees with the need for the widgets to be built and the associated costs to build them, the Department of Revenue receives an appropriation of $50,000 General Fund in the Long Bill in its "Payments to IT" line item to purchase the widgets from OIT. *(Note, General Fund is used for example purposes only, as fund sources vary in reality based on money available to each agency to expend on information technology)*. OIT requires $50,000 of spending authority to expend the money that the Department of Revenue pays it to build 25,000 widgets. This spending authority is provided by the General Assembly to OIT in the Long Bill as an appropriation of $50,000 reappropriated funds.



Requested Statewide Information Technology Common Policy
OIT submits an annual request to the Joint Budget Committee that includes the following components:

- Requested total costs associated with the delivery of each service;
- Requested total cost allocations to each State agency for each service; and
- Requested prior year true-up for each service that seeks to rectify any discrepancies between the amount of money an agency was charged for a service and the amount of the service the agency

actually consumed. To understand this concept, using the sample scenario above, it was assumed that the Department of Revenue would use 25,000 widgets. An appropriation of $50,000 was appropriated to the Department based on this forecast. Assume then that after the fiscal year concluded, OIT determined that the Department had only used 20,000 widgets ($40,000 of actual usage vs. $50,000 of forecast usage). For the next fiscal year, OIT would request that the Generally Assembly appropriate $10,000 less to the Department of Revenue based on an actual usage count of 20,000 and $10,000 less to make up for the $10,000 it was over-charged for widgets in the prior year.

FY 2017-18 Statewide Information Technology Common Policy Request

The following table shows the requested total costs associated with the delivery all services and the requested total cost allocations to each State agency for FY 2017-18 as compared to FY 2016-17 costs. Note, this table does not include the requested true-up to rectify any discrepancies between the amount of money an agency was charged for a service and the amount of the service the agency actually consumed, as discussed above. This table only represents the forecasted costs of actual service usage without any adjustments in either fiscal year.

The key point of emphasis in this table is that the total cost for all services, without true-up adjustments, is $8.6 million total funds higher than FY 2016-17. This increase is due to three factors: first, the executive branch has requested an increase for centrally appropriated line items, such as salary survey. Second, in prior years the General Assembly has approved projects, such as Secure Colorado, that annualize in FY 2017-18. Finally, OIT indicates it requires additional money for the fund it maintains to capture costs associated with the depreciation of assets.

Requested Total Costs for All Services (Total Funds, Not Adjusted for True-up)				
Agency	FY 2016-17 Allocation	FY 2017-18 Allocation Request	Dollar Change	Percent Change
Agriculture	$1,470,142	$1,665,869	$195,727	13.3%
Corrections	16,776,577	18,445,647	1,669,070	9.9%
Education	564,981	608,780	43,799	7.8%
General Assembly	37,769	150,353	112,584	298.1%
Governor	1,493,113	1,306,136	(186,977)	(12.5%)
Health Care Policy and Finance	3,273,970	4,972,300	1,698,330	51.9%
Higher Education (Appropriated)	524,396	609,464	85,068	16.2%
Higher Education (Unappropriated)	71,693	277,169	205,476	286.6%
Human Services	26,635,378	27,155,400	520,022	2.0%
Judicial	3,639,762	4,028,737	388,975	10.7%
Labor and Employment	11,048,152	9,281,220	(1,766,932)	(16.0%)
Law	396,089	460,777	64,688	16.3%
Local Affairs	1,758,027	1,638,417	(119,610)	(6.8%)
Military and Veterans Affairs	239,927	345,338	105,411	43.9%
Natural Resources	9,156,951	10,668,559	1,511,608	16.5%
Personnel and Administration	3,016,907	3,845,316	828,409	27.5%
Public Health and Environment	8,392,923	9,197,290	804,367	9.6%
Public Safety	8,356,638	8,804,019	447,381	5.4%
Regulatory Agencies	3,160,236	3,634,720	474,484	15.0%
Revenue	17,749,190	17,316,581	(432,609)	(2.4%)
State	270,943	296,848	25,905	9.6%
Transportation	14,344,393	16,316,135	1,971,742	13.7%
Treasury	64,772	53,044	(11,728)	(18.1%)
Total	**$132,442,929**	**$141,078,119**	**$8,635,190**	**6.5%**

The next table summarizes the mixture of costs associated with the delivery of all services for FY 2016-17 and the FY 2017-18 request. The key point of emphasis in this table is that service costs are primarily driven by personal services, operating expenses, centrally appropriated line items, and overhead.

Percentage of the Total Cost for All Services Offered			
Cost Item	FY 2016-17 Estimate	FY 2017-18 Request	Percent Change
Personal services	43.7%	46.8%	3.1%
Operating expenses	30.4%	24.0%	(6.4%)
Centrally appropriated line items	10.8%	11.5%	0.7%
Overhead	10.1%	9.8%	(0.3%)
Division strategy and management	2.5%	4.9%	2.4%
Unit strategy and management	1.9%	1.6%	(0.3%)
Compensated absences	0.5%	0.0%	(0.5%)
Depreciation	0.0%	1.1%	1.1%
Contract and financial obligations	0.3%	0.4%	0.1%

The following table shows the total funds appropriations requested by each State agency for FY 2017-18 for the adjusted total costs (includes true-ups from prior year discrepancies) of all services offered by OIT. The table includes the current FY 2016-17 total funds appropriations for each State agency for comparison purposes. The key point of emphasis in this table is that the total funds appropriations requested by each State agency for FY 2017-18 is $9.0 million total funds higher than FY 2016-17.

Total Funds Appropriation Allocations by Agency				
Agency	FY 2016-17 Appropriation	FY 2017-18 Request	Dollar Change	Percent Change
Agriculture	$1,314,406	$1,386,673	$72,267	5.5%
Corrections	16,631,013	17,460,925	829,912	5.0%
Education	340,453	646,119	305,666	89.8%
General Assembly	28,800	124,842	96,042	333.5%
Governor	4,930	228,503	223,573	4534.9%
Health Care Policy and Finance	4,703,675	4,482,660	(221,015)	(4.7%)
Higher Education (Appropriated)	393,394	661,802	268,408	68.2%
Higher Education (Unappropriated)	404,434	544,541	140,107	34.6%
Human Services	24,090,080	28,017,136	3,927,056	16.3%
Judicial	2,613,057	4,853,556	2,240,499	85.7%
Labor and Employment	11,981,089	10,861,547	(1,119,542)	(9.3%)
Law	239,473	523,047	283,574	118.4%
Local Affairs	1,631,609	1,757,549	125,940	7.7%
Military and Veterans Affairs	127,059	434,778	307,719	242.2%
Natural Resources	8,472,679	10,869,375	2,396,696	28.3%
Personnel and Administration	5,583,222	3,494,710	(2,088,512)	(37.4%)
Public Health and Environment	7,530,731	8,497,853	967,122	12.8%
Public Safety	8,717,457	8,200,888	(516,569)	(5.9%)
Regulatory Agencies	2,515,436	3,078,803	563,367	22.4%
Revenue	15,554,713	15,713,795	159,082	1.0%
State	271,219	293,783	22,564	8.3%
Transportation	14,805,756	14,790,267	(15,489)	(0.1%)
Treasury	44,493	55,366	10,873	24.4%
Total	**$127,999,178**	**$136,978,518**	**$8,979,340**	**7.0%**

The final table isolates the General Fund component of the previous table. The key point of emphasis in this table is that the increase of $9.0 million total funds shown in the previous table includes $5.5 million General Fund. This represents a General Fund increase of 9.8 percent over the current fiscal year.

General Fund Appropriation Allocations by Agency				
Agency	FY 2016-17 Appropriation	FY 2017-18 Request	Dollar Change	Percent Change
Agriculture	$1,000,185	$1,014,638	$14,453	1.4%
Corrections	16,531,206	17,356,137	824,931	5.0%
Education	176,332	334,625	158,293	89.8%
General Assembly	28,800	124,842	96,042	333.5%
Governor	4,930	228,503	223,573	4534.9%
Health Care Policy and Finance	2,296,611	1,881,535	(415,076)	(18.1%)
Higher Education (Appropriated)	0	0	0	n/a
Higher Education (Unappropriated)	0	0	0	n/a
Human Services	12,939,609	15,048,966	2,109,357	16.3%
Judicial	2,613,057	4,853,556	2,240,499	85.7%
Labor and Employment	2,466,272	2,466,272	0	0.0%
Law	66,554	148,240	81,686	122.7%
Local Affairs	272,207	321,327	49,120	18.0%
Military and Veterans Affairs	127,059	434,778	307,719	242.2%
Natural Resources	1,321,611	1,795,373	473,762	35.8%
Personnel and Administration	1,525,117	933,030	(592,087)	(38.8%)
Public Health and Environment	1,780,270	1,780,270	0	0.0%
Public Safety	4,632,756	4,504,520	(128,236)	(2.8%)
Regulatory Agencies	104,155	126,802	22,647	21.7%
Revenue	8,013,929	8,013,929	0	0.0%
State	0	0	0	n/a
Transportation	0	0	0	n/a
Treasury	44,493	55,366	10,873	24.4%
Total	**$55,945,153**	**$61,422,709**	**$5,477,556**	**9.8%**

ISSUE: CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY FUNDING REQUESTS

Executive branch agencies request $37.9 million total funds, including $23.8 million General Fund, for FY 2017-18 for eight new and continuing capital construction information technology projects. Additionally, the Colorado Commission on Higher Education requests $19.0 million total funds, including $18.3 million General Fund, for FY 2017-18 for six new capital construction information technology projects.

SUMMARY

- Senate Bill 14-169 (Office Of Information Technology Reports To GA), sponsored by the Joint Budget Committee, requires the Governor's Office of Information Technology (OIT) and the Office of State Planning and Budgeting to prioritize information technology-related budget requests from State executive branch agencies;

- Executive branch agencies submitted eight prioritized proposals for new and continuing capital construction information technology projects for FY 2017-18. The requested projects total $37.9 million total funds, including $23.8 million General Fund;

- The Colorado Commission on Higher Education requests $19.0 million total funds, including $18.3 million General Fund, for FY 2017-18 for six new capital construction information technology projects.; and

- House Bill 14-1395 (Information Technology Budget Requests) requires the Joint Technology Committee to review each of the projects submitted as capital construction requests and report back to the Joint Budget Committee with a prioritized list of recommendations on each such request by February 25th each year.

RECOMMENDATION

Staff recommends that Joint Budget Committee raise any questions or concerns with individual capital construction projects in one of two ways. First, if the question is technical in nature (e.g. what is the advantage of using a cloud-based solution for an electronic health record versus hosting the application internally?), the Committee may wish to have it added to the hearing agenda for response by OIT (in conjunction with the requesting agency). Second, if the question concerns the programmatic business processes as they relate to a request (e.g. how does the request for an electronic health records system fit within the future plan of the Department's regional centers?), the Committee may wish to have it added to the hearing agenda for response by the requesting agency (e.g. Department of Human Services).

DISCUSSION

Background

The Joint Budget Committee will be asked to consider each of the following capital information technology projects for funding during the figure setting process. Per H.B. 14-1395 (Information

Technology Budget Requests), the Joint Technology Committee is tasked with producing written reports setting forth recommendations, prioritization, findings, and other comments with respect to each information technology budget request submitted as capital construction requests. The reports must be submitted to the Joint Budget Committee by February 15th of each year. The Joint Budget Committee is required to consider the prioritized list of information technology budget requests made by the Joint Technology Committee, and, if the Joint Budget Committee alters the determinations of priority established by the Joint Technology Committee, the Joint Budget Committee is required to notify the Joint Technology Committee of the changes and allow for a joint meeting of the two committees to discuss the differences.

Comparing FY 2017-18 Requests to Current FY 2016-17 Appropriations
The total FY 2017-18 appropriation request for capital construction information technology projects represents a total funds increase of 13.9 percent, including a General Fund increase of 294.0 percent, compared to the current FY 2016-17 appropriation for capital construction information technology projects. The following table summarizes this comparison by dollar amount.

Capital Construction Information Technology Appropriations Comparison		
	Total Funds	General Fund
Executive Branch		
FY 2016-17 Current Appropriation	$43,275,714	$4,303,661
FY 2017-18 Requested Appropriation	$37,928,957	$23,821,869
Difference	**($5,346,757)**	**$19,518,208**
Colorado Commission on Higher Education		
FY 2016-17 Current Appropriation	$6,665,808	$6,393,748
FY 2017-18 Requested Appropriation	$18,972,713	$18,320,863
Difference	**$12,306,905**	**$11,927,115**
Totals		
FY 2016-17 Current Appropriation	$49,941,522	$10,697,409
FY 2017-18 Requested Appropriation	$56,901,670	$42,142,732
Difference	**$6,960,148**	**$31,445,323**

FY 2017-18 Executive Branch Capital Construction Information Technology Requests
The executive branch (not including the Colorado Commission on Higher Education) submitted a prioritized list of eight projects to the Joint Technology Committee and the Joint Budget Committee for funding for FY 2017-18. Of the eight projects, the Office of State Planning and Budgeting (OSPB) recommended that six of them be funded. The following table summarizes the requests. Following the table, staff has included a brief write-up of each request, including a table of "Total Capital Construction Costs of the Project." This table provides the Committee with a complete picture of the capital construction costs associated with each project.

FY 2017-18 Capital Construction Information Technology Prioritized Request List Submitted by the Office of State Planning and Budgeting (OSPB)					
OIT Priority	Recommended by OSPB for Funding?	Requesting Agency	Project Name	Total Funds	General Fund
1	Yes	Human Services	Modernizing the Child Welfare Case Management System, Phase 3	$6,749,617	$3,374,809
2	Yes	Corrections	DeCORuM Offender Management System	12,610,083	12,610,083

FY 2017-18 Capital Construction Information Technology Prioritized Request List Submitted by the Office of State Planning and Budgeting (OSPB)					
OIT Priority	Recommended by OSPB for Funding?	Requesting Agency	Project Name	Total Funds	General Fund
3	Yes	Human Services	Interoperability, Phase 3	10,611,880	1,061,188
4	No	Transportation	Installation of Fiber Optic Cable Along US 24 West	3,674,330	3,674,330
5	Yes	Agriculture	AgLicense, Inspection, and Enforcement	285,000	0
6	No	Human Services	Regional Center Electronic Health Record System	3,041,459	3,041,459
7	Yes	Public Health and Environment	CIMPLE Online Permitting	896,588	0
8	No	Public Health and Environment	Electronic Birth Registration System Replacement	60,000	60,000
			Total	**$37,928,957**	**$23,821,869**

Modernizing the Child Welfare Case Management System, Phase 3 (Human Services): The request seeks $6,749,617 total funds, including $3,374,809 General Fund, for FY 2017-18 for the third, and final, phase of a project intended to make changes to the existing child welfare case management system, known as Trails. This modernization effort will make Trails more mobile-friendly for case workers, better able to integrate data from a variety of sources into a case file, and easier for users to interface with for different purposes based on agency or job-specific tasks. The table below summarizes the total capital construction costs of the project.

Modernizing the Child Welfare Case Management System Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2015-16 Appropriation	$6,824,567	$4,648,707
FY 2016-17 Appropriation	6,749,617	3,374,809
FY 2017-18 Request	6,749,617	3,374,809
Total	**$20,323,801**	**$11,398,325**

DeCORuM Offender Management System (Corrections): The request includes $12,610,083 General Fund for FY 2017-18 to complete the third, and final, phase of implementing an integrated offender management system and electronic health record system. The new system will be deployed within the Department of Corrections' 20 facilities, the Division of Parole, Parole Board, private prison partners, community corrections, and the Department's headquarters office. The table below summarizes the total capital construction costs of the project.

DeCORuM Offender Management System Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2014-15 Appropriation	$5,796,000	$5,796,000
FY 2015-16 Appropriation	11,049,761	11,049,761
FY 2016-17 Appropriation	0	0
FY 2017-18 Request	12,610,083	12,610,083
Total	**$29,455,844**	**$29,455,844**

Interoperability, Phase 3 (Human Services): The request seeks $10,611,880 total funds, including $1,061,188 General Fund, for FY 2017-18 for the third phase of a five phase project for the Department of Human Services to standardize all existing information technology systems the agency uses in an effort to allow the data contained in the systems to be made available without removing the data from the core systems. The solution is creating interfaces to access the data directly rather than exporting data from the core systems for import into other systems. The table below summarizes the total capital construction costs of the project.

Interoperability Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2015-16 Appropriation	$12,815,940	1,281,594
FY 2016-17 Appropriation	9,288,520	928,852
FY 2017-18 Request	10,611,880	1,061,188
FY 2018-19 Estimate	10,611,880	1,061,188
FY 2019-20 Estimate	10,611,880	1,061,188
Total	**$53,940,100**	**5,394,010**

Installation of Fiber Optic Cable Along US 24 West (Transportation): The request includes $3,674,330 General Fund for FY 2017-18 for the Department of Transportation to extend the Department-administered fiber optic telecommunications backbone along US 24 West from Woodland Park to the backbone fiber cable on I-25 in Colorado Springs. This project aims to address limited to inconsistent communications in this corridor due to topographic challenges. The table below summarizes the total capital construction costs of the project.

Installation of Fiber Optic Cable Along US 24 West Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2017-18 Request	$3,674,330	3,674,330
Total	**$3,674,330**	**3,674,330**

AgLicense, Inspection, and Enforcement (Agriculture): The request seeks $285,000 cash funds for FY 2017-18 for the Department of Agriculture to configure and deploy the AgLicense consolidation project. AgLicense is an online license and permitting for registration and inspection programs administered by the Department. Note, though money is requested to continue the project in FY 2017-18, Joint Technology Committee staff indicates that this request will be considered as a supplemental budget request for FY 2016-17 by the Joint Technology Committee. This change will be recommended by the Joint Technology Committee staff to provide additional cash funds spending authority at an earlier date after the passage of the 2017 supplemental budget package, rather than after the passage of the 2017 Long Bill. The table below summarizes the total capital construction costs of the project.

AgLicense, Inspection, and Enforcement Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2014-15 Appropriation	$700,000	$0
FY 2015-16 Appropriation	0	0
FY 2016-17 Appropriation	0	0
FY 2017-18 Request	285,000	0
Total	**$985,000**	**$0**

Regional Center Electronic Health Record System (Human Services): The request includes $3,041,459 General Fund for FY 2017-18 for the Department of Human Services to implement an electronic health record system at the Department's regional centers for individuals with intellectual and developmental disabilities. The table below summarizes the total capital construction costs of the project.

Regional Center Electronic Health Record System Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2017-18 Request	$3,041,459	$3,041,459
Total	**$3,041,459**	**$3,041,459**

CIMPLE Online Permitting (Public Health and Environment): The request seeks $996,588 total funds for FY 2017-18 for the Department of Public Health and Environment to move from the pilot phase of an online permitting system for environmental programs to a full implementation. The Customer Interface Modernization for a Lean Environment (CIMPLE) project aims to allow the regulated community to submit environmental permit applications online. The table below summarizes the total capital construction costs of the project.

CIMPLE Online Permitting Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2017-18 Request	$996,588	$0
FY 2018-19 Estimate	996,588	0
FY 2019-20 Estimate	996,588	0
Total	**$2,989,764**	**$0**

Electronic Birth Registration System Replacement (Public Health and Environment): The request includes $60,000 General Fund for FY 2017-18 for the Department of Public Health and Environment to begin a $1.5 million total funds project to replace the current Colorado Vital Information System (COVIS). COVIS, with a contract end date in 2019, is outdated and no longer able to meet the requirements of state and local vital records offices, data providers, and vital statistics stakeholders. The table below summarizes the total capital construction costs of the project.

Electronic Birth Registration System Replacement Total Capital Construction Costs of the Project		
Fiscal Year	Total Funds	General Fund
FY 2017-18 Request	$60,000	$60,000
FY 2018-19 Estimate	1,130,000	630,000
FY 2019-20 Estimate	310,000	310,000
Total	**$1,500,000**	**$1,000,000**

FY 2017-18 Colorado Commission on Higher Education Capital Construction Information Technology Requests
The Colorado Commission on Higher Education submitted a prioritized list of six projects to the Joint Technology Committee and the Joint Budget Committee for funding for FY 2017-18. The following table summarizes the requests. Note, all submittals by the Colorado Commission on Higher Education assume no further appropriation past FY 2017-18 is needed for project completion. Thus, no table of "Total Capital Construction Costs of the Project" table is shown for the requests summarized below.

FY 2017-18 Capital Construction Information Technology Prioritized Request List Submitted by the Colorado Commission on Higher Education (CCHE)				
CCHE Priority	Agency	Project	Total Funds	General Fund
1	Western State University	Redundant Network Connection	$13,635,051	$13,410,051
2	Pikes Peak Community College	Campus Emergency Notification and Power	1,653,360	1,653,360
3	CSU-Pueblo	Campus IT Upgrades	817,823	817,823
4	Pueblo Community College	Wireless Networking Solutions	1,707,400	1,280,550
5	Otero Junior College	Telecommunications Upgrade	507,375	507,375
6	Lamar Community College	Technology Infrastructure	651,704	651,704
		Total	**$18,972,713**	**$18,320,863**

Redundant Network Connection (Western State University): The request seeks $13,635,051 total funds, including $13,410,051 General Fund, for FY 2017-18 for Western State University to construct a second, independent network connection to the internet and other resources for the University and the Gunnison Valley via a fiber optic cable originating on or near campus and progressing east, where it would ultimately connect to an existing fiber installation. The University and the Gunnison Valley are currently served by a single fiber optic connection running west along US 50 to Montrose. This connection represents a single point of failure and limits the Valley to a single middle-mile provider.

Campus Emergency Notification and Power (Pikes Peak Community College): The request includes $1,653,360 General Fund for FY 2017-18 for the Pikes Peak Community College to install emergency audible and visual alert notification devices in hallways, indoor open spaces, and the outdoor areas near building entrances on its three campuses. Additionally, the College's request includes funding to install power infrastructure to support the notification system.

Campus IT Upgrades (CSU-Pueblo): The request seeks $817,823 General Fund for FY 2017-18 for Colorado State University- Pueblo to implement two projects. The first project is to upgrade the data center infrastructure in the Administration Building to ensure IT systems availability and disaster recovery on the campus. The second project aims to improve physical access to critical IT systems by upgrading door access technology and implementing access control and auditing software.

Wireless Networking Solutions (Pueblo Community College): The request includes $1,707,400 total funds, including $1,280,550 General Fund, for FY 2017-18 for Pueblo Community College to replace and upgrade its wireless networking infrastructure, video conference solutions, and computing infrastructure (replacing classroom and administrative computers older than five years).

TELECOMMUNICATIONS UPGRADE (OTERO JUNIOR COLLEGE): The request seeks $507,375 General Fund for FY 2017-18 for Otero Junior College to upgrade its communications environment to be able to participate in the Colorado Community College System telephone and classroom communication network that started in the Fall of 2016. The technology upgrades include telephone replacement and acquiring new video and audio instruction equipment.

TECHNOLOGY INFRASTRUCTURE (LAMAR COMMUNITY COLLEGE): The request includes $651,704 General Fund for FY 2017-18 for Lamar Community College to replace and/or add multimedia and computer equipment in classrooms and offices where current technology is obsolete. Equipment includes computers, servers, telephones, and multimedia devices.

ISSUE: CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY POTENTIAL LEGISLATION

The Joint Technology Committee voted to draft legislation implementing a concept referred to as a "zero dollar contract." The goal of the "zero dollar contract" is to revamp the budget and procurement process for future capital construction information technology projects to better predict vendor costs and provide the State with additional contract negotiation leverage.

SUMMARY

- The executive branch's current budget and procurement process for capital construction information technology projects follows a path that includes the identification of a business need and the submittal of a budget request to support that need. After an appropriation is provided, bids are solicited for the project, and then a contract is executed with the winning vendor.

- The current process presents challenges to the Joint Budget Committee. Specifically, the process asks the General Assembly to appropriate money for a project before the costs for that project are fully understood. Additionally, the process calls for providing an exact appropriation of money before the executive branch negotiates the price of a contract; and

- On September 15, 2016, the Joint Technology Committee voted to draft legislation to implement a concept referred to as a "zero dollar contract" for future capital construction information technology projects. The "zero dollar contract" concept is intended to better forecast vendor costs prior to submitting a budget request to the General Assembly. Additionally, it is aimed at giving the State more leverage in negotiating the price of contracts by not telegraphing the amount of funds available prior to a negotiation.

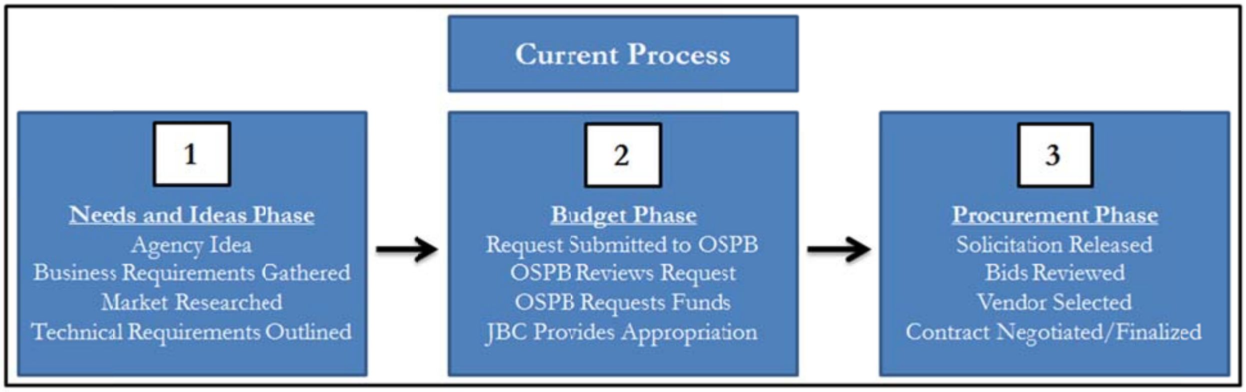
RECOMMENDATION

Staff recommends that the Joint Budget Committee support the Joint Technology Committee's bill draft that was approved at its September 15, 2016 meeting. The bill concept seeks to change the budget and procurement process for capital construction information technology projects such that the solicitation and contract negotiation components of the process are conducted prior to the submittal of budget requests to the General Assembly to fund projects. The Joint Technology Committee plans to review the initial draft language at its next meeting in December or January (meeting has yet to be scheduled).

DISCUSSION

Background

The executive branch's current budget and procurement process for capital construction information technology projects includes identifying a business need, developing and awarding a budget to obtain a system or services to meet the need, soliciting bids from the vendor community to implement the system or provide services, and selecting and contracting with a vendor for a negotiated price.



Sample Scenario of Current Process (Fictitious)

Assume the Department of Human Services has a business need to improve how it tracks county expenditures for the Colorado Works program. After studying the problem and consulting with the Governor's Office of Information Technology (OIT), it is determined that a technology solution can be built to address the need. The Department researches the technologies that other states with a similar problem have implemented and formulates an outline of its preferred solution. The Department then works with OIT and the Office of State Planning and Budgeting (OSPB) to submit a budget request to the General Assembly based on the outline of the preferred solution to the Colorado Works expenditure tracking issue. Based on this request, the General Assembly appropriates the full amount of the request, $25,000,000 General Fund. The Department then solicits vendor responses via a request for proposal (RFP) and negotiates a contract with the vendor that best meets its criteria to implement the solution. The vendor indicates that its price for the solution is exactly $25,000,000. The Department has this amount of funding available and the contract is finalized with a vendor cost of $25,000,000 and work begins on the project.

Issues with the Current Process

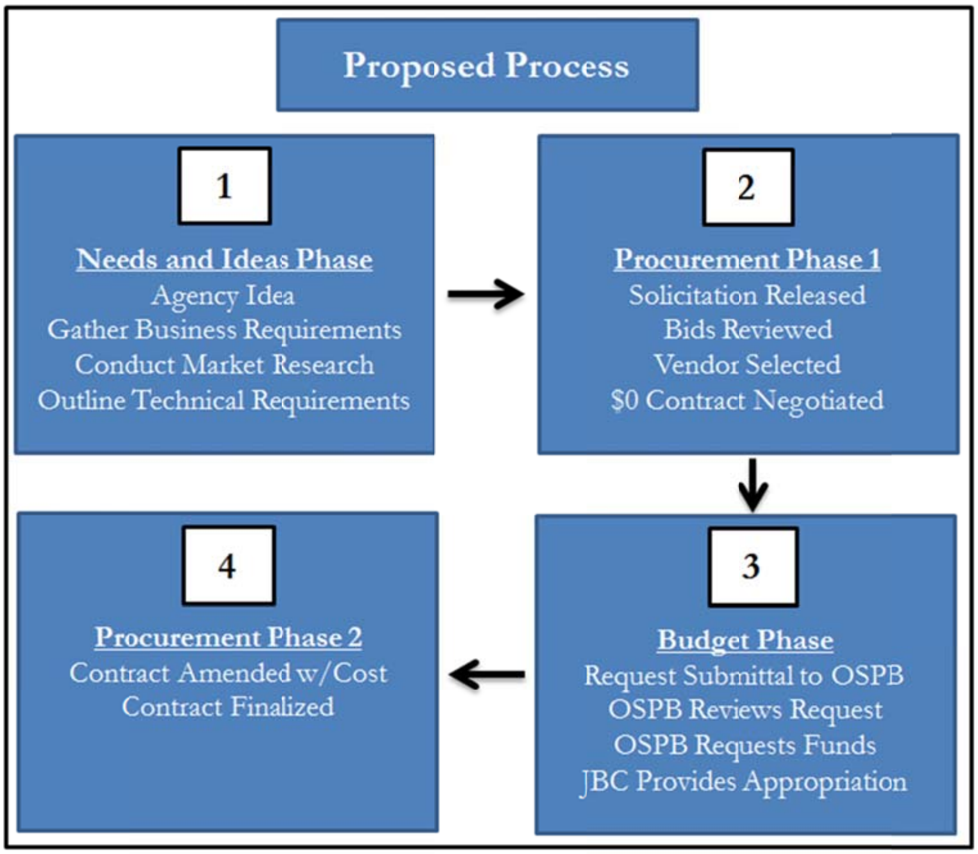
The current process presents two challenges to the Joint Budget Committee. First, the process asks the Committee and the General Assembly to appropriate money for a project before the vendor costs for that project are fully understood. An agency does its due diligence to formulate an educated and researched guess on the level of funds that will be needed to conduct a project based on a variety of data points (current technologies, similar projects, etc.). That figure, however, remains a guess based on a snapshot in time. The current process calls for an extended period of time in between the initial forecast of project costs, an appropriation request and award, solicitation of vendor bids, and contract negotiation. Given the extended timeframe of the process, the vendors and technology may have changed substantively and driven costs in a different direction.

Second, the process puts the State at a disadvantage in negotiating a fiscally-advantageous contract for a project with a vendor. The State's bargaining power is weakened because the vendor begins the negotiation with the knowledge of the amount of funding available for the project. The vendor may be less likely to negotiate a lower project price if it holds such knowledge.

Proposed Solution

On September 15, 2016, the Joint Technology Committee voted to draft legislation to implement a concept referred to as "zero dollar contract" for future capital construction information technology projects. The "zero dollar contract" concept is intended to better forecast the vendor costs of a project prior to submitting a budget request to the General Assembly. Additionally, it is aimed at giving the State more leverage in negotiating the price of contracts by not telegraphing the amount of funds available prior to a negotiation.

As is shown in the illustration below, the "zero dollar contract" approach calls for the executive branch to release a solicitation, select a vendor, and negotiate a vendor price prior to submitting a budget request to the Joint Budget Committee and the General Assembly. The initial contract with the vendor would be for zero dollars and would indicate that the negotiated vendor cost for the project would be amended into the contract upon receipt of an appropriation for the project by the General Assembly. The agencies involved would then submit a funding request to the Joint Budget Committee and the General Assembly for the project.



Sample Scenario of Proposed Process (Fictitious)

Assume the Department of Human Services has a business need to improve how it tracks county expenditures for the Colorado Works program. After studying the problem and consulting with the OIT, it is determined that a technology solution can be built to address the need. The Department then presents the project (including cost estimates) to OSPB and receives permission to begin the next phase of the process. Working with OIT, the Department releases a solicitation via an RFP and selects the vendor that best meets its criteria to implement a solution to its business need. The Department negotiates a price for the project with the vendor and signs a zero dollar contract indicating that the negotiated vendor price for the project will be amended into the contract if an appropriation is made for it. The Department then works with OIT and OSPB and submits a budget request to the General Assembly based on the cost of the project that was negotiated with the vendor. Based on this request, the General Assembly appropriates the full amount of the request, $22,000,000 General Fund. The contract is amended from zero dollars to $22,000,000, the contract is finalized, and work begins on the project.

OIT Opinion on the Proposed Changes
OIT indicates that it is supportive of the "zero dollar contract" concept, but reserves full endorsement until draft language can be reviewed. In addition, the agency believes this concept can be implemented today without legislation. It has not been pursued without legislation for reasons that the Joint Budget Committee may wish to consider when deciding whether to support the proposed legislation:

- Vendors may be reluctant to invest money and effort in developing a response to a solicitation that the General Assembly may ultimately choose not to fund;
- A vendors initial response may no longer be viable to meet the State's needs due to technology changes if the time from solicitation to budget approval is lengthy; and
- The cost of a project may increase if the maximum budget has not been established and the anticipated level of effort for the project must be estimated by vendor.

Recommendation
Staff recommends that the Joint Budget Committee support the Joint Technology Committee-approved bill draft to revamp the budget and procurement process for capital construction information technology projects in a manner that attempts to solve two issues that have presented challenges in prior budget cycles: project cost projection inaccuracies contained in budget requests and the weakened bargaining position of the State with vendors. Staff's recommendation calls for the Joint Budget Committee to send a letter to the Joint Technology Committee prior to its next meeting in December or January (the next meeting has yet to be scheduled) stating its support for the goals of the proposed legislation.

Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING
John Hickenlooper, Governor

(1) OFFICE OF THE GOVERNOR

Includes the core functions of a traditional executive director's office, the Colorado Energy Office, and the Office of Marijuana Coordination.

(A) Governor's Office

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Administration of Governor's Office and Residence	2,306,968	2,301,889	2,370,231	2,467,430 *	
FTE	31.4	31.4	31.4	32.4	
General Fund	2,212,386	2,301,889	2,370,231	2,370,231	
Cash Funds	75,453	0	0	97,199	
Reappropriated Funds	19,129	0	0	0	
Discretionary Fund	19,500	0	19,500	19,500	
General Fund	19,500	0	19,500	19,500	
Mansion Activity Fund	200,000	191,133	220,000	220,000	
Cash Funds	200,000	191,133	220,000	220,000	
SUBTOTAL - (A) Governor's Office	2,526,468	2,493,022	2,609,731	2,706,930	3.7%
FTE	31.4	31.4	31.4	32.4	3.2%
General Fund	2,231,886	2,301,889	2,389,731	2,389,731	0.0%
Cash Funds	275,453	191,133	220,000	317,199	44.2%
Reappropriated Funds	19,129	0	0	0	0.0%

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(B) Special Purpose					
Health, Life, and Dental	#7,417,650	#1,322,136	1,203,893	1,352,664 *	
General Fund	539,734	525,046	467,873	313,150	
Cash Funds	324,562	494,945	442,692	436,904	
Reappropriated Funds	6,464,873	192,740	165,400	443,477	
Federal Funds	88,481	109,405	127,928	159,133	
Short-term Disability	#164,289	# 28,125	24,539	22,656 *	
General Fund	11,121	11,716	10,802	10,893	
Cash Funds	7,411	10,183	8,601	7,066	
Reappropriated Funds	143,633	3,645	2,923	3,017	
Federal Funds	2,124	2,581	2,213	1,680	
S.B. 04-257 Amortization Equalization Disbursement	#2,999,560	# 565,522	646,143	599,699 *	
General Fund	202,970	235,632	284,432	287,334	
Cash Funds	135,176	204,740	226,473	188,473	
Reappropriated Funds	2,622,679	73,319	76,956	79,585	
Federal Funds	38,735	51,831	58,282	44,307	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	#2,812,088	# 546,248	639,412	599,924 *	
General Fund	190,284	227,599	281,469	287,334	
Cash Funds	126,727	197,760	224,114	188,698	
Reappropriated Funds	2,458,762	70,825	76,154	79,585	
Federal Funds	36,315	50,064	57,675	44,307	

*Line item includes a decision item.

#Figures represent the final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Salary Survey	# 2,016,472	# 140,695	0	327,721	
General Fund	136,732	58,589	0	156,430	
Cash Funds	91,117	50,917	0	103,841	
Reappropriated Funds	1,762,510	18,280	0	43,339	
Federal Funds	26,113	12,909	0	24,111	
Workers' Compensation	392,682	48,926	60,189	72,454	
General Fund	41,695	40,502	49,826	59,979	
Reappropriated Funds	350,987	8,424	10,363	12,475	
Federal Funds	0	0	0	0	
Legal Services	381,547	224,948	485,896	507,403	
General Fund	381,547	212,136	356,244	372,012	
Reappropriated Funds	0	12,812	129,652	135,391	
Payment to Risk Management and Property Funds	287,212	107,244	158,270	129,386	
General Fund	91,451	102,004	150,537	123,064	
Reappropriated Funds	195,761	5,240	7,733	6,322	
Vehicle Lease Payments	80,458	0	900	3,212 *	
General Fund	0	0	900	3,212	
Cash Funds	0	0	0	0	
Reappropriated Funds	80,458	0	0	0	
Federal Funds	0	0	0	0	
Capitol Complex Leased Space	435,346	485,166	328,535	395,375	
General Fund	258,904	408,842	276,852	333,177	
Reappropriated Funds	176,442	76,324	51,683	62,198	

*Line item includes a decision item.
#Figures represent the final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Payments to OIT	1,645,795	1,540,635	4,930	250,414	*
General Fund	1,645,795	1,469,323	4,930	250,414	
Reappropriated Funds	0	71,312	0	0	
CORE Operations	131,808	115,630	370,445	79,167	
General Fund	65,016	57,036	179,943	38,455	
Cash Funds	66,792	58,594	73,531	15,714	
Reappropriated Funds	0	0	42,842	9,156	
Federal Funds	0	0	74,129	15,842	
Merit Pay	#789,829	#137,258	0	0	
General Fund	56,422	59,178	0	0	
Cash Funds	37,160	50,005	0	0	
Reappropriated Funds	686,002	16,818	0	0	
Federal Funds	10,245	11,257	0	0	
Shift Differential	#89,289	0	0	0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	89,289	0	0	0	
Federal Funds	0	0	0	0	
Leased Space	3,043,275	0	0	0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	3,043,275	0	0	0	
Federal Funds	0	0	0	0	

*Line item includes a decision item.

#Figures represent the final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
SUBTOTAL - (B) Special Purpose	22,687,300	5,262,533	3,923,152	4,340,075	10.6%
FTE	0.0	0.0	0.0	0.0	0.0%
General Fund	3,621,671	3,407,603	2,063,808	2,235,454	8.3%
Cash Funds	788,945	1,067,144	975,411	940,696	(3.6%)
Reappropriated Funds	18,074,671	549,739	563,706	874,545	55.1%
Federal Funds	202,013	238,047	320,227	289,380	(9.6%)
(C) Colorado Energy Office					
Program Administration	10,136,380	11,639,672	6,549,724	6,549,724 *	
FTE	28.5	21.9	32.3	32.3	
Cash Funds	4,022,724	5,625,710	2,996,182	2,996,182	
Federal Funds	6,113,656	6,013,962	3,553,542	3,553,542	
Low-Income Energy Assistance	10,077,985	10,440,564	7,100,000	8,500,000 *	
FTE	1.3	0.0	0.0	0.0	
Cash Funds	10,077,985	10,440,564	7,100,000	8,500,000	
Electric Vehicle Charging Station Grants	0	82,750	313,000	313,000	
Cash Funds	0	82,750	313,000	313,000	
Legal Services	0	0	104,555	109,183	
General Fund	0	0	0	1,522	
Cash Funds	0	0	70,179	71,725	
Reappropriated Funds	0	0	0	1,560	
Federal Funds	0	0	34,376	34,376	

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Indirect Cost Assessment	0	94,255	31,530	31,530	
Cash Funds	0	94,255	31,530	31,530	
Federal Funds	0	0	0	0	
School Energy Efficiency	71,902	207,571	0	0	
FTE	0.5	1.8	0.0	0.0	
Cash Funds	71,902	207,571	0	0	
SUBTOTAL - (C) Colorado Energy Office	20,286,267	22,464,812	14,098,809	15,503,437	10.0%
FTE	30.3	23.7	32.3	32.3	0.0%
General Fund	0	0	0	1,522	0.0%
Cash Funds	14,172,611	16,450,850	10,510,891	11,912,437	13.3%
Reappropriated Funds	0	0	0	1,560	0.0%
Federal Funds	6,113,656	6,013,962	3,587,918	3,587,918	0.0%
(D) Other Programs and Grants					
Disabled Parking Education	436,996	202,101	251,000	251,000	
FTE	0.0	0.0	0.0	0.0	
General Fund	436,996	202,101	250,000	250,000	
Cash Funds	0	0	1,000	1,000	
Office of Marijuana Coordination	187,798	199,774	191,590	0 *	
FTE	2.0	0.0	2.0	0.0	
Cash Funds	187,798	199,774	191,590	0	
SUBTOTAL - (D) Other Programs and Grants	624,794	401,875	442,590	251,000	(43.3%)
FTE	2.0	0.0	2.0	0.0	(100.0%)
General Fund	436,996	202,101	250,000	250,000	0.0%
Cash Funds	187,798	199,774	192,590	1,000	(99.5%)

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
TOTAL - (1) Office of the Governor	46,124,829	30,622,242	21,074,282	22,801,442	8.2%
FTE	63.7	55.1	65.7	64.7	(1.5%)
General Fund	6,290,553	5,911,593	4,703,539	4,876,707	3.7%
Cash Funds	15,424,807	17,908,901	11,898,892	13,171,332	10.7%
Reappropriated Funds	18,093,800	549,739	563,706	876,105	55.4%
Federal Funds	6,315,669	6,252,009	3,908,145	3,877,298	(0.8%)

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation

(2) OFFICE OF THE LIEUTENANT GOVERNOR

The Office of the Lieutenant Governor directly oversees the Colorado Commission of Indian Affairs, Commission on Community Service, and other initiatives. The Lieutenant Governor temporarily takes the Governor's place if the Governor is out of Colorado or is unable to perform his/her duties.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Administration	232,491	274,831	350,135	350,135	
FTE	2.7	2.7	2.7	2.7	
General Fund	232,491	274,831	350,135	350,135	
Discretionary Fund	2,875	2,747	2,875	2,875	
General Fund	2,875	2,747	2,875	2,875	
Commission of Indian Affairs	80,857	84,257	87,201	87,201	
FTE	1.0	2.3	2.3	2.3	
General Fund	80,857	84,257	86,017	86,017	
Cash Funds	0	0	1,184	1,184	
Colorado Student Leaders Institute Pilot	0	218,825	218,825	218,825	
FTE	0.0	1.0	1.0	1.0	
Reappropriated Funds	0	218,825	218,825	218,825	
TOTAL - (2) Office of the Lieutenant Governor	316,223	580,660	659,036	659,036	0.0%
FTE	3.7	6.0	6.0	6.0	0.0%
General Fund	316,223	361,835	439,027	439,027	0.0%
Cash Funds	0	0	1,184	1,184	0.0%
Reappropriated Funds	0	218,825	218,825	218,825	0.0%

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request		Request vs. Appropriation

(3) OFFICE OF STATE PLANNING AND BUDGETING

The Office of State Planning and Budgeting (OSPB) develops executive branch budget requests, reviews and analyzes departmental expenditures, and prepares quarterly revenue and economic estimates for the state. Additionally, the Office implements the Results First initiative, a cost benefit analysis model initially developed by the Washington State Institute for Public Policy, and now supported by the Pew-MacArthur Results First initiative, that aims to determine the monetary value of State policies and programs.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request		Request vs. Appropriation
Personal Services	1,834,042	2,108,818	2,138,056	2,638,056	*	
FTE	19.5	19.5	20.5	20.5		
General Fund	406,627	629,470	627,274	1,127,274		
Reappropriated Funds	1,427,415	1,479,348	1,510,782	1,510,782		
Operating Expenses	61,614	61,610	61,844	61,844		
General Fund	10,670	10,900	10,900	10,900		
Reappropriated Funds	50,944	50,710	50,944	50,944		
Economic Forecasting Subscriptions	15,940	13,015	16,362	16,362		
Reappropriated Funds	15,940	13,015	16,362	16,362		
TOTAL - (3) Office of State Planning and Budgeting	1,911,596	2,183,443	2,216,262	2,716,262		22.6%
FTE	19.5	19.5	20.5	20.5		0.0%
General Fund	417,297	640,370	638,174	1,138,174		78.3%
Reappropriated Funds	1,494,299	1,543,073	1,578,088	1,578,088		0.0%

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request		Request vs. Appropriation

(4) ECONOMIC DEVELOPMENT PROGRAMS

The Office of Economic Development and International Trade (OEDIT) assists in strengthening Colorado's prospects for long-term economic growth by providing broad-based support to businesses. The Office's support services include business funding and incentives, promotion of creative industries, international trade assistance, tourism promotion, minority business assistance, key industry promotion (including advanced industries, aerospace, and health and wellness), and film, television, and media industry development.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request		Request vs. Appropriation
Administration	527,099	659,478	650,140	650,140		
FTE	6.0	6.0	6.0	6.0		
General Fund	527,099	657,043	645,555	645,555		
Cash Funds	0	2,435	2,435	2,435		
Reappropriated Funds	0	0	0	0		
Federal Funds	0	0	2,150	2,150		
Vehicle Lease Payments	9,515	12,340	12,444	11,256	*	
General Fund	9,515	12,340	12,444	11,256		
Leased Space	304,395	316,883	346,525	346,525		
General Fund	304,395	316,883	346,525	346,525		
Global Business Development	2,186,738	3,825,802	4,965,052	5,062,552	*	
FTE	21.2	23.4	24.4	25.4		
General Fund	2,186,738	3,825,802	4,041,948	4,139,448		
Cash Funds	0	0	548,626	548,626		
Federal Funds	0	0	374,478	374,478		
Leading Edge Program Grants	50,976	75,976	151,407	151,407		
General Fund	50,976	75,976	75,976	75,976		
Cash Funds	0	0	75,431	75,431		

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Small Business Development Centers	2,300,279	1,256,248	1,391,870	1,391,870	
FTE	4.0	4.0	4.0	4.0	
General Fund	381,034	392,029	94,144	94,144	
Cash Funds	0	0	18,750	18,750	
Federal Funds	1,919,245	864,219	1,278,976	1,278,976	
Colorado Office of Film, Television, and Media	9,493,444	1,189,661	3,500,000	3,500,000	
FTE	4.5	4.5	4.5	4.5	
General Fund	5,515,982	708,670	3,000,000	3,000,000	
Cash Funds	3,977,462	480,991	500,000	500,000	
Colorado Promotion - Colorado Welcome Centers	500,000	499,999	500,000	500,000	
FTE	3.3	3.3	3.3	3.3	
Cash Funds	500,000	499,999	500,000	500,000	
Colorado Promotion - Other Program Costs	16,433,498	17,682,778	18,500,000	18,500,000	
FTE	4.0	4.0	4.0	4.0	
General Fund	1,999,950	4,000,000	4,000,000	4,000,000	
Cash Funds	14,433,548	13,682,778	14,500,000	14,500,000	
Economic Development Commission - General Economic Incentives and Marketing	750,669	964,217	5,834,544	5,834,544 *	
FTE	5.0	6.5	5.5	6.5	
General Fund	690,648	964,217	5,692,602	5,692,602	
Cash Funds	60,021	0	141,942	141,942	
Colorado First Customized Job Training	2,774,943	4,582,644	4,500,000	4,500,000	
General Fund	2,725,022	4,500,000	4,500,000	4,500,000	
Cash Funds	49,921	82,644	0	0	

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
CAPCO Administration	114,665	87,797	85,291	85,291	
FTE	2.0	2.0	2.0	2.0	
Cash Funds	36,037	3,761	0	0	
Reappropriated Funds	78,628	84,036	85,291	85,291	
Council on Creative Industries	2,867,392	3,842,326	2,765,734	2,765,734	
FTE	3.0	3.0	3.0	3.0	
General Fund	100,000	0	0	0	
Cash Funds	2,078,251	3,148,626	2,000,000	2,000,000	
Federal Funds	689,141	693,700	765,734	765,734	
Advanced Industries	6,248,178	10,666,030	15,614,396	14,040,766	
FTE	1.5	2.6	2.6	2.6	
General Fund	5,000,000	5,000,000	3,073,630	0	
Cash Funds	1,248,178	5,666,030	12,540,766	14,040,766	
Rural Jump Start	0	125,983	80,983	80,983	
FTE	0.0	1.0	1.0	1.0	
General Fund	0	125,983	80,983	80,983	
Indirect Cost Assessment	0	0	61,384	61,384	
Federal Funds	0	0	61,384	61,384	
Bioscience Discovery Evaluation	10,206,867	0	0	0	
FTE	1.1	0.0	0.0	0.0	
Cash Funds	10,206,867	0	0	0	

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
TOTAL - (4) Economic Development Programs	54,768,658	45,788,162	58,959,770	57,482,452	(2.5%)
FTE	55.6	60.3	60.3	62.3	3.3%
General Fund	19,491,359	20,578,943	25,563,807	22,586,489	(11.6%)
Cash Funds	32,590,285	23,567,264	30,827,950	32,327,950	4.9%
Reappropriated Funds	78,628	84,036	85,291	85,291	0.0%
Federal Funds	2,608,386	1,557,919	2,482,722	2,482,722	0.0%

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation

(5) OFFICE OF INFORMATION TECHNOLOGY

The Governor's Office of Information Technology (OIT) is responsible for the operation and delivery of all information and communications technology services across the Executive Branch agencies in the State. The Office is tasked with providing the information technology services, as well as promoting Colorado as the ideal location for information technology companies and technology-based workers.

(A) OIT Central Administration

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Central Administration	12,320,388	9,720,223	9,622,537	11,625,509 *	
FTE	95.0	81.2	95.0	95.0	
General Fund	0	0	0	2,000,000	
Reappropriated Funds	12,320,388	9,720,223	9,622,537	9,625,509	
Project Management	4,983,544	5,195,809	5,317,475	5,611,907 *	
FTE	50.0	50.9	50.0	52.0	
Reappropriated Funds	4,983,544	5,195,809	5,317,475	5,611,907	
Health, Life, and Dental	0	# 7,838,099	8,033,244	8,534,148 *	
General Fund	0	0	49,241	67,925	
Reappropriated Funds	0	7,838,099	7,984,003	8,466,223	
Short-term Disability	0	#148,236	133,817	140,433 *	
General Fund	0	0	602	1,166	
Reappropriated Funds	0	148,236	133,215	139,267	
S.B. 04-257 Amortization Equalization Disbursement	0	#2,981,646	3,387,612	3,700,731 *	
General Fund	0	0	15,221	30,701	
Reappropriated Funds	0	2,981,646	3,372,391	3,670,030	

*Line item includes a decision item.
#Figures represent the final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization Disbursement	0	#2,880,236	3,352,325	3,700,731 *	
General Fund	0	0	15,063	30,701	
Reappropriated Funds	0	2,880,236	3,337,262	3,670,030	
Salary Survey	0	# 743,395	24,320	1,977,883	
General Fund	0	0	0	16,716	
Reappropriated Funds	0	743,395	24,320	1,961,167	
Shift Differential	0	#74,362	94,672	92,356	
Reappropriated Funds	0	74,362	94,672	92,356	
Workers' Compensation	0	342,563	421,427	507,408	
Reappropriated Funds	0	342,563	421,427	507,408	
Legal Services	43,821	54,400	46,479	48,537	
Reappropriated Funds	43,821	54,400	46,479	48,537	
Payment to Risk Management and Property Funds	0	213,108	314,504	257,107	
Reappropriated Funds	0	213,108	314,504	257,107	
Vehicle Lease Payments	0	115,233	84,366	85,260 *	
Reappropriated Funds	0	115,233	84,366	85,260	
Leased Space	0	3,478,734	3,172,018	3,196,018	
Reappropriated Funds	0	3,478,734	3,172,018	3,196,018	
Capitol Complex Leased Space	0	165,932	248,984	287,859	
Reappropriated Funds	0	165,932	248,984	287,859	

*Line item includes a decision item.
#Figures represent the final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Payments to OIT	0	0	20,049,788	17,638,869	
Reappropriated Funds	0	0	20,049,788	17,638,869	
CORE Operations	0	0	0	237,501	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	0	0	0	237,501	
Indirect Cost Assessment	316,509	378,861	387,833	670,859	
Reappropriated Funds	316,509	378,861	387,833	670,859	
Merit Pay	0	#683,941	0	0	
Reappropriated Funds	0	683,941	0	0	
SUBTOTAL - (A) OIT Central Administration	17,664,262	35,014,778	54,691,401	58,313,116	6.6%
FTE	145.0	132.1	145.0	147.0	1.4%
General Fund	0	0	80,127	2,147,209	2579.8%
Reappropriated Funds	17,664,262	35,014,778	54,611,274	56,165,907	2.8%
(B) IT Infrastructure					
Infrastructure Administration	3,502,349	5,338,368	5,618,063	5,871,111 *	
FTE	20.0	18.4	20.0	23.0	
Reappropriated Funds	3,502,349	5,338,368	5,618,063	5,871,111	
Data Center Services	763,583	782,657	788,645	788,645	
FTE	8.0	7.6	8.0	8.0	
General Fund	54,180	0	0	0	
Reappropriated Funds	709,403	782,657	788,645	788,645	

*Line item includes a decision item.
#Figures represent the final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Mainframe Services	4,261,552	4,271,274	4,351,821	4,351,821	
FTE	31.0	29.4	31.0	31.0	
Cash Funds	0	0	2,328	2,328	
Reappropriated Funds	4,261,552	4,271,274	4,349,493	4,349,493	
Server Management	8,065,432	11,188,178	11,721,901	11,942,879 *	
FTE	61.0	55.5	69.0	72.0	
General Fund	295,391	0	0	0	
Reappropriated Funds	7,770,041	11,188,178	11,721,901	11,942,879	
SUBTOTAL - (B) IT Infrastructure	16,592,916	21,580,477	22,480,430	22,954,456	2.1%
FTE	120.0	110.9	128.0	134.0	4.7%
General Fund	349,571	0	0	0	0.0%
Cash Funds	0	0	2,328	2,328	0.0%
Reappropriated Funds	16,243,345	21,580,477	22,478,102	22,952,128	2.1%
(C) Network Services					
Network Administration	1,853,474	3,899,985	3,933,304	3,933,304	
FTE	3.6	3.8	4.0	4.0	
Reappropriated Funds	1,853,474	3,899,985	3,933,304	3,933,304	
Colorado State Network Core	6,318,681	5,638,329	5,716,189	5,719,165	
FTE	36.0	34.9	36.0	36.0	
Reappropriated Funds	6,318,681	5,638,329	5,716,189	5,719,165	
Colorado State Network Circuits	6,844,343	6,917,086	6,886,814	7,024,550	
Cash Funds	828,205	0	0	0	
Reappropriated Funds	6,016,138	6,917,086	6,886,814	7,024,550	

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Voice and Data Services	0	0	7,935,028	8,754,318 *	
FTE	0.0	0.0	12.0	12.0	
Cash Funds	0	0	1,200,000	1,200,000	
Reappropriated Funds	0	0	6,735,028	7,554,318	
Public Safety Network	12,020,930	12,107,491	12,334,720	19,737,696	
FTE	44.0	0.0	44.0	44.0	
General Fund	3,500,000	3,500,000	3,500,000	7,200,000	
Cash Funds	3,503,734	922	48,600	48,600	
Reappropriated Funds	5,017,196	8,606,569	8,665,120	12,368,096	
Federal Funds	0	0	121,000	121,000	
Voice Services	6,365,047	5,900,605	0	0	
FTE	12.0	11.0	0.0	0.0	
Cash Funds	1,170,343	0	0	0	
Reappropriated Funds	5,194,704	5,900,605	0	0	
Data Services	313,295	214,421	0	0	
Reappropriated Funds	313,295	214,421	0	0	
SUBTOTAL - (C) Network Services	33,715,770	34,677,917	36,806,055	45,169,033	22.7%
FTE	95.6	49.7	96.0	96.0	0.0%
General Fund	3,500,000	3,500,000	3,500,000	7,200,000	105.7%
Cash Funds	5,502,282	922	1,248,600	1,248,600	0.0%
Reappropriated Funds	24,713,488	31,176,995	31,936,455	36,599,433	14.6%
Federal Funds	0	0	121,000	121,000	0.0%

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request		Request vs. Appropriation
(D) Information Security						
Security Administration	378,594	390,148	397,656	397,656		
FTE	3.0	2.0	3.0	3.0		
Reappropriated Funds	378,594	390,148	397,656	397,656		
Security Governance	5,511,391	5,974,491	6,955,430	6,956,474		
FTE	5.8	7.9	6.0	6.0		
Reappropriated Funds	5,511,391	5,974,491	6,955,430	6,956,474		
Security Operations	2,370,926	2,392,910	2,471,604	5,663,109	*	
FTE	28.0	25.8	28.0	38.0		
Reappropriated Funds	2,370,926	2,392,910	2,471,604	5,663,109		
SUBTOTAL - (D) Information Security	8,260,911	8,757,549	9,824,690	13,017,239		32.5%
FTE	36.8	35.7	37.0	47.0		27.0%
Reappropriated Funds	8,260,911	8,757,549	9,824,690	13,017,239		32.5%
(E) Applications						
Applications Administration	3,023,859	4,952,700	1,215,240	2,904,951	*	
FTE	8.0	8.5	12.0	15.0		
General Fund	296,458	3,194,063	1,071,330	1,071,330		
Cash Funds	0	0	0	1,109,625		
Reappropriated Funds	2,727,401	1,758,637	143,910	723,996		
Enterprise Services	2,950,287	2,973,481	3,020,064	0	*	
FTE	29.0	26.1	29.0	0.0		
Reappropriated Funds	2,950,287	2,973,481	3,020,064	0		

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Health Services	11,591,296	10,763,522	12,741,863	0	*
FTE	97.0	88.8	97.0	0.0	
Reappropriated Funds	11,591,296	10,763,522	12,741,863	0	
Colorado Benefits Management System	42,543,294	48,304,649	53,026,031	56,877,851	*
FTE	52.5	50.9	52.5	49.5	
Reappropriated Funds	42,543,294	48,304,649	53,026,031	56,877,851	
Revenue and Regulatory Services	6,599,930	6,542,595	6,745,671	0	*
FTE	77.0	71.2	77.0	0.0	
Reappropriated Funds	6,599,930	6,542,595	6,745,671	0	
Financial Management Services	5,999,593	1,073,064	1,056,979	0	*
FTE	13.0	6.3	11.0	0.0	
Reappropriated Funds	5,999,593	1,073,064	1,056,979	0	
Personnel Management Services	2,856,748	1,677,637	1,702,036	0	*
FTE	13.0	13.1	13.0	0.0	
Cash Funds	582,319	0	0	0	
Reappropriated Funds	2,274,429	1,677,637	1,702,036	0	
Safety and Transportation Services	3,969,370	4,199,894	4,463,013	0	*
FTE	49.0	46.3	50.0	0.0	
Reappropriated Funds	3,969,370	4,199,894	4,463,013	0	
Labor and Employment Services	2,348,762	2,384,964	2,459,345	0	*
FTE	25.0	22.5	25.0	0.0	
Reappropriated Funds	2,348,762	2,384,964	2,459,345	0	

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request		Request vs. Appropriation
Agency Services	0	0	0	22,742,146	*	
FTE	0.0	0.0	0.0	176.0		
Reappropriated Funds	0	0	0	22,742,146		
Shared Services	0	0	0	10,934,420	*	
FTE	0.0	0.0	0.0	114.0		
Reappropriated Funds	0	0	0	10,934,420		
SUBTOTAL - (E) Applications	81,883,139	82,872,506	86,430,242	93,459,368		8.1%
FTE	363.5	333.7	366.5	354.5		(3.3%)
General Fund	296,458	3,194,063	1,071,330	1,071,330		0.0%
Cash Funds	582,319	0	0	1,109,625		0.0%
Reappropriated Funds	81,004,362	79,678,443	85,358,912	91,278,413		6.9%
(F) End User Services						
End User Administration	195,088	197,107	208,410	208,410		
FTE	2.0	2.0	2.0	2.0		
Reappropriated Funds	195,088	197,107	208,410	208,410		
Service Desk Services	2,925,139	2,953,239	3,065,771	3,067,415		
FTE	48.0	41.5	48.0	48.0		
Reappropriated Funds	2,925,139	2,953,239	3,065,771	3,067,415		
Deskside Support Services	8,237,571	8,447,947	8,894,218	9,933,059	*	
FTE	112.0	108.0	112.0	121.0		
Reappropriated Funds	8,237,571	8,447,947	8,894,218	9,933,059		

*Line item includes a decision item.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Email Services	1,828,823	1,932,190	1,942,045	1,942,045	
FTE	3.0	3.0	3.0	3.0	
Reappropriated Funds	1,828,823	1,932,190	1,942,045	1,942,045	
SUBTOTAL - (F) End User Services	13,186,621	13,530,483	14,110,444	15,150,929	7.4%
FTE	165.0	154.5	165.0	174.0	5.5%
Reappropriated Funds	13,186,621	13,530,483	14,110,444	15,150,929	7.4%
TOTAL - (5) Office of Information Technology	171,303,619	196,433,710	224,343,262	248,064,141	10.6%
FTE	925.9	816.6	937.5	952.5	1.6%
General Fund	4,146,029	6,694,063	4,651,457	10,418,539	124.0%
Cash Funds	6,084,601	922	1,250,928	2,360,553	88.7%
Reappropriated Funds	161,072,989	189,738,725	218,319,877	235,164,049	7.7%
Federal Funds	0	0	121,000	121,000	0.0%
TOTAL - Governor - Lieutenant Governor - State Planning and Budgeting	274,424,925	275,608,217	307,252,612	331,723,333	8.0%
FTE	1,068.4	957.5	1,090.0	1,106.0	1.5%
General Fund	30,661,461	34,186,804	35,996,004	39,458,936	9.6%
Cash Funds	54,099,693	41,477,087	43,978,954	47,861,019	8.8%
Reappropriated Funds	180,739,716	192,134,398	220,765,787	237,922,358	7.8%
Federal Funds	8,924,055	7,809,928	6,511,867	6,481,020	(0.5%)

APPENDIX B
RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2015 SESSION BILLS

S.B. 15-014 (MEDICAL MARIJUANA): Makes several changes to the regulation of medical marijuana in Colorado. As it relates to the Governor's Office of Information Technology, it transfers $1,068,560 from the Department of Public Health and Environment' Medical Marijuana Program Cash Fund to the Office for FY 2015-16 to enhance the Medical Marijuana Registry Database.

S.B. 15-029 (VOLUNTEER FIREFIGHTER PENSION PLAN STUDY): Requires the Office of the State Auditor (OSA) to coordinate a study concerning the structure and tax consequences of current volunteer firefighter pension plans (VFPPs) in Colorado. As it relates to the Governor's Office of Information Technology, it transfers $848 General Fund to the Office for FY 2015-16 to support the Department of Local Affairs subject matter expert.

S.B. 15-185 (POLICE DATA COLLECTION AND COMMUNITY POLICING): Creates the "Community Law Enforcement Action Reporting (CLEAR) Act." As it relates to the Governor's Office of Information Technology, it transfers $9,800 General Fund to the Office for FY 2015-16 to support the Department of Corrections in updating its computer system to separate race from ethnicity for data tracking purposes.

S.B. 15-229 (ALS MOTOR VEHICLES LICENSE PLATE): Creates the Amyotrophic Lateral Sclerosis (ALS) license plate. The license plate will be available to any applicant who pays the standard license plate taxes and fees and a one-time additional special license plate fee of $50 on January 1, 2016, or when the Rocky Mountain Chapter of the ALS Association has collected 3,000 signatures of individuals committing to purchase the plate, whichever is later. Appropriates $5,304 cash funds to the Department of Revenue for FY 2015-16. Of this amount, $4,120 is reappropriated to the Governor's Office of Information Technology.

S.B. 15-234 (LONG BILL): General appropriations act for FY 2015-16.

S.B. 15-239 (TRANSFER VOCATIONAL REHAB FROM DHS TO CDLE): Transfers the state's vocational rehabilitation programs from the Department of Human Services (DHS) to the Colorado Department of Labor and Employment (CDLE) beginning July 1, 2016. As it relates to the Governor's Office of Information Technology, it transfers $59,280 General Fund to the Office for FY 2015-16 to support the IT needs associated with the personnel transfer.

S.B. 15-282 (JUMP-START PROG ECON DEV DISTRESSED COUNTIES): Provides tax benefits to approved new businesses that locate inside a rural jump-start zone and establish a relationship with a State institution of higher education, junior college, or an area vocational school. A rural jump start zone is an area within a distressed county. The Colorado Economic Development Commission will be responsible for developing guidelines for the administration of the rural jump-start zone program and identifying eligible distressed countries. Appropriates $125,983 and 1.0 FTE to the Office of

Economic Development and International Trade for FY 2015-16 to manage the program and to modify the computer system that manages program data.

S.B. 15-288 (COMPENSATION PAID TO ELECTED OFFICIALS): Replaces the existing fixed dollar salaries listed in statute for certain state officials and state legislators with a new method for determining salaries that aligns them to certain judicial officers' salaries. The new method for determining these salaries will begin January 2019, and salary amounts will be adjusted every four years to maintain the alignment.

CHANGE IN SALARIES FOR SELECTED STATE OFFICIALS BEGINNING JANUARY 2019				
		BENCHMARKS FOR SALARIES BEGINNING JANUARY 2019		
STATE OFFICIAL	CURRENT SALARY (ESTABLISHED JANUARY 1999)	COLORADO JUDICIAL OFFICER	PERCENT OF JUDICIAL OFFICER SALARY	ESTIMATED SALARIES AS OF JANUARY 2019 [1]
Governor	$90,000	Chief Justice, Colorado Supreme Court	66.0%	$128,049
Lieutenant Governor	68,500	County Court Judges, Class B Counties	58.0%	97,040
Attorney General	80,000	Chief Judge, Colorado Court of Appeals	60.0%	111,916
State Legislators	30,000	County Court Judges, Class B Counties	25.0%	41,828
Secretary of State	68,500	County Court Judges, Class B Counties	58.0%	97,040
Treasurer	68,500	County Court Judges, Class B Counties	58.0%	97,040

[1] Estimates are based on judicial officer salaries established for FY 2015-16 through footnote 45 of the FY 2015-16 Long Bill (S.B. 15-234), increased by estimated inflation rates of 2.5 percent in FY 2016-17 and 2.3 percent each fiscal year thereafter.

Increases statutory salaries for county commissioners, sheriffs, treasurers, assessors, clerks, coroners, and surveyors by 30.0 percent, effective January 2016. Requires the Director of Research of the Legislative Council to periodically adjust the salaries of these elected county officials for inflation, and post the adjusted salary amounts on the General Assembly's web site.

S.B. 15-290 (COLORADO STUDENT LEADERS INSTITUTE): Creates the "Colorado Student Leaders Institute," a competitive summer residential education program for high school students. The institute will operate for four weeks each summer on the campus of an institution of higher education. Transfers $218,825 from the Department of Education's State Education Fund to the Office of the Lieutenant Governor for FY 2015-16. The Office will use the funds to implement the program and hire 1.0 FTE for program administration.

H.B. 15-1004 (FIREFIGHTER MOTORCYCLE LICENSE PLATE): Directs the Department of Revenue to issue firefighter license plates for motorcycles, passenger cars, trucks, or recreational motor vehicles that do not exceed 16,000 pounds empty weight. This adds motorcycles to the list of vehicles that may use a firefighter license plate. Transfers $4,120 from the Department of Revenue's Colorado State Titling and Registration Account in the Highway Users Tax Fund to the Governor's Office of Information Technology to update the Colorado State Titling and Registration System (CSTARS).

H.B. 15-1026 (Reserved Parking Disabled Military License Plates): Allows the Division of Motor Vehicles (DMV) within the Department of Revenue to create and issue a people with disabilities (PWD) version for each of the 36 other military special license plates. The DMV will also create a people with disabilities version of each of the 36 military motorcycle special license plates. In total, 72 new PWD military veterans license plates will be created. Appropriates $58,134 cash funds to the Department of Revenue in FY 2015-16. Of this amount, $52,942 is reappropriated to the Governor's Office of Information Technology to update the Colorado State Titling and Registration System (CSTARS).

H.B. 15-1170 (Increasing Postsecondary and Workforce Readiness): Creates the position of postsecondary and workforce readiness statewide coordinator within the Department of Labor and Employment to work with local education providers, businesses, industry, area vocational schools, community colleges, the Department of Education, the Department of Higher Education, and the career and technical education division within the community college system to raise the level of postsecondary and workforce readiness achieved by high school students. Beginning in FY 2016-17, modifies the statewide education accountability system by requiring the Department of Education to include the percentages of high school graduates who enroll in a career and technical education program, community college, or four-year institution of higher education as measures of postsecondary and workforce readiness. For FY 2015-16, makes the following appropriations: (1) $92,934 General Fund and 0.7 FTE to the Department of Education; (2) $118,969 General Fund to the Department of Labor and Employment (DOLE); and (3) $20,000 reappropriated funds (from the appropriation to the DOLE) to the Office of the Governor for information technology services.

H.B. 15-1219 (Enterprise Zone Investment Tax Credit for Renewable Energy Projects): Allows a taxpayer who places a renewable energy project in an enterprise zone and receives certification to claim an Enterprise Zone Investment Tax Credit (ITC) for the project and an option to receive a refund of the credit. The amount of the refund is equal to 80 cents for every one dollar of ITC credit and is capped at $750,000 per tax year and taxpayer. Renewable energy investments completed on or after January 1, 2015 may elect to receive a refund. A taxpayer can only receive a refund from one new renewable investment at a time. The taxpayer must exhaust the full amount of the refund from one project before electing to receive a refund from another renewable energy investment that generated ITC credits. Requires the Governor's Office of Economic Development and International Trade to annually post on its website the level of renewable energy investment and other information resulting from the refund. Appropriates $20,000 General Fund to the Office for FY 2015-16 to modify the computer system that manages program data. Additionally, appropriates $33,000 General Fund to the Department of Revenue in FY 2015-16. Of this amount, $1,200 is reappropriated to the Department of Personnel.

H.B. 15-1313 (Rocky Mountain National Park License Plate): Creates the Rocky Mountain National Park License Plate. For FY 2015-16, it appropriates $5,452 cash funds to the Department of Revenue and $4,120 in reappropriated funds to the Governor's Office of Information Technology to update the Colorado State Titling and Registration System (CSTARS).

H.B. 15-1366 (Expand Job Growth Tax Credit for Higher Education Projects): Changes the job growth incentive tax credit for taxpayers who enter into a partnership with a state institution of higher education. In particular, this bill allows the credit to be refundable under certain conditions and relaxes the requirements to qualify for the credit. Firms must create at least five jobs with wages of at least 100.0 percent of the average wage within the county in which the new jobs are located, and retain those jobs for one year. For FY 2015-16, appropriates $94,251 General Fund and 1.0 FTE to the Office of Economic Development and International Trade to administer the program and to modify the computer system that manages program data.

H.B. 15-1367 (RETAIL MARIJUANA TAXES): The act refers a ballot issue to voters on November 3, 2015, asking whether the State may retain and spend revenue collected from the Proposition AA excise and special sales taxes on retail marijuana in FY 2014-15. Further, it creates a Proposition AA Refund Account (Refund Account) in the General Fund. The Refund Account comprises $58.0 million, the amount expected to be collected from Proposition AA taxes in FY 2014-15. Of this amount, $27.7 million is a transfer from the Marijuana Tax Cash Fund (MTCF) pursuant to Senate Bill 15-249, and $30.3 million is from the General Fund. If voters approve the ballot issue, the bill apportions the amount in the Refund Account for expenditure during FY 2015-16. If voters reject the ballot issue, the bill establishes mechanisms to refund money in the Account to taxpayers in FY 2015-16. Voters approved the issue in November 2015.

Independent of whether the voters approve the ballot issue, the act:

- lowers the retail marijuana excise and special sales tax rates to zero effective September 16, 2015, and raises them back to 15.0 percent and 10.0 percent, respectively, effective September 17, 2015;
- lowers the retail marijuana special sales tax rate from 10.0 percent to 8.0 percent beginning July 1, 2017;
- repeals current law requiring the Finance Committees of the General Assembly to review tax rates by April 1, 2016;
- transfers any marijuana excise tax revenue collected in excess of $40.0 million during a single fiscal year to the Public School Fund rather than the MTCF;
- broadens purposes for which funds in the MTCF can be expended and requires the Marijuana Enforcement Division to report on its website how tax revenue is spent;
- requires that appropriations from the MTCF for jail-based behavioral health services be made through the Correctional Treatment Cash Fund;
- creates the Local Government Retail Marijuana Impact Grant Program (described below); and
- makes conforming adjustments to appropriations in the 2015 Long Bill, as detailed in the following table.

SECTION 22 APPROPRIATIONS NOT DEPENDENT ON OUTCOME OF BALLOT QUESTION			
DEPARTMENT/RECIPIENT	FUND SOURCE	DOLLAR AMOUNT	FTE
Department of Agriculture	Marijuana Tax Cash Fund	$314,633	4.3
Department of Law	Reappropriated funds from Department of Local Affairs	1,890	0.0
Department of Law	Reappropriated funds from Department of Agriculture	24,703	0.1
Department of Local Affairs	Marijuana Tax Cash Fund	71,342	1.0
Department of Revenue	Marijuana Tax Cash Fund	25,440	0.0
TOTAL		**$438,008**	**1.1**
2015 Long Bill Conforming Adjustments			
Department of Human Services	Marijuana Tax Cash Fund	($1,550,000)	0.0

Section 22 Appropriations not Dependent on Outcome of Ballot Question			
Department/Recipient	Fund Source	Dollar Amount	FTE
Department of Human Services	Reappropriated funds from Correctional Treatment Cash Fund	1,550,000	0.0
Correctional Treatment Cash Fund	Marijuana Tax Cash Fund	1,550,000	0.0
Judicial Department	Correctional Treatment Cash Fund	1,550,000	0.0

The act requires that the General Fund be reimbursed between FY 2014-15 and FY 2019-20 for the $30.3 million deposited in the Proposition AA Refund Account. The schedule and amount of the reimbursement depends on whether voters approve or reject the ballot issue.

Contingencies in Act Related to the Outcome of the Ballot Issue			
If approved	Amount	If rejected	Amount
Explicitly describes how the funds identified for the refund ($58.0 million) would be spent:		Describes how the Proposition AA Refund will be made:	
$40.0 million is transferred to the Public School Capital Construction Fund, known as the BEST Fund	$40,000,000	$25.0 million refunded via the six-tier sales tax refund mechanism	$25,000,000
$2.5 million to the Department of Public Health and Environment (CDPHE) for the marijuana education campaign	2,500,000	$19.7 million refunded to marijuana cultivators who paid a retail marijuana excise tax in FY 2014-15	19,700,000
$1.0 million to CDPHE for the dissemination of information from poison control centers	1,000,000	$13.3 million refunded via a special sales tax rate reduction	13,300,000
$2.0 million to the School Bullying Prevention and Education Cash Fund administered by the Colorado Department of Education (CDE)	2,000,000	DOLA will not begin making grants through the Local Government Retail Marijuana Impact Grant Program until FY 2016-17	
$2.0 million to CDE via the Student Re-Engagement Program Cash Fund for costs associated with the student re-engagement program	2,000,000	In FY 2015-16, $6.06 million is retained in the General Fund from revenue that would have been transferred to the MTCF to repay $30.3 million General Fund identified for the refund	6,060,000
$1.0 million to the Department of Human Services (DHS) via the Youth Mentoring Services Cash Fund for costs associated with youth mentoring services	1,000,000	Total[1]	$64,06 0,00
$1.0 million to DHS for the provision of grants through the Tony Grampsas youth mentoring program	1,000,000		
$0.5 million to the Department of Health Care Policy and Financing for grants to substance the substance abuse screening, brief intervention, and referral to treatment (SBIRT) program	500,000		
$0.3 million to the Department of Agriculture for Future Farmers of American and 4-H programs at the state fair	300,000		
$1.0 million to the Department of Local Affairs (DOLA) for grants through the Local Government Retail Marijuana Impact (LGRMI) Grant Program	1,000,000		
$0.5 million to DHS for treatment and detoxification contracts	500,000		
$0.2 million to the Department of Law (DOL) for Peace Officers Standards and Training (POST) Board	200,000		
$6.0 retained in the General Fund to begin repayment of the $30.3 million General Fund identified for the refund	6,000,000		
Appropriates $82,132 and 1.0 FTE from the MTCF to DOLA for additional expenditures requires to make grants through the LGRMI Grant Program	82,132		
Of the $82,132 to DOLA, $21,803 is reappropriated to the Office of Information Technology	21,803		
Of the $82,132 to DOLA, $2,835 is reappropriated to the Office	2,835		

Contingencies in Act Related to the Outcome of the Ballot Issue			
If approved	Amount	If rejected	Amount
of Information Technology			
Total/1	**$58,106,770**		

/1 Does not total $58.0 million due to inclusion of reappropriated funds and FY 2015-16 appropriations in totals.

The Local Government Retail Marijuana Impact Program is to be administered by the Division of Local Government in the Department of Local Affairs. Local governments eligible to receive grants from the program are those that:

- Permit the sale of retail marijuana but do not impose a tax, except sales taxes that apply uniformly to all products;
- Counties where no retail marijuana is sold in unincorporated areas, but where retail marijuana is sold in one of more municipalities within the county;
- Counties where no marijuana is sold, but where retail marijuana is sold in a contiguous county; and
- Municipalities where no retail marijuana is sold, but where retail marijuana is sold in another municipality or unincorporated area of the same county, or in any part of a contiguous county.

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S.B. 16-030 (MOTOR VEHICLE WEIGHT VIOLATION SURCHARGES): Under current law, individuals convicted of violating motor vehicle weight limits or the terms of overweight permits must pay a variable penalty and a surcharge, depending on the level of excess weight. The bill changes the variable surcharge rate to a flat 16 percent of the penalty for all violations. Appropriates $12,566 cash funds to the Department of Revenue to implement this change and reappropriates this amount to the Governor's Office of Information Technology for the provision of information technology services.

H.B. 16-1047 (INTERSTATE MEDICAL LICENSURE COMPACT): Enacts the Interstate Medical Licensure Compact and authorizes the Governor to enter into the Compact on behalf of Colorado. Under the Compact, physicians licensed in a member state may obtain an expedited license in other member states, allowing them to practice in Colorado or in another member state. The compact is governed by the Interstate Medical Licensure Commission (interstate commission). Appropriates $331,019 cash funds to the Department of Regulatory Agencies for FY 2016-17 to implement the compact and reappropriates $113,300 of this amount to the Governor's Office of Information Technology for the provision of information technology services.

H.B. 16-1097 (PUC PERMIT FOR MEDICAID TRANSPORTATION PROVIDERS): Allows providers of non-emergency transportation to Medicaid clients to operate under a limited regulation permit from the Public Utilities Commission (PUC). For FY 2016-17, the bill is expected to increase state revenue from permit fees by $7,450, of which $5,725 is subject to the TABOR limit, and it makes the following appropriations:

H.B. 16-1097 APPROPRIATIONS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health Care Policy and Financing						
Transfer to Regulatory Agencies	$78,328	$59,578	$0	$0	$18,750	0.0
Medical Services Premiums	(215,271)	($69,405)	(2,549)	$0	(143,317)	0.0
Public Safety						
Colorado Crime Information Center	2,636	0	2,636	0	0	0.0
Law						
Legal Services to State Agencies	23,753	0	0	23,753	0	0.1
Office of the Governor						
Office of Information Technology	8,755	0	0	8,755	0	0.0
TOTAL	**($101,799)**	**($9,827)**	**$87**	**$32,508**	**($124,567)**	**0.1**

H.B. 16-1227 (EXEMPTIONS CHILD SUPPORT REQMNTS CHILD CARE ASSIST): Specifies that a teen parent is not required to submit an application for child support establishment as a condition of receiving child care assistance. However, the county can require the parent to submit an application for child support establishment in order to receive child care assistance once they no longer qualify as a teen parent. Specifies that a county cannot require an application for child support establishment as a condition of receiving child care assistance if the applicant submits a statement indicating that he or she has been the victim of domestic violence, a sexual offense, harassment, or stalking. Appropriates $268,562 federal funds to the Department of Human Services to purchase information technology services and reappropriates this amount to the Governor's Office of Information Technology for the service provision.

H.B. 16-1239 (SUPPLEMENTAL BILL): Supplemental appropriation to the Office of the Governor to modify appropriations for FY 2015-16.

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17.

APPENDIX C
FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

9 **Governor – Lieutenant Governor – State Planning and Budgeting, Office of Information Technology, Applications, Colorado Benefits Management System** -- Of this appropriation, $22,428,801 remains available through June 30, 2018.

COMMENT: n/a

UPDATE ON REQUESTS FOR INFORMATION

5 **Governor – Lieutenant Governor – State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Public Safety, Division of Homeland Security and Emergency Management, Office of Emergency Management, Disaster Response and Recovery** -- The Office of Emergency Management is requested to work with the Office of State Planning and Budgeting to provide a report to the Joint Budget Committee by November 1, 2016, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2014-15, 2015-16, and 2016-17 year-to-date. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; (c) actual expenditures from the Fund, by declared disaster emergency; (d) reimbursements credited to the Fund, by date and source; and (e) total fund balance and unencumbered fund balance.

COMMENT: The Office of the Governor and the Department of Public Safety provided a response to this request. It will be addressed in a separate staff briefing for the Department of Public Safety on Thursday, December 8th.

1 **Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor, Colorado Energy Office** -- The Colorado Energy Office is requested to submit a report to the Joint Budget Committee on November 1, 2016. At a minimum, the report shall specify the following information with regard to the programs administered by the Office in FY 2015-16: (1) the amount of moneys expended in FY 2015-16 from the Clean and Renewable Energy Fund, Innovative Energy Fund, Colorado Low-income Energy Assistance Fund, and Public School Energy Efficiency Fund; (2) the goals and objectives that the moneys in section (1) were intended to achieve; (3) the performance measures used by the Office to monitor the status of moneys outlined in section (1) against said measures; and (4) the status of the performance measures outlined in section (3).

COMMENT: The Colorado Energy Office provided a report with the required information. Please see "Appendix E Colorado Energy Office RFI Response" for the full report.

APPENDIX D
DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Office of the Governor by November 1 of each year. This report is to include a summary of the Office's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Office's budget request, the FY 2015-16 report dated October 2016 can be found at the following link:

- Office of Economic Development and International Trade – https://goo.gl/CXekmi
- Colorado Energy Office – https://goo.gl/Z5frKb
- Office of Information Technology – https://goo.gl/T2Ld9O

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Office of the Governor is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Office's budget request, the FY 2016-17 plan dated June 25, 2016 can be found at the following link:

- Office of Economic Development and International Trade – https://goo.gl/6BoMuK
- Colorado Energy Office – https://goo.gl/ki4EXQ
- Office of Information Technology – https://goo.gl/FR5SX4

APPENDIX E
COLORADO ENERGY OFFICE RFI RESPONSE

Below is the Colorado Energy Office's response to the following FY 2016-17 Joint Budget Committee request for information:

> **"Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor, Colorado Energy Office** -- The Colorado Energy Office is requested to submit a report to the Joint Budget Committee on November 1, 2016. At a minimum, the report shall specify the following information with regard to the programs administered by the Office in FY 2015-16: (1) the amount of moneys expended in FY 2015-16 from the Clean and Renewable Energy Fund, Innovative Energy Fund, Colorado Low-income Energy Assistance Fund, and Public School Energy Efficiency Fund; (2) the goals and objectives that the moneys in section (1) were intended to achieve; (3) the performance measures used by the Office to monitor the status of moneys outlined in section (1) against said measures; and (4) the status of the performance measures outlined in section (3)."

Clean and Renewable Energy Fund - C.R.S. 24-38.5-102.4 - $1,468,888
Per statute, the Clean and Renewable fund is funded from general fund dollars, and can be used for attracting renewable energy industry investment in the state; assisting technology transfer into the marketplace for newly developed energy efficiency and renewable energy technologies; providing market incentives for the purchase and distribution of energy efficient and renewable energy products; assisting in energy implementation of energy efficiency projects throughout the state; aiding government agencies in energy efficiency initiatives; and implementing renewable energy technologies, and the overall advancement of energy efficiency and renewable energy throughout the state.

Innovative Energy Fund - C.R.S. 24-38.5-102.5 - $1,468,888
Per statute, the Innovative Energy Fund is funded from severance tax dollars and can be used for promotion, research, development, commercialization, and education; attracting innovative industry investments to the state; providing market incentives for efficient innovative energy products; assisting in implementation of innovative efficiency projects; and aiding government agencies in innovative energy efficiency initiatives and innovative energy policy development. Innovative energy is defined as "existing, new, or emerging technology that enables the use of a local fuel source, establishes a more efficient or environmentally beneficial use of energy and helps to create energy independence and security for the state."

Low-Income Energy Assistance Fund - C.R.S. 40-8.7-112 (3)(a) - $6,500,000
Per statute, the Low-Income Energy Assistance Fund is funded from severance tax dollars and can be used for a program to provide home energy efficiency improvements for low-income households, which shall include any of the following services: Providing low-cost and cost-effective energy efficiency measures and energy education to low-income households in general; retrofitting households with low-cost and cost-effective energy efficiency measures through the state weatherization assistance program; providing heating system and other appliance replacement; providing cost-effective renewable energy measures; supplementing the funding for

any energy efficiency measures or services offered to low-income households through electric or gas utility energy efficiency or renewable energy programs; and paying a portion of the cost for energy efficiency upgrades to new housing built for low-income families.

Public School Energy Efficiency Fund - C.R.S. 39-29-109.5 (2) - $210,318
Per statute, the Public School Energy Efficiency Fund is funded from severance tax dollars utilizing the "interest differential." Funds must be used to establish and manage a program to improve energy efficiency in public schools. In administering the program, the office shall give consideration to whether a public school or school district is located in an area socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels subject to the severance tax. The program should include financing energy efficiency with Energy Performance Contracting, assist in the design of new more efficient schools, assist districts on their utility budget management, provide training and supporting resources related to efficiency, and provide funding for administration of REEES (Renewable Energy and Energy Efficiency for Schools loan program). After September 2015, CEO no longer received this funding source.

Funding: Expenditures and Encumbrances

The following table outlines the expenditures and encumbrances for each of the four funds:

Appropriations and Expenditures			
	FY 2015-16 Appropriations	*FY 2015-16 Expenditures*	*FY 2015-16 Ending Fund Balance*
Clean and Renewable Energy Fund	$1,468,888.00	$3,641,668.67	($2,172,780.67)*
Innovative Energy Fund	$1,468,888.00	$1,629,965.73	($161,077.73)**
Low-Income Energy Assistance Fund	$6,500,000.00	$7,481,897.21	($981,897.21)***
Public School Energy Efficiency Fund	$210,318.00	$207,570.72	$2,747.28****

*Clean & Renewable Energy Fund: The total expenditures and encumbrances for the Clean and Renewable Energy Fund exceeded the FY 2015-16 appropriation amount for the fund due to a remaining/carry-forward balance from the previous fiscal year.
**Innovative Energy Fund: The total expenditures and encumbrances for the Innovative Energy Fund exceeded the FY 2015-16 appropriation amount for the fund due to a remaining/carry-forward balance from the previous fiscal year.
***Low-Income Energy Assistance Fund: The total expenditures and encumbrances for the Low-Income Energy Assistance Fund exceeded the FY 2015-16 appropriation amount for the fund due to the fact that there was a remaining/carry-forward balance from previous fiscal years.
****Public School Energy Efficiency Fund: The total expenditures and encumbrances for the Public School Energy Efficiency Fund fell short of the FY 2015-16 long bill spending authority level since this funding source statutorily ended September 2015. The office used federal funds to support this area of its programs.

Clean and Renewable Energy Fund - C.R.S. 24-38.5-102.4

Buildings and Facilities: Increase the number of entities across all economic sectors in Colorado that lead to highly energy efficient facilities

1-year goals from the OSPB Performance Plan:

Goal: Through Colorado's Energy Savings for Schools (ESS) and Energy Performance Contracting programs, execute a Memorandum of Understanding (MOU) to 22 public jurisdictions (12/schools,10/EPC).

The Colorado Energy Office's ESS Program provides technical resources to all schools, particularly rural and low-income schools across Colorado, for energy/water efficiency and renewable energy, and provides a consolidated platform for all of CEO's K12 supported programs. The ESS Program includes a free energy audit, preliminary renewable energy assessment, technical and implementation support, and energy coaching.

The Colorado Energy Office's Energy Performance Contracting Program (EPC) helps public building owners reduce energy consumption with no upfront cost to the owner. Through the EPC Program, a building owner can finance energy efficiency improvements and pay back the financing through annual utility cost savings resulting from the usage reductions.

- **Energy Savings for Schools:** The Energy Savings for Schools program exceeded the annual goal by executing 21 Memorandums of Understanding (MOU). This was primarily due to a high level of interest in CEO's program as well as additional funding secured by CEO to help schools implement energy improvements.

- **Energy Performance Contracting:** The EPC Program secured seven MOUs but fell short of meeting the annual goal. A signed MOU is a key indicator that an energy audit will take place and energy efficiency improvements will be implemented from CEO's list of pre-qualified energy service companies to conduct high quality energy efficiency audits. At the end of the fiscal year, a total of 194 EPC projects since the program's inception have improved the performance of public school and university buildings, veterans facilities, libraries, parks, community centers, wastewater treatment plants, prisons and other government buildings in communities across 75 percent of Colorado's counties.

Goal: Through Colorado's Energy Savings for Schools program and Energy Performance Contracting programs, deliver introductory presentations to 44 public jurisdictions and related organizations (20/EPC, 24/schools)

- **Energy Savings for Schools:** The Energy Savings for Schools program uses presentations to introduce the program with a goal to establish an MOU with school districts interested in participating in the program. The ESS program exceeded its annual goal of 24 presentations and completed 31.

- **Energy Performance Contracting:** The Energy Performance Contracting program uses presentations to introduce the program with a goal to establish an MOU with districts and jurisdictions interested in participating in the program. The EPC program completed 17 out of 20 planned presentations.

Goal: Through the Colorado Agricultural Energy Efficiency Program, formerly known as the Colorado Dairy and Irrigation Efficiency Program, complete energy audits for 80 Colorado producers (approximately 40 dairy farmers and 40 powered irrigators).

CEO created the Colorado Agricultural Energy Efficiency Program, a partnership with the Colorado Department of Agriculture, to approach energy efficiency not only as a utility operations strategy, but also as a way of improving the financial standing of Colorado agricultural producers. The program addresses barriers that prevent producers from investing in energy efficiency by bringing existing resources and partners together and leveraging new funding with a turnkey approach.

Program participants receive a free energy audit, a preliminary renewable energy assessment, technical assistance, energy coaching, and support for financing and implementing projects.

- **Colorado Agricultural Energy Efficiency:** The program completed 64 audits and renewable energy assessments for producers, falling short of its annual goal. With the launch of the new statewide program, CEO underestimated the amount of time to review statewide applications and perform site visits prior to completing the energy audits.

Goal: Through CEO's Residential Program, increase the number of Colorado Springs builders participating in a CEO-sponsored technical assistance or building science program from 9 to 15.

CEO focused much of its work in fiscal year 2016 on Colorado Springs, working with six builders to make Home Energy Rating System (HERS) Index and code compliance recommendations. CEO targeted Colorado Springs after reviewing HERS Index data, which showed a market penetration rate of less than 15 percent of all new homes receiving a rating compared to 67 percent in the Denver metro area or 50 percent statewide.

- **Residential:** CEO reached its goal and trained six additional builders in the targeted market on the value of building energy efficient homes. CEO focused on the Colorado Springs market because it is the second largest real estate market in Colorado with a disproportionately low number of new homes with industry standard energy efficient ratings, compared to the rest of Colorado.

Goal: Through CEO's Residential Program, complete 9,000 HERS Index ratings for new homes sold.

Over the last nine years, CEO's Residential Program has worked with industry stakeholders to increase use of the HERS Index. The HERS Index is comparable to a miles-per-gallon rating for a home. Generally, a rating of 100 means that the home is 2006 code compliant regarding energy features and a score below 100 represents performance exceeding the code.

- **Residential**: There were 8,832 Home Energy Rating System Index ratings on new homes for the year, slightly below the annual goal. The number of HERS scores continued to climb in the fourth quarter of FY 2016, with the highest number of HERS scores to date (2,551) suggesting a continued upward trajectory.

Goal: Through Residential Program, complete 2,000 Home Energy Scores (HES).

The HES offers owners of existing homes an easy-to-understand assessment of their home's energy use to make educated choices about how to improve efficiency of their homes. It provides the market data to be used in energy efficient mortgage transactions.

- **Residential:** Colorado launched the Department of Energy's Home Energy Score (HES) in Colorado specifically for the existing home market. CEO's work plan included building the infrastructure to capture and report on scores, training and certifying HES assessors, and building market awareness. Technical challenges with the software platform created obstacles resulting in 851 scores.

Goal: Through the Residential Program, make reservations for Energy Saving Mortgage incentives for at least 75 new and existing homebuyers and homeowners.

- **Colorado Energy Saving Mortgage:** The Colorado Energy Saving Mortgage initiative provided a tiered incentive to prospective Colorado homebuyers to purchase energy efficient homes or make improvements to existing homes. Over the course of FY 2016, 190 Energy Saving Mortgage Incentives were issued; the majority of these were new homes. Funding set aside by HB13-1105 has been fully expended, along with additional federal and CREF funds. New funds have not been committed to this initiative because more cost-effective strategies and tools have been identified to meet the goal.

Clean and Renewable Energy: Support CEO's mission by overall advancement of energy efficiency and renewable energy throughout the state.

Sustainable Practices

1-year goals in addition to OSPB Performance Plan:

Goal: Working with the Department of Personnel and Administration (DPA), implement all low and no cost recommendations made during the Colorado State Capitol retro-commissioning study and achieve the highest LEED EB O+M (Leadership in Energy and Environmental Design for Existing Buildings, Operations and Maintenance) certification level achievable with a minimum goal of reaching the certification level (v2009 or v4).

- **Retro-commissioning and LEED Certification:** DPA was successful in implementing all practical low and no cost improvements identified in the retro-commissioning study. The team made a decision to pursue the LEED Dynamic Plaque rather than v2009 or v4 as it provides a more frequent assessment of key performance indicators (i.e. energy, water, transportation). Final certification has not been awarded as submission was delayed due to issues negotiating the plaque terms and conditions. CEO submitted for LEED Gold.

Goal: In support of EO D 2015-013 Greening of State Government, begin working with state agencies to compile FY 2015 and 2016 energy use information.

- **Greening Government:** CEO executed a contract with EnergyCAP (utility tracking database) to implement a process with state agencies to automate the uploading of utility bills to the state's utility tracking database. State agencies enrolled in the process and populated past utility bill information. In FY 2017, CEO will work with the agencies to establish a FY 2015 energy-use baseline and through annual evaluation, assess progress toward meeting the annual and five-year energy and water use reduction goals. CEO continued to cover the annual maintenance fee for the utility database.

Goal: Develop a proposal for two solar thermal pilot projects that address current market barriers in the deployment of solar thermal hot water systems in Colorado. If approved by CEO leadership, begin implementation in FY 2017.

- **Solar Thermal:** CEO's contractor explored two different solar thermal approaches for cost-effective market driven strategies: a utility energy service where the utility owns the equipment and sells the energy and a low interest financing program in which participants purchase the equipment. At CEO's direction, the contractor presented a utility energy service approach for implementation in FY 2017. While the project successfully characterized the market opportunities and engaged statewide stakeholders, the final proposal did not sufficiently resolve a number of outstanding barriers to implementing the strategies for solar thermal deployment, and thus, could not cost effectively expand the renewable thermal market. Given the level of uncertainty and risk, CEO made the decision to terminate the project and will not be moving forward with implementation.

Colorado C-PACE

1-year goal in addition to OSPB Performance Plan:

Goal: To address market barriers and provide an innovative financing mechanism for commercial property owners, launch the Colorado C-PACE program and promote the program to counties throughout Colorado.

Colorado C-PACE offers commercial property owners a unique way to finance 100 percent of energy and water improvements for their properties. Owners repay the cost of eligible improvements through an assessment on their property tax bills over a term of up to 20 years, with no upfront capital outlay. The New Energy Improvement District, supported by CEO, oversees C-PACE implementation throughout the state.

- Colorado C-PACE was launched in December 2015. Boulder and Adams counties opted into the program, with many counties planning to opt in next fiscal year.

Low-Income Community Solar Demonstration Project

1-year goal in addition to OSPB Performance Plan:

Goal: To more effectively address electricity costs of low-income customers, launch the Low-Income Community Solar Demonstration Project, offering affordable community solar options to the same households that are eligible for weatherization assistance services.

Each project is designed to optimize the community solar model to reduce energy costs for the utilities' highest need customers – those who spend more than 4 percent of income on utility. Each utility (up to 12) is piloting a slight variation on the low-income community solar model to address the unique needs of rural utility service areas and their customers. The projects selected affordably deliver low-cost electricity for purchase by select low-income households and are scalable for utility partners, thus offering great potential to expand across the state.

- **Low-Income Community Demonstration Project:** CEO, in partnership with GRID Alternatives, developed two low-income community solar systems: Empire Electric Association and Delta-Montrose Electric Association.

Transportation: Increase the percentage of EV light duty vehicles in Colorado

1-year goals from the OSPB Performance Plan:

Goal: Through the Charge Ahead Colorado grant program, administered in partnership by the Colorado Energy Office and the Regional Air Quality Council, Colorado will increase the number of electric vehicle (EV) charging stations located outside of the Denver Metro Area by 35 stations, raising the total number of stations outside of metro Denver from 109 to 144. The program uses federal and state dollars.

In partnership with the Regional Air Quality Council (RAQC), CEO administers Charge Ahead Colorado, an electric vehicle charging program. The intent of the program is to serve registered EVs by expanding Colorado's network of EV chargers. A prevailing impediment to EV adoption is limited access to public charging, leading to "range anxiety," or the worry that an EV driver's battery will run out of power before their destination.

- **Charge Ahead Colorado:** CEO exceeded its annual goal and awarded 18 more electric vehicle stations for a total of 53 stations. This was due to successful outreach and strong coordination with stakeholders. CEO was able to award these additional stations because of flexibility in funding through the multi-year grant program. Charge Ahead is also funded by the Electric Vehicle Grant Fund (C.R.S. 24-38.5-103).

Goal: Through Colorado's Wired Workplace initiative, educate large workplaces about the benefits of EV workplace charging and the Charge Ahead Colorado program.

- **Colorado EV Wired Workplace:** CEO and the Regional Air Quality Council recognized and awarded four Colorado workplaces (Xcel, American Lung Association, ALIO Industries and the Colorado School of Mines) with a ribbon-cutting ceremony and a plaque signed by Gov. John Hickenlooper. According to the U.S. Department of Energy, employees working at businesses that offer EV charging at the workplace are six times more likely to drive an EV than the average worker.

Communications and Outreach: Support CEO's mission and its programs through strategic messaging by providing accurate and timely energy information to various audiences.[2]

Goal: Work with CEO's subject matter experts to identify key messaging for specific audiences and distribute through CEO and partner communication channels and media. CEO's communications area worked with staff on a multitude of different projects with various size and scope. These efforts resulted in the following:

- more than 230 CEO attributions in published news stories
- more than 60 media inquires
- 17 statewide press releases
- 55,401 users to the CEO website and 7,611 users to the ReFuel Colorado website for energy information
- More than 70 presentations to educate stakeholders by the director and staff

[2] The communications goal is supported by both the Clean and Renewable Energy Fund and Innovative Energy Fund.

- 219 tweets with 143,400 impressions; 54 Facebook postings with 21,067 reach

Innovative Energy Fund - C.R.S. 24-38.5-102.5

Transportation: Increase the percentage of new medium and heavy duty CNG vehicles in Colorado

1-year goals from the OSPB Performance Plan:

Goal: Through the ALT Fuels Colorado grant program in partnership with the Regional Air Quality Council, Colorado will make awards to increase the number of publicly accessible compressed natural gas (CNG) fueling stations along Colorado's major transportation corridors by 9 stations, raising the total number of statewide CNG stations from 16 to 36. The ALT Fuels Colorado station infrastructure is funded through federal dollars.

The ALT Fuels Colorado grant program, designed to address the need for fueling infrastructure, provides funding for alternative fueling stations. Partnering with the Regional Air Quality Council, the program also provides incentives to offset incremental costs in the initial costs of alternative fuel vehicles.

- CEO awarded four compressed natural gas stations instead of 11 stations. Due to the relatively low gas and diesel prices in the market, the program saw more caution with CNG infrastructure investment. CEO anticipates this slow market continuing in FY 2016-17, and will adjust its programmatic strategy accordingly.

Goal: Through ReFuel Colorado, provide technical assistance to fleets by identifying monetary savings and other advantages by converting to alternative fuels. Build self-sustaining statewide alternative fuel markets by working with community leaders, fuel providers, and dealerships.

Refuel Colorado is used as a strategy for both the ALT Fuels Colorado and Charge Ahead Colorado programs. It offers free technical assistance to fleets statewide by helping to identify monetary savings and other advantages from the conversion to alternative fuel vehicles. Fleet coaches actively work with community leaders, fuel providers and auto dealerships to build self-sustaining local alternative fuel markets.

- Refuel coaches hosted 19 outreach events and engaged with a total of 22 fleets.

State Fleet Idling Reduction Pilot

1-year goal in addition to OSPB Performance Plan:

Goal: Partner with Colorado Department of Transportation (CDOT) to install and assess the promising technologies that reduce petroleum consumption during vehicle idling.

- CEO contracted for services to purchase and install a variety of idling reduction technologies on several types of CDOT vehicles. Technologies like auxiliary load management devices and auxiliary power units will shut off vehicle engines but maintain power to the cabin, reducing fuel usage. The contractor has installed all idling reduction units and will monitor vehicle performance and fuel savings through FY 2016-17 winter. Through data gathered in this study, the contractor will assess the costs, benefits, and returns on investment for these technologies.

Innovative Energy Production: Increase generation from emerging clean technologies, diversifying electricity generation for all Coloradans.

1-year goals from the OSPB Performance Plan:

Goal: Conduct a market assessment of micro-hydro potential for municipal water districts and commission a pilot project, demonstrating the potential and identifying barriers to the adoption of municipal micro-hydro.

- A market assessment was completed including a geoportal that is linked to the CEO website that gives water providers with pressure reducing valves the ability to input and share data on system opportunities for converting the pressure into electricity.

Goal: Conduct two studies to assess the market potential or to analyze market barriers for emerging clean technologies, identifying policies and next steps to enable project development.

- CEO contractors completed and published the market research reports on Coal Mine Methane in Colorado and the Colorado Recycled Energy Market Overview. The reports identify resource potential for the deployment of coal mine methane and recycled energy in Colorado, identify barriers to market, and provide next steps for the CEO to increase the deployment of these technologies.

Goal: Complete a geothermal resource assessment and feasibility study for Rico, Colorado, enabling Rico to approach project developers and investigate financing options.

- CEO executed an interagency agreement with Colorado School of Mines for this project.

Goal: Assist Clear Creek County in accessing technical and financial resources for a geothermal project, enabling Clear Creek in conduct drilling and additional testing.

- CEO created an agreement with Clear Creek County officials and Colorado School of Mines staff on early stage geothermal analysis. The CSM team will utilize a geo-magnetic system to better identify and characterize the geothermal reservoir in the area.

Innovative Energy Production: Advanced Industries Accelerator Program

1-year outcome goals in addition to OSPB Performance Plan:

Goal: Increase opportunities for cleantech projects in Colorado's oil and gas industry.

CEO partnered with the Office of Economic Development and International trade to connect local companies seeking to commercialize innovative technology through its Advanced Industries

Accelerator grant program. The funding, provided by CEO through its partnership with OEDIT, is aimed at supporting oil and gas energy startups. To be eligible, companies must demonstrate innovative technology and viable products that can be created or manufactured in the state of Colorado. CEO's funding contributed to advances in analyzing geologic properties along the wellbores and geospatial software solutions for pipelines and other industry assets.

Low-Income Energy Assistance Fund – C.R.S. 40-8.7-112 (3)(a)

1-year goal from the OSPB Performance Plan:

Goal: Through Colorado's Weatherization Assistance Program, install energy efficiency measures in 2,600 homes, yielding, on average, at least $208 in annual savings per household (1.2% of income, on average). The program uses both federal and state funds.

- CEO installed weatherization measures in 2,969 low-income homes versus 2,600 due to efficiencies in service delivery within the program. The multi-family units are estimated at the beginning of the year and are not incorporated into the goal.

- The associated installed measures saved clients a combined $600,000 on their energy bills, over 371,000 therms of natural gas, and more than 1.9 million kilo-watt hours of electricity. These savings are realized through site specific auditing and the installation of home air sealing, insulation and appliance replacement. These improvements create long-term savings and noticeable home and lifestyle improvement for the program's clients.

Public School Energy Efficiency Fund - C.R.S. 39-29-109.5 (2)[3]

1-year goal in addition to OSPB Performance Plan:

Goal: Establish criteria for participation in the Renew Our Schools Competition and engage school district energy managers and district staff in Colorado for the 2016 competition.

- The ReNew Our Schools Competition was held in Jefferson County Public Schools October/November 2015 and achieved significant energy savings. Twelve schools from kindergarten to 12th grade participated in the month-long competition and achieved energy savings as high as 14% over pre-competition energy use. The program reached approximately 10,000 students with an energy conservation program and created an awareness around energy conservation. The three winning schools installed projects including occupancy sensors and "solatubes." Solatubes allow natural light to enter the space so that artificial lights do not need to be used.

- Twenty-one schools enrolled in the ESS program and 20 of those schools have received site visits and audit/renewable assessment reports; ESS staff are actively engaged in helping implement priority recommendations. 1,849,490 kWh of electrical savings, 108,140 therms of gas savings and 2,097 kgallons of water were identified through the audits.

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[3] CEO no longer receives funding from this source as of September 2015

APPENDIX F
ECONOMIC DEVELOPMENT FILM INCENTIVES

The Office of Film, Television, and Media is legislatively tasked with promoting Colorado as a location for making feature films, television shows, television commercials, still photography, music videos, and emerging mass media projects. The benefit of using Colorado as a location for such endeavors is cited by the Office to be job creation, increased tax revenue collection, and tourism promotion.

To accomplish its legislatively-mandated goal, the Office provides performance-based financial incentives to companies for a percentage of their local expenditures for approved productions if they meet the 50.0 percent local hire requirement. The unit also offers a gap loan program to provide up to 20 percent of a production's costs in the form of a low-interest bank loan that is guaranteed by the State.

Colorado-based production companies must have qualified local expenditures of at least $100,000 to be eligible for incentives. An out-of-state production company must have at least $1.0 million in qualified local expenditures to be eligible for incentives. Television commercials and video game productions are unique in that they must have qualified local expenditures of $250,000 to be eligible for incentives.

Film Incentives Balance Sheet FY 2012-13 through FY 2016-17	
Spending Authority	$16,304,171
Incentives Approved	(4,804,319)
Incentives Paid/Completed	(10,931,222)
Balance	**$568,630**

Film Incentives Balance Sheet by Fiscal Year

Fiscal Year	Allocation/Balance	Incentives (Paid/Encumbered)	New Balance
FY 2012-13	$4,614,060	($1,712,749)	$2,901,311
FY 2013-14	800,000	(1,851,113)	1,850,198
FY 2014-15	4,890,111	(5,782,055)	958,254
FY 2015-16	3,000,000	(3,546,428)	411,826
FY 2016-17	3,000,000	(2,843,196)	568,630
Total	**$16,304,171**	**($15,735,541)**	**$568,630**

Film Incentives by Project

Project Title	Project Type	Project Status	Fiscal Year	Incentive Amount	Crew/Cast Hires	Colorado Spend
Idol Story 1 (working title)	Video Game	Pending	2017	$250,000	53	$3,572,000
Shooting in Vein	Feature Film	Pending	2017	34,076	35	170,381
Our Souls at Night	Feature Film	Pending	2017	1,500,000	116	17,630,000
The Lifted Life	Television	Pending	2017	46,540	19	232,700
Black Lung	Feature Film	Pending	2017	1,012,580	87	5,062,900
UC Health	Commercial	Pending	2016	53,632	39	268,164
Life Tectonic	Documentary	Pending	2016	154,122	12	770,610
Coors	Commercial	Pending	2016	100,418	49	502,093
Hoax	Feature Film	Pending	2016	160,000	45	800,000
Walden	Feature Film	Pending	2016	210,000	55	1,050,000
Amateur	Feature Film	Pending	2016	89,274	0	446,366

Film Incentives by Project						
Project Title	Project Type	Project Status	Fiscal Year	Incentive Amount	Crew/Cast Hires	Colorado Spend
Kia	Commercial	Pending	2016	126,106	61	630,533
Xfinity Latino Entertainment	Television	Pending	2016	195,000	18	975,000
Keep a Light in Your Window	Documentary	Pending	2016	22,332	12	111,663
Project Cheetah	Video Game	Pending	2016	199,500	9	997,500
Gnaw	Feature Film	Pending	2016	100,789	60	503,947
God With Us	Special Feature	Pending	2016	52,566	62	262,832
Ask a Ranger	Documentary	Pending	2016	46,000	11	230,000
Amateur	Feature Film	Pending	2016	260,726	81	1,303,634
Colorado Fuel & Iron	Documentary	Pending	2016	39,240	25	196,200
The Joey Canon Show	Television	Completed	2016	75,061	20	375,305
Toyotal Rav 4 "Spartan Race"	Commercial	Completed	2016	111,662	94	558,308
Casting JonBenet	Feature Film	Completed	2016	50,000	58	255,041
The Hateful Eight	n/a	Completed	2016	1,500,000	0	0
78/52	Documentary	Pending	2015	41,200	8	206,000
The Holly	Documentary	Pending	2015	110,218	10	551,092
Standing in the Gap	Television	Completed	2015	24,937	55	124,688
Max Lucado: Traveling Light	Television	Completed	2015	29,138	23	145,690
Star Raiders	Feature Film	Completed	2015	40,918	38	204,590
Heart of the World: Colorado's National Parks	Documentary	Completed	2015	75,383	5	376,917
Prospectors, Season 4	Television	Completed	2015	250,000	29	2,844,585
Star Citizen	Video Game	Completed	2015	763,953	32	3,849,170
Ultimate Sportsman's Lodge - Colorado	Television	Completed	2015	156,565	35	782,828
Coors	Commercial	Completed	2015	56,968	55	284,844
The Hateful Eight	Feature Film	Completed	2015	3,500,000	189	29,947,364
Play Along!	Educational Series	Completed	2015	148,000	114	750,134
2015 Alpine World Championships, Podium 360	Television	Completed	2015	27,238	17	136,188
Verizon/Samsung 1 Day	Commercial	Completed	2015	20,852	31	104,259
Moneygram	Commercial	Completed	2015	20,134	29	115,957
Christmastime/Heaven Sent	Feature Film	Completed	2015	516,551	78	2,582,755
The Great Divide	Documentary	Completed	2014	70,049	10	370,280
Cop Car	Feature Film	Completed	2014	82,000	34	455,276
Being Evel	Documentary	Completed	2014	94,270	23	471,350
Hondros	Documentary	Completed	2014	47,599	2	237,996
Colorado Inside Out	Web Series	Completed	2014	22,124	12	110,619
Prospectors, Season 3	Television	Completed	2014	546,587	53	2,970,000
Coors	Commercial	Completed	2014	66,893	52	334,465
Colorado Experience, Season 2	Television	Completed	2014	20,665	6	103,325
Hyundai Running Footage	Commercial	Completed	2014	101,197	65	505,983
Furious 7	Feature Film	Completed	2014	700,000	61	12,978,028
Countown to Sochi, Podium 360, Rugby Rising	Television	Completed	2014	99,729	24	498,643
Pawn in the Game, Catch & Release	Television	Completed	2013	452,214	53	3,039,128
Dear Eleanor	Feature Film	Completed	2013	395,117	240	1,975,583
The Frame	Feature Film	Completed	2013	63,816	38	319,082
Relocation Agreement	Television	Completed	2013	307,241	42	5,965,000
Coors	Commercial	Completed	2013	67,501	95	374,223
Clean Guys of Comedy	Special Feature	Completed	2013	28,039	8	140,198
Prospectors, Season 1	Television	Completed	2013	345,119	63	1,725,597
Colorado Experience, Season 1	Television	Completed	2013	53,702	72	268,512
Total				**$15,735,541**	**2,722**	**112,755,526**

APPENDIX G
IT ASSET REPORT

Pursuant to S.B. 14-169 (Office Of Information Technology Reports To GA), the Governor's Office of Information Technology (OIT) is required to annually submit an inventory and refresh cycle information to the Joint Budget Committee and the Joint Technology Committee for specific types of information technology assets.

- Personal computers, including operating systems and productivity software (begins November 1, 2014);
- Network infrastructure (begins November 1, 2015);
- Servers (begins November 1, 2016); and
- Non-productivity software (begins November 1, 2017).

Personal Computers, Including Operating Systems and Productivity Software
The report indicates that executive branch agencies (and the Treasury) have 33,407 total personal computers. 29,483 of these computers are five years or less years old and 4,305 of these computers are greater than five years old. The projected refresh costs for these computers are as follows:

Statewide Personal Computer Refresh Costs		
Fiscal Year	Computer Count Eligible for Refresh	Cost
FY 2016-17	5,679	$9,869,286
FY 2017-18	8,620	13,916,216
FY 2018-19	8,621	14,104,013
FY 2019-20	8,622	14,196,593
FY 2020-21	8,621	14,286,504

Costs for personal computers and software are generally covered out of the operating expenses line item appropriations, not with OIT appropriations. This is due to the fact that the consolidation of resources from State agencies into OIT did not include operating expenses, only personal services. If the legislature opts to work with OIT to fund a refresh cycle for personal computers, a plan must be put in place in parallel to reduce appropriations to agencies for operating expenses currently used for personal computers.

Network Infrastructure
The report provides data on four types of equipment:

- **Routers** are devices that forward data packets along networks. A router is connected to at least two networks, commonly two local access networks (LANs) or wide access networks (WANs) or a LAN and its internet service providers (ISPs) network. Routers are located at gateways, the places where two or more networks connect, and are the critical device that keeps data flowing between networks and keeps the networks connected to the Internet.

- **Switches** serve as controllers, enabling networked devices to talk to each other efficiently.

- **Wireless Access Points** are devices that allow wireless devices to connect to a wired network using Wi-Fi.

- **Firewalls** are network security systems that monitor and control the incoming and outgoing network traffic based on predetermine rules.

- **Other Devices** include a variety of other equipment, including power supplies, load balancers, wireless controllers, and others.

The network infrastructure asset inventory found the following equipment across State agencies:

Statewide Network Infrastructure Count	
Equipment Type	Number
Routers	820
Switches	2,707
Wireless Access Points	933
Firewalls	289
Other Devices	567

The projected refresh costs for network infrastructure are as follows:

Statewide Network Infrastructure Refresh Costs	
Fiscal Year	Cost
FY 2016-17	$871,442
FY 2017-18	1,514,227
FY 2018-19	310,163
FY 2019-20	1,652,255

OIT received an appropriation of approximately $1.0 million total funds for FY 2015-16, and ongoing each fiscal year thereafter, to develop and implement a five year plan to refresh network infrastructure components each year. The Office created a statewide refresh life-cycle with an aim of replacing 20 percent of existing network infrastructure each year that is at the manufacturer's end of support. The Office, however, was only able to refresh 6 percent of aging network infrastructure in FY 2015-16 due to the overwhelming amount of equipment identified through the asset inventory process.

Servers
The report indicates that executive branch agencies have 3,286 total servers (includes physical servers and virtual servers). OIT has developed a process of a statewide life cycle that targets to replace 25 percent of the existing server infrastructure each year in order to keep the State's technology current and under warranty. Additionally, OIT is working to consolidate physical servers into virtual servers at the OIT datacenters wherever possible. This allows for lower costs to agencies and reduces the agency's local server footprint requiring refresh.

The projected refresh costs for these computers are as follows:

Statewide Server Refresh Costs		
Fiscal Year	Server Count Eligible for Refresh	Cost
FY 2016-17	785	$2,935,896
FY 2017-18	827	2,957,352
FY 2018-19	772	2,932,320
FY 2019-20	815	2,925,168

APPENDIX H
HOUSE BILL 14-1203 ACCOUNTABILITY REPORT

House Bill 14-1203 (Funding For Digital Trunked Radio Sys Maintenance) established a $3.5 million annual appropriation beginning in FY 2013-14 and continuing for 12 years from the General Fund to replace legacy radio equipment and hardware at radio tower sites that are part of the Digital Trunked Radio System (DTRS). In addition, beginning in FY 2017-18 and continuing for eight years, the bill established an annual appropriation of $3.7 million from the General Fund to upgrade and maintain software used to operate the DTRS.

To assist the legislature in maintaining adequate oversight of the ongoing upgrade projects, H.B. 14-1203 required the Office of Information Technology (OIT) to submit a report by November 1st each year through 2025 detailing the use of the moneys appropriated each year via this legislation. The annual reports must include the purposes for which the moneys appropriated were used during the prior fiscal year, are being used during the current fiscal year, and the anticipated use of the moneys that will be appropriated in future fiscal years.

The following pages include the November 1, 2016 report in its entirety.

COLORADO

Governor's Office of Information Technology

2015 - PUBLIC SAFETY COMMUNICATIONS NETWORK - 2016

The Public Safety Communications Network is pleased to provide this project status report on FY16 accomplishments and FY17 project updates.

EXECUTIVE SUMMARY

ABOUT THE PUBLIC SAFETY COMMUNICATIONS NETWORK

The Governor's Office of Information Technology (OIT) is statutorily required (*C.R.S. 24-37.5-502)* to serve the two-way radio communications needs of all state departments, including but not limited to the departments of public safety, transportation, corrections, and natural resources. The Public Safety Communications Network (PSCN) under the OIT is responsible for all things directly, and in some cases indirectly, related to public safety two-way radio voice communications. The safety of the citizens and first responders in Colorado is always the top priority and primary focus for the members of the PSCN team. Two-way voice communications systems providing service to public safety first responders must meet or exceed the industry standard 'Rule of Five-Nines.' Translated, that means that public safety voice communications systems must remain in service and available for first responder access a minimum of 99.999% of the time. The dedicated PSCN team is proud to uphold those standards for the digital trunked radio system (DTRS) and other public safety communications systems in use by state agencies statewide.

The state has ownership and maintains full responsibility for the primary Zone Master Site Controller (also known as 'Zone 1') located at the Denver Transmitter Building. The Zone 1 Master Site is the 'hub' of all DTRS network connectivity and system control. In addition to the Zone 1 Master Site, the state owns, manages and supports two of the other four Zone Master Site Controllers currently supporting the DTRS statewide. Zone 2 is located in Grand Junction and provides system connectivity for the transmitter (tower) sites on the western slope. Zone 3 is located in Fort Collins and provides connectivity for transmitter sites primarily in the northeast quadrant of the state.

Support and maintenance of the DTRS is broad in scope and includes all things related to all systems that directly impact the performance and reliability of the DTRS. Engineering and electronic specialists must be trained and remain proficient at installation, service, repair and maintenance of all systems at state owned and managed Zone Master Sites and transmitter sites. This includes, but is not limited to knowledge and proficiency of all computer software programs operating various components of the system, 24-hour system monitoring and alarm notification, installation, service and maintenance of all backup power generators and heating/air conditioning units at transmitter sites and routine safety checks and preventive maintenance and repairs of the tower structures and equipment shelters at the sites. Winter survival training and safe operation of the state Sno-cats is mandatory for all specialists responsible for the operation and maintenance of our mountain top sites. Our electronic specialists are geographically and strategically stationed in shops across the state to ensure an immediate response to alarm notifications of any system component trouble or failure. Routine preventive maintenance by the regional specialists ensures the highest level of performance and prevents interruptions in service and loss of availability. Technicians providing onsite maintenance are able to identify early warning signs of potential failure and immediately take the necessary preventive actions to make repairs and/or plan for replacement of failed or failing

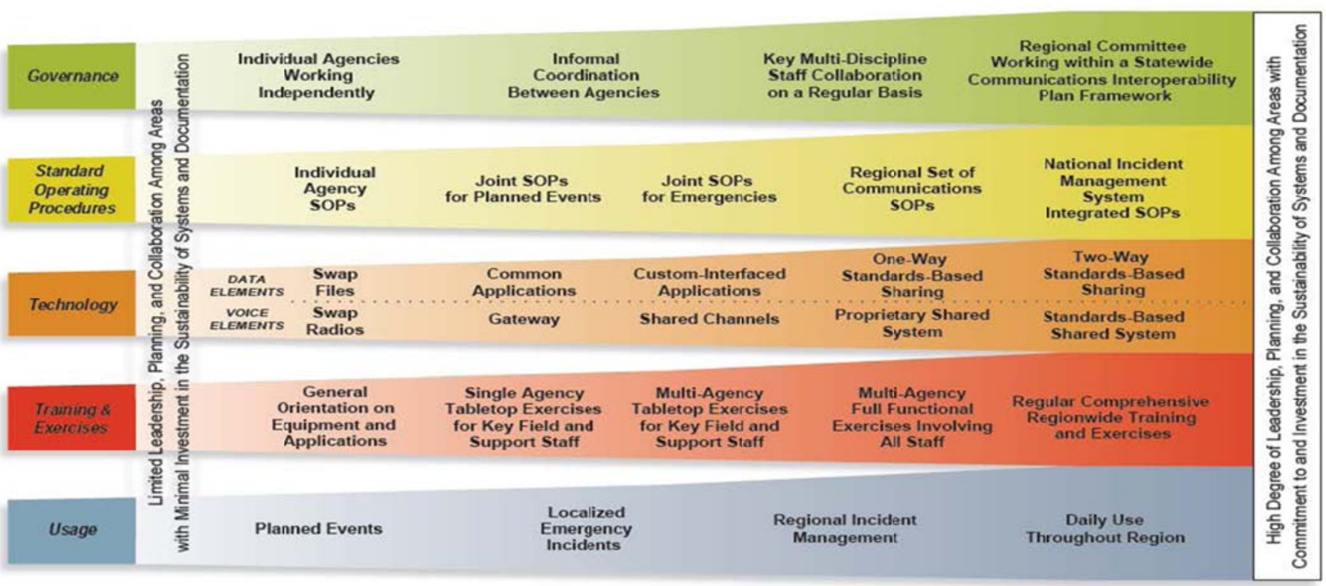
components. Our teams are accomplished FCC licensed professionals that are acutely proficient at utilizing the resources required to provide this mission critical service to our users.
Our technical staff provides programming, installation, and repair of mobile (vehicle) and portable (hand-held) radios for state agencies and administrative staff manages leases, rights of way, and easements for state transmitter sites.

In addition to the responsibilities of the DTRS, the PSCN team also provides support, service, and maintenance for the network of VHF repeaters across the state. This network of VHF repeaters serves to provide state agencies with a means of interoperable communications in some of the state's remote areas and areas with difficult terrain where DTRS coverage is not optimal or unavailable.

ABOUT DTRS

- DTRS provides a near seamless statewide wireless system that enables direct communications between first responder / public safety agencies across jurisdictional and regional boundaries. Ownership is shared among jurisdictions.
- DTRS capabilities include replacement of multiple disparate and obsolete radio systems operated by state and local agencies with a single integrated system. Partnerships between state, local, regional, tribal and federal government agencies make this mission critical public safety communications network possible.
- DTRS is available to all public safety, public service and other governmental agencies that choose to use DTRS as their primary radio system for daily operations, or for agencies that may choose to utilize the resources of the DTRS for communications interoperability only.
- This system is available with 24x7x365 maintenance and support from local, state and vendor partners.
- DTRS supports reliable wireless voice communications.
- DTRS meets the highest level of interoperability for Technology on the Department of Homeland Security SAFECOM Interoperability Continuum.

SAFECOM - Interoperability Continuum



DTRS FACTS & RECORDED STATISTICS

As of October 1, 2016

- 227 active radio (tower) sites operating on five Master Zone Switch Controllers and 45+ dispatch sites
- Mobile (in vehicle) radio coverage provided to approximately 93%-95% of state roadways, using state OIT coverage modeling software.
- Utilizes frequencies in both the 700 MHz and 800 MHz bands.
- Over 93,000 subscriber radios operating on DTRS, representing over 1,000 local, regional, tribal, state and federal agency first responders. Approximately 18% represent users from state government. The remaining 82% are divided between local, regional, tribal and federal government agencies.
- State of Colorado PSCN engineers and technicians are responsible for the service and maintenance of 60% of the Zone Master Site Controllers and roughly 65% of the statewide transmitter sites with local government agencies being responsible for the remainder.
- Calendar year 2015 recorded statistics show a total of 100,314,599 voice calls on the DTRS, or a monthly average of 8,359,550 million voice calls totaling 170,524 hours 37 minutes of talk time. The majority of these voice calls are serving day-to-day operations for primary DTRS user agencies.
- January through September 2016 records show a 9-month total of 74,709,041 voice calls on the DTRS, or a monthly average of just over 8.3 million voice calls totaling 133,046 hours 16 minutes of talk time. The majority of these voice calls are serving day-to-day operations for primary DTRS user agencies.

PSCN PROJECT FY16 ACCOMPLISHMENTS

Mt Bailey Airlift DTRS Equipment Replacement – September 14, 2016

- Ongoing replacement of legacy DTRS radio transmitters at state tower sites is underway. We have currently completed full replacement of DTRS transmitters (radios) at 119 state transmitter sites, containing 693 radio transmitters. Equipment has been delivered to an additional 5 lower elevation sites in the south east quadrant of the state, where site access is attainable year around. Replacement of these remaining 37 legacy DTRS transmitters is scheduled or pending throughout the rest of this fiscal year. This long-range equipment replacement project is funded through appropriations received from the General Fund through the Public Safety Trust Fund, per HB 14-1203.
- Negotiations with Motorola for a Migration Assurance Plan (MAP) and Software Upgrade Assurance (SUA) plan for the long-term sustainment of the DTRS were successful when agreement was reached and a contract signed in late 2015. The contract defines a series of biennial DTRS software platform upgrades, to be installed state wide and system wide on all DTRS tower transmitters and dispatch consoles beginning in September 2017 and concluding at the end of FY 25 (June 30, 2025.) The contract mandates that Motorola include the most current software version available at the end of the term of the contract. The contract includes hardware upgrades and refreshes for state owned DTRS assets throughout the term of the contract. Keeping the DTRS operating system software and

hardware refreshed ensures this mission critical two-way radio system is operating with maximum system security protections and is supported by current hardware technologies. The state contract with Motorola is inclusive of software upgrades for all future expansion sites and transmitters through the term of the contract. Appropriations received from the General Fund beginning FY17, through the Public Safety Trust Fund, per HB 14-1203.

- Aviat Networks successfully bid for replacement of the state's obsolete microwave equipment used for DTRS site networking. The contract was executed in June, 2016. Phase one of the five-phase project is currently in progress. The PSCN engineering and technical staff is engaged in final planning, design, installation, and implementation meetings with Aviat Networks. Phase one of the project addresses the replacement of the Denver Metropolitan microwave backhaul ring. Installation is planned to begin in Spring 2017. Aviat has proposed a very aggressive plan-build-run schedule for this project. The new microwave radio technology and topology will provide greater capacity, increased reliability, enhanced performance, significantly improved redundancy, and greater ability to remotely monitor the health and wellbeing of the microwave backhaul network. Appropriations for the Microwave Replacement Project are received through Capital Development Funding.
- Replacement of antiquated microwave rectifiers and supporting microwave battery banks is currently underway at State owned/managed sites. The project is estimated at 96% complete. There are a small number of sites in the southeast quadrant of the state, where equipment has been received and delivered to the sites and is scheduled for installation. Appropriations for this project are received from the Controlled Maintenance Fund.

LaVeta Pass new tower construction- completed August 2016

- Replacement of aged backup power generators at state owned DTRS sites is complete. Appropriations for the generator replacement project were received from the Controlled Maintenance Fund.
- Tower replacements are in progress. Appropriations received from the Controlled Maintenance Fund.
    - The tower replacement at the Sunlight DTRS site in Garfield County is complete.
    - The tower replacement at the La Veta Pass DTRS site is complete.
    - The tower replacement at the Buckhorn Mountain (Larimer Co) DTRS site is nearing completion. Construction of the new tower is complete. Equipment and antennas have been moved from the old to the new tower. Deconstruction and removal of the old tower, backfill and environmental restoration are nearling completion. Final site inspection with the USFS will close the project.
    - The tower replacement at the Reiradon Hill (Logan Co) DTRS site is currently underway. Concrete work is complete. Crews were temporarily redirected from this project to complete the Buckhorn Mountain site before winter weather prohibits safe access. With the Buckhorn Mountain site complete, crews will renew efforts at Reiradon. Reiradon Hill is a low-altitude site with safe access available nearly year-around. Estimated time for completion is by end of December, 2016.
    - Tower replacements are approved at the Cheyenne Mountain (El Paso Co) and Toonerville (Bent Co) DTRS sites over a period of the next 24-months.
- Replacement of 60 propane tanks and regulators at state DTRS sites is complete. Appropriations for this project were received from the Controlled Maintenance Fund.

- Efforts to reach agreement with the City of Greeley to subdivide the CDOT property located at 1420-2nd Street in Greeley have been unsuccessful to date, but are ongoing. The PSCN proposes to construct a new tower and regional maintenance shop building on the northwest parcel of the property. This tower hosts DTRS transmitters and is a major microwave relay site and fiber hub for northeast Colorado DTRS site connectivity. This site location also provides fiber connectivity to the State Zone 3 Master Site (Controller) currently located in Fort Collins. CDOT-Region 4 has completed construction and moved to their new facilities west of Greeley. CDOT desires to sell the 1420-2nd Street property and use proceeds from the sale to offset costs of their new facility. PSCN is guiding efforts to advance this project forward, with the assistance and support of the Office of the State Architect (OSA). Project approved by the Capital Development Committee. Funded through the Long Bill.

ADDRESSING STATEWIDE DTRS COVERAGE NEEDS

- DTRS sites were added in 2015/16 and additional sites have been identified and are in various stages of planning and development in 2016/17 by state and local governments. These sites are filling known DTRS coverage gaps. PSCN teams are currently providing engineering and technical support and working cooperatively with local governments and state agencies on the following expansion and proposed expansion DTRS sites:
  - Caviness Mountain - (Montezuma County) Local and State joint effort – fills a critically needed coverage gap along US Hwy 160 in the area of Mancos, CO and the surrounding area, including some areas of La Plata County. Site connectivity to the state DTRS via state microwave to the State Zone 2 Master Site Controller in Grand Junction. **PSCN provided engineering and technical staff support for all services related to DTRS and microwave equipment needs, and all installation of the DTRS and microwave equipment at this site to aide local government with meeting EIAF grant matching requirements. This site provides global benefit to local, state, federal and tribal DTRS users.** **Site on-air, in service and fully operational October 7, 2016.**
  - East Beacon – (Eagle County) Local government expansion site filling a known coverage gap. Construction of the site was completed mid-summer 2016. **This site provides global benefit to all DTRS user agencies.** **State provided technical, engineering and installation support to local government.** Site connectivity to the state DTRS through multiple microwave paths to the State Zone 2 Master Site Controller in Grand Junction.
  - Killpecker Mountain – (Larimer County) Local government expansion site to fill a coverage gap in the higher western area of Larimer County. Site connectivity to the state DTRS through multiple microwave paths to the State Zone 3 Master Site Controller in Fort Collins. Site construction is complete. Larimer County reports that the site cannot be brought on air until utility power service reaches the site. Estimated time for utility power service to reach the site is summer 2017.
  - McClure Pass - (Gunnison County) Pitkin/Eagle/Gunnison/Garfield/State of Colorado/Holy Cross Energy cooperative effort. This site is on US Forest Service lands. The site would provide critically needed coverage for regional benefit across multiple counties. Site connectivity will be through multiple microwave paths to the State Zone 2 Master Site Controller in Grand Junction. **Development of this site is currently in**

question, as local governments report grant funding is no longer available to support the matching fund requirements for the site.

- Douglas County - adding multiple sites for two simulcast cells to improve coverage and better utilize site resources. Site connectivity through multiple microwave paths to the State Zone 1 Master Site Controller in Denver.
- **Comstock (Gunnison Co) – this is a new State DTRS site added to improve coverage in Gunnison County. Site equipment was installed and site is on the air and fully operational on August 17, 2016.**
- Eldora - Boulder County and RTD expansion site filling a critical coverage gap in Boulder County. This site is currently operational. Site connectivity to the DTRS is through multiple microwave paths and fiber connections to the State Zone 1 Master Site Controller in Denver. **State expanded channel capacity at the Eldora site September 28, 2016 to provide badly needed coverage for state agencies and other public safety first responders in the area. This site provides DTRS coverage throughout the Boulder Canyon, from Nederland to Boulder.**
- The PSCN remains engaged with Pitkin County in support of complete migration from their existing VHF system to the DTRS as their primary means of public safety communications. **PSCN staff is providing engineering and technical support to assist the county with keeping costs manageable as they expand their network of DTRS sites. Two new DTRS sites are in construction and are expected to be on the air by the end of calendar year 2016. These additional DTRS sites will provide global benefit to all DTRS users.** Development of two new DTRS sites at higher elevation in Pitkin County is expected to resume in late spring or early summer 2017. Site connectivity will be through multiple microwave paths to the State Zone 2 Master Site Controller in Grand Junction.
- **Specie Mesa (San Miguel County) is a new site being developed cooperatively with the State, San Miguel Emergency Telephone Authority, and San Miguel County public safety agencies. The site is currently under construction and is expected to be on the air before end of calendar year 2016. This site will provide desperately needed DTRS coverage in Telluride and the surrounding area, including state highways 141 and 145 in the San Miguel Canyon. San Miguel County agencies are providing tower and equipment shelter at no cost to the State, and the PSCN is providing engineering and technical support, DTRS and microwave equipment and installation, and a backup power generator at this site.**
- **The PSCN is currently working cooperatively with Hinsdale, Archuleta and Mineral Counties to explore the possibility of adding a DTRS tower site in an area of southeast Hinsdale/north central Archuleta/extreme southwest Mineral Counties, known as the Upper Piedra. This area attracts a large number of tourists and sports enthusiasts, especially during hunting and fishing seasons. There is currently very limited access to any communication in the area. The counties seek to add the tower site to bring cellular and internet coverage to the area, as well as the DTRS for public safety first responders.**

HIGH PROFILE SUCCESS

The DTRS remains the most resilient and reliable communications system for Colorado first responders statewide. Most notably, there have been two major fiber cable cuts on the western slope, the first in late June and another in September, 2016. The first fiber cut occurred during a construction project near Montrose, and resulted in complete communications isolation in the southwest corner of the state, including the larger cities of Durango, Telluride and Cortez. Conventional phone service, 9-1-1 trunks, cellular phone service, internet, cable television, and even debit/credit card readers were impacted. The only means of communication the southwest agencies were able to effectively use and rely on was the DTRS, which performed flawlessly. 9-1-1 calls dialed from the affected area were routed by CenturyLink/Intrado to the dispatch center in Montrose. The Montrose dispatch center was then able to effectively relay the calls over dedicated talk groups (channels) on the DTRS to the appropriate dispatch center in the area of the outage. The dispatch centers were then able to dispatch the calls to their first responders. A second fiber cut occurred in September in the area of Delta, resulting in an identical outage of all communication services in the southwest corner of the state. 9-1-1 calls had to be routed to the Delta County Sheriff dispatch center, where Delta dispatchers were able to relay the calls over the DTRS to the dispatch center in the area of the outage for emergency response.

These are only a couple of the more recent examples of the reliability and resiliency of the DTRS.

Tables below are a historical and 'running' tabulation indicating up-to-date replacement of legacy DTRS site (radio) equipment at the state owned DTRS sites since HB14-1203 funding was made available.

H.B. 14-1203 FUNDING ACCOUNTABILITY – DTRS SITE EQUIPMENT REPLACEMENTS

FY 14 SITE REPLACEMENT FUNDING				FY15 SITE REPLACEMENT FUNDING		
Site Name	Area / County	Completed		Site Name	Area / County	Completed
Phillips	NE / Phillips	27-Aug-2015		Bakers Peak	NW / Moffat	29-Oct
Sterling CF	NE / Logan	2-Dec		Vermillion	NW / Moffat	28-Oct
Wray	NE / Yuma	23-Oct		Grouse	NW / Grand	15-Oct
Peetz	NE / Logan	24-Sep		Hayden	NW / Routt	21-Oct
Julesburg	NE / Sedgwick	17-Sep		Rico	SW / Dolores	28-Oct
Yuma	NE / Yuma	2-Oct		Silverton	SW / San Juan	4-Nov
Idalia	NE / Yuma	27-Aug		Coal Bank	SW / San Juan	30-Oct
Buffalo Pass	NW / Jackson	2-Sep		Egnar	SW / San Miguel	6-Nov
Harper Hill	NW / Moffat	19-Aug		Smelter	SW / La Plata	5-Nov
Farwell	NW / Routt	3-Sep		Dolores	SW / Dolores	10-Nov
Grassy	SW / La Plata	11-Nov		Log Hill	SW / Ouray	15-Oct
Abajo Peak	SW / Utah	12-Aug		Sunset Mesa	W / Montrose	18-Nov
La Monte Peak	SW / La Plata	18-Aug		TeePee Park	NW / Rio Blanco	30-Oct
Missionary	SW / La Plata	20-Aug		Sheeps Knob	W / Montrose	14-Oct
Oak Brush Hill	SW / Archuleta	26-Aug		Delta	W / Delta	20-Nov
Sandoval	SW / Archuleta	25-Aug		San Luis	SC / Costilla	27-May-2015
Ute Mtn	SW / Montezuma	19-Aug		Monte Vista	SC / Rio Grande	28-May-2015
King Mtn	NW / Routt	12-Aug		Wolf Creek Pass	SC / Mineral	11-August-2015
Cathedral Bluffs	NW / Rio Blanco	27-Aug		Creede	SC / Mineral	10-August-2015
TV Hill	W / Delta	2-Sep		Methodist	SC / Chaffee	31-Jul-2015
Last Dollar	SW / Telluride	30-Sep		Monarch	SC / Chaffee	30-Jul-2015
Storm King Mtn	W / Montrose	18-Aug		Coaldale	SC / Fremont	10-June-2015
North Mtn	SW / San Miguel	19-Aug		Bald South	SC / Chaffee	29-Jul-2015
W Mtn	SW / Gunnison	14-Aug		Anton	NE / Washington	4-Jun-2015
Coonskin	SW / San Miguel	3-Sep		Last Chance	NE / Washington	11-Mar-2015
Water Dog	W / Montrose	21-Aug				

SITE REPLACEMENTS INCLUDED AS A RESULT OF COST SAVINGS FROM THE SR 7.14 UPGRADE						
Akron	NE / Washington	16-Jul		Haswell	SE / Kiowa	12-Aug
Alamosa	SC / Alamosa	26-Aug		Juniper	NW / Moffat	8-Jul
Auraria	Metro / Denver	16-Oct		Kiowa	Metro / Elbert	15-May
Bethune	SE / Kit Carson	30-Sep		La Veta	S / Huerfano	6-Aug
Blue Ridge	NW / Grand	17-Jul		Mines	Metro / Gilpin	28-Jul
Bowen Marker	S / Las Animas	14-Jul		Pooltable	SC / Rio Grande	19-Aug
Cedar Mtn	NW / Moffat	15-Jul		Punkin Center	SE / Lincoln	24-Jul
Cheyenne Mtn	S / El Paso	2-Jun		Raton Pass	S / Las Animas	18-Jul
Dakota	Metro / Gilpin	7-Aug		Reiradon	NE / Logan	14-Oct
Deer Peak	S / Custer	23-Jun		Saguache	S / Saguache	2-Jul
Ft Morgan	NE / Morgan	14-Aug		San Antonio	S / New Mexico	30-Jun
Fowler	SE / Crowley	25-Jun		Walton Peak	NW / Routt	25-Aug
Greenhorn	S / Pueblo	5-Jun		Wildhorse	NE / Sedgwick	30-Oct

Gunbarrel	Metro / Boulder	25-Nov				
Site Replacement FY15 operating funds				**State Expansion Sites FY16**		
Prospect Mtn	NE/ Larimer	9-Jun-2015		Colorado Springs	SC / El Paso	13-Aug-2015
				Red Table	NW / Eagle	30-Sept-2015
FY16 SITE REPLACEMENT FUNDING						
Table Mtn	NW / Grand	Install pending		Buena Vista CF	SC / Chaffee	3-Sep-2015
Buckhorn	NE / Larimer	28-Oct-2015		Poncha	SC / Chaffee	2-Sep-2015
Greeley	NE / Weld	Pending zoning & property decision		Tenderfoot II	SC / Teller	1-Sep-2015
Point of Rocks	NE / Weld	15-Oct-2015		Franktown	NC / Douglas	23-Oct-2015
Betasso	NC / Boulder	26-Oct-2015		DRDC CF	NC / Denver	26-Jan-2016
Mead	NC / Boulder	30-Sep-2015		Lamar	SE / Prowers	26-May-2016
Ajax	NW / Pitkin	10-Aug-2015		Holly	SE / Prowers	25-May-2016
Lake Hill	NW / Summit	13-Oct-2015		Firstview	NE / Cheyenne	1-Jun-2016
Ramah	NC / Elbert	30-Jul-2015		Dakota (+2)	Metro/Gilpin	29-Jun-2016
Boyero	NE / Lincoln	15-Sep-2015		Deer Peak	SE / Custer	28-Jun-2016
Limon CF	NE / Lincoln	25-Aug-2015		Storm King	SW / Montrose	22-Jun-2016
Hugo	NE / Lincoln	17-Sep-2015		Monte Vista	SLV / Rio Grande	20-Jun-2016
FY17 SITE REPLACEMENT FUNDING						
Rose Ridge	SW/Gunnison	31-Aug-2016		Sheridan	SE / Kiowa	16-Nov-2016
Crested Butte	SW/Gunnison	30-Aug-2016		Ft. Lyon	SE / Bent	1-Nov-2016
Whitewater (+1)	W / Mesa	4-Aug-2016		Toonerville	SE / Bent	Install pending
Sunlight	W / Garfield	11-Aug-2016		Verdemont	S / Custer	Install pending
Castle Peak (+2)	W / Garfield	9-Aug-2016		Carlton	SE / Prowers	Install pending
Badger (+3)	SC / Park	5-Oct-2016		Springfield	SE / Baca	Install pending
Sacramento (+1)	SC / Park	2-Nov-2016		**SITE CHANNEL EXPANSION to improve radio traffic capacity**		
Mt. Bailey (+1)	SC / Park	14-Sep-2016		Akron (+1)	NE / Washington	12-Aug-2016
Mr. Carmel	SE / Baca	17-Nov-2016		Abajo (+1)	SW / Utah	24-Aug-2016
Kim	SE/Las Animas	15-Nov-2016		Ute Mtn (+1)	SW / Montezuma	23-Aug-2016
Valley	SE / Otero	3-Nov-2016		Loveland Ski	NW / Summit	29-Aug-2016
State & State Partnering Expansion Sites FY17				Poncha Spgs	SC / Chaffee	22-Aug-2016
Comstock	SW / Gunnison	17-Aug-2016		Eldora (+6)	NC / Boulder	12-Oct-2016
Caviness	SW / Montezuma	7-Oct-2016		Greenhorn	S / Pueblo	2-Dec-2016
Toonerville-aircraft	SE / Bent	Install pending		Hugo (+1)	SE / Lincoln	4-Oct-2016
				Sheeps Knob	SW / Montrose	25-Aug-2016
				W Mtn (+1)	SW / Gunnison	26-Aug-2016

It is important to note that PSCN engineering and technical staff provides all services related to DTRS equipment ordering, receipt and inventory, pre-staging, distribution, site preparation and all installation services on these sites. The PSCN has currently provided these services at 119 DTRS sites, with five site installs scheduled prior to calendar 2016 year end. Vendor quotes for these services average $100,000 per site. This equates to the PSCN providing estimated cost savings of 12.4 million dollars for the Colorado taxpayers, on state owned DTRS sites only. As previously stated, the PSCN assists local governments with similar services where requested in an effort to promote growth of the DTRS and to foster valued partnerships.

FUTURE FUNDING

HB 14-1203 FY18 funding will be directly applied toward continued replacement of the DTRS legacy radios at remaining state tower sites. In addition, HB 14-1203 FY18 funding will include the first of five system wide DTRS software platform upgrades. The DTRS software platform upgrade from the current SR 7.14 to SR 7.16 is scheduled to begin in September, 2017, with full system software upgrades biennially until the end of FY25.

The additional phases for the replacement of the state microwave backhaul network will be aggressively addressed as each of the five primary infrastructure, or 'back-bone' rings is completed and integrated. When installation of the Metro Ring is complete and operating as required, has been fully tested and accepted, the northeast ring will follow, with the southeast, southwest and northwest rings completing the project. We are working closely with local governments, as requested, to offer technical and engineering support to local governments as they consider replacement or upgrade of their links of microwave backhaul in concert with the state replacement project.

CHALLENGES

Additional tower sites are needed, especially on the western slope. Mesa County and the southwestern area of the state are currently planning the addition of a number of DTRS sites to fill coverage gaps. The Zone 2 Master Site Controller located in Grand Junction has reached port capacity. We are currently unable to accommodate the addition of DTRS sites on the western slope until an additional Zone Controller is purchased and integrated into the system. The new Zone Controller will open the opportunity for DTRS growth through site expansion. Additionally, the new Zone Controller will be utilized to off-load some of the sites currently ported to the Zone 2 Controller to more evenly distribute site connectivity. System 'load-sharing' at the Zone Controller minimizes chances of widespread unplanned outages. It is a simple analogy of not 'placing all your eggs in a single basket'. This is especially critical for the safety of the public and the public safety first responders. The PSCN is currently researching possible locations and the feasibility of adding a Zone Controller in Montrose.

Private property tower lease and easement costs are escalating at an alarming rate. The PSCN administrative staff works tirelessly with our private property landowners to negotiate the best and lowest possible lease costs. Unfortunately, landowners are becoming increasingly unbending in their demand for what we consider unreasonable lease costs. Over the past year the PSCN has successfully negotiated with one of our federal partners, the Bureau of Land Management, to grant the PSCN staff permission to utilize the BLM easement agreements across private property to DTRS sites on BLM lands. This partnership with the BLM is providing considerable and long term cost savings to state taxpayers. However, for every site where we are able to achieve cost savings, other private property land lease costs increase. The PSCN anticipates a future need to seek high level guidance in developing and deploying a formula for tower leases that would be considered fair and equitable to our landowners and to our taxpayers.

CONCLUSIONS

The PSCN team takes great pride in offering this annual report as ongoing evidence of our unwavering commitment, dedication, motivation, and capability to support, maintain, plan and execute growth of the statewide public safety communications systems.

Funding initiatives and appropriations in support of public safety communications systems has been clearly focused on desperately needed upgrades and improvements of our state radio systems. Our PSCN teams have proven they are up to the task of aggressive installation and deployment of all equipment replacements and software upgrades for improved system coverage and reliability.

In addition to the technical and operational sustainability of these systems, PSCN team members remain actively engaged in a number of public safety communications organizations, users groups, committees and sub-committees. Among those organizations and committees is the Homeland Security Advisory Council (HSAC), the Public Safety Communications Sub-committee of the HSAC (created through SB 14-127), the Consolidated Communications Network of Colorado, Inc (CCNC), the Rocky Mountain Harris Users Group (RMHUG) and various other groups. Actively participating in these committees and organizations aids us in keeping our 'finger on the pulse' of our state public safety communications needs, as well as the local government issues surrounding needs for improved coverage.