

OFFICE OF THE GOVERNOR
FY 2017-18 JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, November 30th, 2016
10:00 am – 12:00 pm

10:00-10:15 INTRODUCTIONS AND OPENING COMMENTS

10:15-10:55 OFFICE OF THE GOVERNOR

Colorado Energy Office

- 1 What will the future of energy policy look like and how should the state prepare for that future? How should the Office be used to advocate for positions that are favorable to Colorado?
- 2 Please discuss how the Office's request for severance tax funding (Innovative Energy Fund) is prioritized in comparison to other programs outside of the Office that also rely on severance tax money.
- 3 Please identify and quantify any non-General Fund or severance tax funding that the Office receives to support its operations. Please also describe how these funds are used by the Office.

Office of Marijuana Coordination

- 4 Is it the Office's preference to have the Joint Budget Committee sponsor legislation to sunset the Office of Marijuana Coordination?
- 5 Please describe the status of federal laws, regulations, and enforcement practices that pertain to individual states' legalization of medical or personal marijuana use.
- 6 Does the Office of State Planning and Budgeting anticipate requesting any mid-year adjustments to appropriations or transfers from the Marijuana Tax Cash Fund?
- 7 In his November 1, 2016, letter to Representative Hamner concerning the FY 2017-18 budget request, Governor Hickenlooper proposed setting aside \$16.0 million from the Marijuana Tax Cash Fund for certain legislative and budget initiatives. Please describe the status and nature of these initiatives.
- 8 Describe what is currently known about the marijuana "grey market" in Colorado. Further, please describe any current activities or planned initiatives to control marijuana trade on the grey market.
- 9 Some legislators hear concerns from their constituents that marijuana tax revenues are not being used to support K-12 public education as intended by Amendment 64. Does the Governor's Office have any materials that could be shared with constituents that clearly explain how and

why marijuana tax revenues are being allocated to support K12 education as well as other programs?

10:55-11:00 OFFICE OF THE LIEUTENANT GOVERNOR

- 10 Please describe the Colorado Student Leaders Institute. Include an opinion on whether the program should be housed in the Office of the Lieutenant Governor or if it would be better suited in another agency.

11:00-11:15 OFFICE OF STATE PLANNING AND BUDGETING

Effective and Efficient Government

- 11 From a cabinet level perspective, please discuss how the executive branch has performed in reducing “red tape” across agencies in response to Executive Order 2012-02.

Process Improvement

- 12 Please describe options available to State employees for receiving process improvement training. How is the effectiveness of the training options measured? What have these measures shown in terms of training effectiveness?
- 13 What measures are used to determine the effectiveness of the lean program for agencies that have used this process improvement practice?
- 14 Please provide data on specific performance improvements that have been made by agencies that have implemented lean principles.
- 15 Why doesn't the Joint Budget Committee receive more budget decrease requests from agencies that have implemented lean principles?

11:15-11:35 OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

- 16 Please highlight the Office's recent successes in implementing programs in which the Economic Development Commission plays a statutory role, including the Strategic Fund.
- 17 Please provide an update on the policy of the Office as it relates to the provision of financial incentives to encourage companies to locate in Colorado versus building out infrastructure in the state to attract companies to locate in Colorado (“build it and they will come”).
- 18 Please describe the activities, successes, and challenges of the Colorado Outdoor Recreation Industry Office in its first year.

11:35-12:00 GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY

Consolidation Cost Benefits

- 19 Please identify any cost savings or cost avoidances the State has achieved by consolidating information technology staff resources in the Governor's Office of Information Technology (not including the initial savings associated with the FY 2010-11 staffing transfer decision item).

Cybersecurity

- 20 Please describe the jurisdiction the Chief Security Officer has over the cybersecurity practices of all State agencies (including independent elected officials and the legislature).
- 21 What percentage of total information technology expenditures across State agencies is expended on cybersecurity? How does this percentage compare to other states and/or industry standards?
- 22 How much does the "Secure Colorado 18" request increase the percentage of total information technology expenditures across State agencies expended on cybersecurity?

Information Technology Assets

- 23 How effective has the Office been in establishing and funding refresh plans for information technology assets, including personal computers, network equipment, and servers?
- 24 Please discuss the methods used to track information technology assets (personal computers, network equipment, and servers) across all State agencies.

Marijuana Data Coordination Request

- 25 Is the "Marijuana Data Coordination" request specific to marijuana or will the funds be used to build out a set of tools that could be used to synthesize data from various programmatic areas.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.
- 2 If the Department receives federal funds of any type, please respond to the following:
 - a. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.
 - b. Are expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?

- 3 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated June 30, 2016 (link below)? What is the department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations?

http://leg.colorado.gov/sites/default/files/documents/audits/1667s_annual_report_-_status_of_outstanding_recommendations_1.pdf

- 4 Is the department spending money on public awareness campaigns? What are these campaigns, what is the goal of the messaging, what is the cost of the campaign? Please distinguish between paid media and earned media. Do you have any indications or metrics regarding effectiveness? How is the department working with other state or federal departments to coordinate the campaigns?
- 5 Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy?
- 6 For FY 2015-16, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2016-17? If yes, in which programs and line items do you anticipate these reversions occurring? How much and in which fund sources do you anticipate the reversion being?
- 7 [Background Information: For FY 2017-18, the Department of Law has submitted a request to change the calculation of legal services appropriations as well as the monthly billing system for legal services provided to state agencies. Specifically, the proposal would: 1) calculate the number of budgeted legal services hours for each agency as the average of actual usage in the prior three years; 2) include a two-year average of "additional litigation costs" such as court reporting, travel for depositions, expert witness costs, etc., in the appropriation for legal services (these costs are not currently included in the appropriation and are often absorbed from other personal services and operating expenses line items); and 3) convert from monthly billing based on the actual hours of service provided to monthly billing based on twelve equal installments to fully spend each client agency's appropriation.]

Please discuss your agency's position on the Department of Law's proposed changes to the legal services system, including the potential impacts of the changes on your agency budget. That is, does your department support the proposed changes? How would you expect the changes to positively or negatively impact your department? Please explain.

- 8 What is the expected impact of Amendment 70 (minimum wage increase) on Department programs? Please address impacts related to state personnel, contracts, and providers of services.
- 9 Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Cybersecurity Center in the Office of Information Technology?

- 10 Is the SMART Act an effective performance management and improvement tool for your Department? What other tools are you using? Do your performance tools inform your budget requests? If so, in what way?
- 11 Please identify how many rules you have promulgated in the past two years. With respect to these rules, have you done any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.
- 12 What has the department done to decrease red tape and make the department more navigable/easy to access?
- 13 What is the number one customer service complaint the department receives? What is the department doing to address it?

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Colorado Energy Office

- 1 What will the future of energy policy look like and how should the state prepare for that future? How should the Office be used to advocate for positions that are favorable to Colorado?

Response: Colorado's energy sector has grown to include a diverse range of fossil fuels, renewable energy, energy efficiency, alternative fuel vehicles, and advanced technologies. Colorado's energy industry continues to grow as one of the most significant sources of economic activity in the state. According to the U.S. Energy Information Administration, as of 2014, Colorado was ranked 7th in energy production, 7th for oil, 6th for natural gas, and 10th for coal. Colorado has also been ranked 9th in installed solar capacity, 10th for installed wind capacity, 14th for energy efficiency, and the 3rd least expensive state for cumulative energy costs. These industries benefit from Colorado's diverse resource potential and have endured through commodity market fluctuations.

In 2014, CEO produced in partnership with DNR and CDPHE, the Colorado State Energy Report which detailed the state's approach and roles of different state agencies in support of a responsible and balanced energy policy. This is the framework through which Colorado will continue to pursue its energy policy — one that responsibly grows Colorado's economy and is based on four values important to Coloradans: growing jobs and spurring innovation, encouraging collaboration, protecting Colorado's world-class environment, and streamlining government.

Colorado strives for responsible and sustainable growth across all sectors of the state's energy economy. Whether it is using the state's wind resources like Xcel Energy's new Rush Creek wind farm, the recent USGS's assessment of gas reserves in the Mancos Shale formation, or new technological innovations that cost-effectively unlock Colorado energy potential, Colorado continues to grow as a national and global leader in energy jobs, research, and technology.

The Colorado Energy Office provides programmatic services in energy efficiency and alternative fuel vehicle infrastructure, and conducts market research and development to support innovation across Colorado's diverse energy industry. Furthermore, as a unit of the Governor's Office, CEO provides technical expertise and serves in a consulting role for state agencies.

CEO has and will continue to offer energy market development assistance and energy efficiency programming, and seeks collaborative innovation consistent with the direction provided by H.B. 12-1315, to promote and sustain Colorado's energy economy and resources, cleaner and innovative solutions, energy security, protecting the environment, and encouraging a balanced portfolio.

- 2 Please discuss how the Office's request for severance tax funding (Innovative Energy Fund) is prioritized in comparison to other programs outside of the Office that also rely on severance tax money.

Response: Upon the collection of severance taxes, the revenue is allocated to CEO, the Department of Natural Resources (DNR), and the Department of Local Affairs (DOLA). Since H.B. 12-1315 passed, CEO has annually received \$1,500,000 to achieve the statutory intent of the Innovative Energy Fund, 24-38.5-102.5 C.R.S. Then the majority of the funds are split evenly between DNR's severance tax trust fund and DOLA's local government severance tax fund. The statutory intent of these funds include:

- a trust as a "replacement for depleted natural resources"
- for the "development and conservation of the state's water resources"
- for programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water,"
- for "political subdivisions socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels...for the planning, construction, and maintenance of public facilities and for the provision of public services,"
- for the planning, design, construction, erection, building, acquisition, alteration, modernization, reconstruction, improvement, or expansion of domestic wastewater treatment works or potable water treatment facilities

Central to the new inclusive mission provided by the General Assembly through H.B. 12-1315 was the creation of the Innovative Energy Fund, which was funded by severance taxes to promote "Innovative energy" and energy efficiency. Innovative energy is defined as technology that (A) Enables the use of a local fuel source; (B) Establishes a more efficient or environmentally beneficial

use of energy; and (C) Helps to create energy independence or energy security for the state. The mission included among other tasks, promoting all Colorado energy sources, encouraging innovative energy solutions in traditional fuels, promoting cleaner technologies using traditional fuels, and increasing energy security. Statute provided direction that mission could be carried out through overcoming market barriers, R&D, commercialization, financing, education, attracting industry investment, technology transfer, incentives. The Fund also allows for implementing energy efficiency and aiding governmental agencies with energy efficiency.

Through that statutory framework of promoting innovative and efficient production and consumption of energy, CEO has used the Fund in four main ways: supporting emerging technologies, energy assurance planning, promotion of alternative transportation fueling from locally produced fuels, and energy efficiency services.

CEO also conducts market research to support energy industries and identify opportunities for Colorado to utilize innovative energy sources. Recent examples of this work include surveying K-12 energy and natural resources STEM opportunities, and assessing market potential and economic feasibility of innovative electricity production. Two such project include studies identifying the potential for 34 MW of coal mine methane and 106 MW of recycled energy (a technology well suited for industrial applications and natural gas compressor stations).

CEO coordinates with developers of innovative emerging energy technologies, and has partnered with the Office of Economic Development and International Trade to leverage the Advanced Industries Accelerator grants framework, targeting assistance to companies who innovate in oil and gas production. To date, grants have been given to companies developing technologies for geospatial analysis of pipeline infrastructure and equipment and geologic analysis of wellbore pathways for horizontal drilling. The office also coordinates with industry in support of expanding opportunities such as petroleum product exports and increased production through enhanced oil recovery.

Under state's emergency operations plan (SEOP), managed by the Division of Homeland Security and Emergency Management (DHSEM), CEO is the lead agency in assuring the state's liquid fuel supplies such as gasoline, diesel, aviation fuel, and propane. In addition, CEO is responsible for developing, implementing, and periodically updating the Colorado Energy Assurance Emergency

Plan (CEAEP). The strategy and specific tasks of the CEAEP support the federal government's National Incident Management System (NIMS), which is a comprehensive approach to preparing for, and responding to emergencies in jurisdictions across the country.

Energy Assurance requires collaboration between private and public entities with the common goal of exploring solutions for increasing energy reliability, resiliency and redundancy. Recent examples of CEO working effectively in this role include the participation in the EIA's State Heating Oil and Propane Program that monitors propane supply and prices through the winter heating season. And in 2015, CEO ensured hours-of-service exemption that allowed for gasoline and diesel deliveries to the western slope after a rockslide closed I-70 in Glenwood Canyon.

To drive market demand for locally produced alternative fuels like compressed natural gas and propane, the ALT Fuels Colorado program and the Refuel Colorado Fleet Coaching program provides grants for fueling station infrastructure and technical assistance to local county, municipal, and private fleets throughout the state. The IEF has given CEO the ability to secure federal CMAQ funds for infrastructure grants, and operate the program.

Finally, CEO's energy efficiency programs work statewide including all severance impacted communities to cost-effectively reduce the cost of energy. The Energy Performance Contracting program assists local governments to identify and implement energy savings investments in public buildings. The Agricultural Energy Efficiency program works with dairies and irrigators to identify energy investments that help reduce operational costs. And the Energy Savings for Schools program is specifically designed to provide audits and technical assistance to small and rural schools.

Severance tax is a critical resource for locally producing communities, state programs, and water policy. Recognizing the importance of DNR and DOLA's programming, however, does not discount the need and significant contributions the IEF makes throughout the state. During budgeting, CEO intentionally prioritizes expending those funds to support traditional fuel industries, energy security, and energy efficiency programs in impacted communities.

- 3 Please identify and quantify any non-General Fund or severance tax funding that the Office receives to support its operations. Please also describe how these funds are used by the Office.

Response:

Revenue Source		FY 2017-18 Expected Revenues	Usage
Federal Sources	DOE - State Energy Program (SEP)*†	619,400	Agriculture energy efficiency program, Energy Savings for Schools, energy performance contracting for public buildings, hydroelectric initiatives
	DOE - State Heating Oil and Propane Program (SHOPP)	1,100	Propane supply analysis and forecast
	DOT - Congestion Mitigation & Air Quality (CMAQ)	5,100,000	CNG Fuel Stations
	DOE - Weatherization Assistance Program (WAP)	5,130,000	Low-income weatherization services
	HHS - Low-Income Housing Energy Assistance Program (LIHEAP)	6,583,736	Low-income weatherization services
State Sources	CDPHE - Supplemental Environmental Projects*‡	-	School energy efficiency investments
	Electric Vehicle Grant Fund	105,000	Electric Vehicle Charging Station Grants
Utility Revenue Contracts	Utilities Contracts*	2,192,110	Low-income weatherization services
GRAND TOTAL		19,731,346	

*Currently deposited in the Clean & Renewable Energy Fund (CREF)

† Requires state match of 20%

‡ Subject to available grants from CDPHE; timing on receipt of these funds is unforeseeable, but amounts are typically in the \$300,000-600,000 range

- CEO's program administration line item consists of the Clean and Renewable Energy Fund (CREF)/Innovative Energy Fund (IEF) cash funds, and federal dollars from federal Department of Energy State Energy Program (SEP) and Weatherization Assistance Program (WAP). The SEP, State Heating Oil and Propane Program (SHOPP), Congestion Mitigation and Air Quality (CMAQ), and the Electric Vehicle (EV) Grant Fund require CREF and IEF state cash funds for FTE and additional programming costs.
- CEO is a sub-recipient of dollars from the Colorado Department of Transportation (CDOT) for CMAQ, CDHS for Low Income Housing Energy Assistance Program (LIHEAP), and Supplemental Environmental Projects from the Colorado Department of Public Health and Environment.
- CEO's Low-income weatherization program leverages state and federal dollars to receive utility rebate contracts. Those dollars are then reinvested into the weatherization program.
- In addition to the funding above, CEO has signed an memorandum of understanding with the Unites States Department of Agriculture to give Agriculture Energy Efficiency Program participants access to \$1,100,000 of federal dollars over two years to implement energy improvements. CEO expenditures under CREF or IEF enable program participants to access the federal funding.

- The statutory continuous spending authority for the CREF fund is used to expend additional non-state dollars including the FY 2017-18 revenues annotated (*) in the table above.

Office of Marijuana Coordination

- 4 Is it the Office’s preference to have the Joint Budget Committee sponsor legislation to sunset the Office of Marijuana Coordination?

Response: Yes, please.

- 5 Please describe the status of federal laws, regulations, and enforcement practices that pertain to individual states’ legalization of medical or personal marijuana use.

Response: Marijuana remains illegal under federal law. Marijuana is listed as a Schedule 1 controlled substance under the Controlled Substances Act (the “CSA”). 21 U.S.C.A. § 812 Schedule I (c). Under the CSA, it is illegal to possess, manufacture, distribute, or dispense a controlled substance. 21 U.S.C.A. § 844 (a); 21 U.S.C.A. § 841(a)(1). Additionally, the CSA contains forfeiture provisions that allow the federal government to seize “any property... derived from, [and] any proceeds the person obtained... as the result of a violation” of the CSA. 21 U.S.C. § 853.

The Cole Memo: In 2013, Deputy Attorney General James Cole sent a memorandum to U.S. Attorneys describing federal drug enforcement priorities (the “Cole Memo” or the “Memo”). Generally speaking, the Cole Memo states that the federal government will not interfere with states that legalize marijuana so long as they follow a series of guidelines set forth in the Memo. The Memo further states that the Justice Department requires states to “implement strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interests.” If a state has such a strong regulatory system in place, the Justice Department’s enforcement resources will be deployed as required to protect the following priorities:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

The Cole Memo serves as the Justice Department’s current guidance to U.S. attorneys, it is not law. Enforcement guidance issued to U.S. Attorneys is subject to change from one administration to the next.

The Rohrabacher-Farr Amendment: The Rohrabacher-Farr Amendment (the “Amendment”) has been included in each of the last two Commerce, Justice, and Science appropriations bills enacted by Congress. The Amendment prohibits the Department of Justice from spending appropriated funds to enforce federal prohibitions in states that have moved to decriminalize or legalize medical marijuana. Because, at present, the Amendment only applies to funds appropriated in the 2015 Commerce, Justice, and Science appropriations bill, it is temporary in nature. If the Amendment, or language similar to the Amendment, is not placed permanently into law, or included in future appropriations bills, the Department of Justice will be able to use its resources to enforce federal prohibitions in states that have decriminalized or legalized medical marijuana.

- 6 Does the Office of State Planning and Budgeting anticipate requesting any mid-year adjustments to appropriations or transfers from the Marijuana Tax Cash Fund?

Response: No.

- 7 In his November 1, 2016, letter to Representative Hamner concerning the FY 2017-18 budget request, Governor Hickenlooper proposed setting aside \$16.0 million from the Marijuana Tax Cash Fund for certain legislative and budget initiatives. Please describe the status and nature of these initiatives.

Response: Out of the \$16 million placeholder from the Marijuana Tax Cash Fund, \$6 million is set aside for grey market enforcement. The Governor’s Office anticipates that this funding would be tied to legislation and used primarily for a grant program to reimburse local governments (including

law enforcement and district attorneys) for enforcement costs associated with the grey and black market marijuana markets.

We have also been working internally and with stakeholders on the feasibility of a pilot program or other ways to divert low-level drug offenders and people with behavioral health needs from the criminal justice system into community-based treatment and support services such as housing, healthcare, and job training. Currently, \$4 million is set aside for this purpose; however we intend to request funds through the budget amendment process.

In addition, \$4 million would potentially be used to implement recommendations from the Governor's S.B. 16-169 Mental Health Hold Task Force. The task force was asked to meet a January 1, 2017 deadline to make statutory, policy, and administrative recommendations to: ensure proper mental health treatment for individuals in crisis, while satisfying individual's rights and due process standards; end the practice of confining in jail persons with mental illness who have committed no crime; streamline and align regulatory oversight of the mental health hold process while ensuring necessary patient care requirements and protecting patient rights; understand the need for, and overcome barriers to, providing inpatient psychiatric care to persons in mental health crisis; maximize existing state resources, including examining potential enhancements that can be made to the current crisis services and transportation systems; and, develop data tracking and provider communication systems to better understand the scope of the mental health hold problem in Colorado. Another \$4 million General Fund was set aside in the Governor's FY 2017-18 budget request for this purpose, totaling \$8 million.

Finally, \$2 million will be requested to fund rigorous outcome evaluations of programs funded with marijuana dollars. This money is being set aside for evaluation due to significant public interest about where marijuana dollars are spent and whether the programs funded with these dollars are effective. The Governor's Marijuana Working Group has selected prevention and early intervention programs for youth, and behavioral health treatment, as their top priority for program evaluation. The scope of the effort is still being determined, and we intend to submit a budget amendment request with a more detailed plan on January 3, 2017.

- 8 Describe what is currently known about the marijuana "grey market" in Colorado. Further, please describe any current activities or planned initiatives to control marijuana trade on the grey market.

Response: The grey market exists due to the many ways to grow large numbers of marijuana plants without obtaining a license. On the medical side, doctors may recommend up to 99 plants for patients as medically necessary, and caregivers may grow up to 99 plants for each of up to five patients. On the recreational side, individuals may grow up to 6 plants, but they may also form cooperatives in which they “assist” each other in growing their plants. There is no limit on how many plants these cooperatives can collectively grow. A wealth of anecdotal evidence shows that people—often organized crime elements—are taking advantage of these loose home grow laws in order to grow marijuana under the guise of legality and ship it to other states for a profit. For example, a raid in September of this year seized more than 22,000 pounds of marijuana being grown in a network of homes in Southeastern Colorado by a group of Laotians – all with 99 plant count recommendations from doctors. It is important to note that we are not referring to any activity from the licensed market when we reference the grey market.

Enforcement against the grey market is ongoing. Federal, state, and local law enforcement have found and shut down a number of these grows over the past year. However, since many people are legally growing large numbers of plants and illegally selling them, many of the attempts to shut down grows have been frustrated.

In order to address the grey market problem, the Governor’s Office is exploring possible legislation that would increase funding and resources for state and local law enforcement and district attorneys by creating a grant system to reimburse them for costs associated with grey market enforcement and prosecutions. Other proposed initiatives include defining the word “assist” in Amendment 64 to preclude the creation of co-ops; creating a low-tech tagging system for medical marijuana plants to ensure they are being delivered from caregivers to patients; and instating a hard plant count limit of twelve plants per residential household; requiring that grows larger than 12 plants be located in zoned industrial, commercial, or agricultural areas, registered locally, and open for public health and public safety inspections.

- 9 Some legislators hear concerns from their constituents that marijuana tax revenues are not being used to support K-12 public education as intended by Amendment 64. Does the Governor’s Office have any materials that could be shared with constituents that clearly explain how and why marijuana tax revenues are being allocated to support K12 education as well as other programs?

Response: The Office of State Planning and Budgeting has prepared a flow chart to explain this issue, and it will be provided to the Committee.

10:55-11:00 OFFICE OF THE LIEUTENANT GOVERNOR

- 10 Please describe the Colorado Student Leaders Institute. Include an opinion on whether the program should be housed in the Office of the Lieutenant Governor or if it would be better suited in another agency.

Response: The Colorado Student Leaders Institute (COSLI) is a four-week summer residential immersion collegiate academic program created by S.B. 15-290. COSLI's goal is to provide support and educational experiences for up to 100 high school students to help them enter and complete a degree at an in-state institution. The program aims to enroll at least 50% free and reduced lunch eligible or first generation college attendees. COSLI mirrors student leadership programs in a number of other states and is an affiliate of the National Conference of Governor's Schools. The state contracts with a vendor (a public institution of higher education) to manage everything from the application process to the summer institute. This past summer saw University of Colorado-Denver host the inaugural program with 72 students attending.

Currently, the program is housed in the Lieutenant Governor's Office (LG's Office) per S.B. -290. The LG's Office is open to a dialogue with the Legislature and the COSLI team to determine if the LG's Office is the best home for the program going forward. The LG's Office currently holds institutional knowledge beneficial to the program's implementation. However, moving the program to another department could create better alignment between the program and a department with an overarching educational mission, synergies with other educational programs and more long term sustainability.

11:00-11:15 OFFICE OF STATE PLANNING AND BUDGETING

Effective and Efficient Government

- 11 From a cabinet level perspective, please discuss how the executive branch has performed in reducing "red tape" across agencies in response to Executive Order 2012-02.

Response: Through Executive Order 2012-02 (later codified as S.B. 14-062) and the "Pits and Peeves" initiative, the Administration identified roadblocks to businesses, reviewing over 15,000 rules, modifying over 6,000 and repealing over 2,000. Continuing this important work of regulatory reform, the Administration is now ensuring that all Departments engage stakeholders early in the

regulatory process, and that every year, every Department “Cuts the Burden” to comply with regulations or requirements in a meaningful and measurable way.

We know that Colorado’s economy benefits from continuous review to eliminate unnecessary regulatory burdens and requirements. For the FY 2016-17 Cut the Burden initiative, Departments have committed to projects that will reduce more than a dozen requirements in a quantifiable, measurable way--saving customers \$7 million and 250,000 hours. And Departments such as DORA, Agriculture, and Human Services are bringing business permitting and registration online. In addition, for the regulatory agendas submitted November 1, 2016, Department Executive Directors certified that for every rulemaking on the agenda, stakeholders were engaged prior to the formal rulemaking process--a step that goes beyond the requirements of H.B. 12-1008.

Finally, the Colorado Office of Policy, Research & Regulatory Reform (COPRRR), housed at DORA, is expanding statewide regulatory input. COPRRR has launched a new citizen-centric web presence (<https://www.colorado.gov/dora-oprrr>) and published a “Citizen's Guide to Rulemaking” for the public and stakeholders. COPRRR is also working to increase cost-benefit analysis requests and expand solicitation of public input for proposed regulatory programs and rulemaking.

Process Improvement

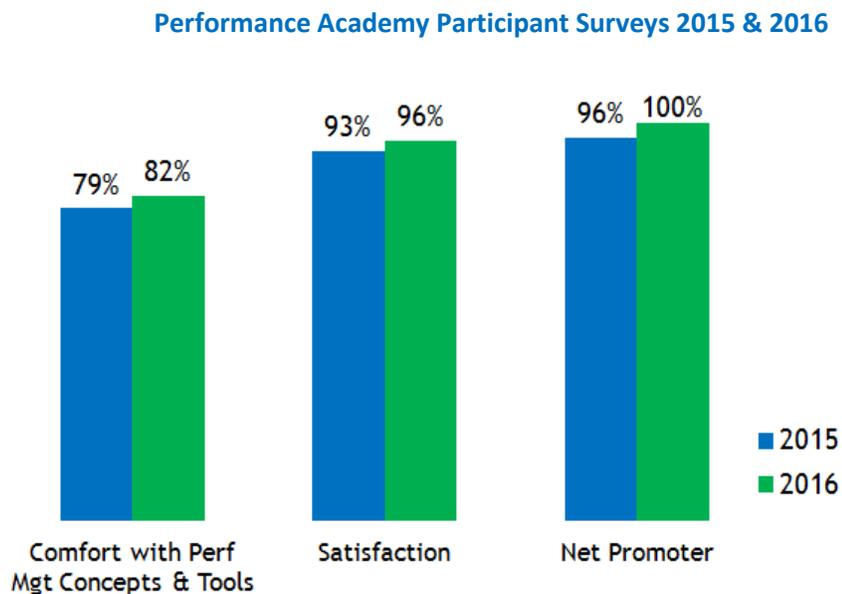
- 12 Please describe options available to State employees for receiving process improvement training. How is the effectiveness of the training options measured? What have these measures shown in terms of training effectiveness?

Response: Departments pursue a variety of options for process improvement training for state employees, but most signal a strong preference for external vendors. The Governor’s Office has anecdotal evidence that agencies pay widely different amounts for this training, and do not leverage economies of scale, in some instances paying “rack rates.” Examples: one agency paid 30 percent more for a facilitation course than another agency paid for the same course taken within a two-week period; in another example, an agency paid \$5,000 for a Lean Six Sigma training course that the attendee later reported was difficult to translate in order to be applicable to state government.

A few Departments have developed their own in-house training or are considering developing it (e.g., CDPHE, CDHS). Others hire trainers to deliver the in-house training (e.g., OIT). Historically DPA has not offered courses similar to OSPB’s Performance Academy, and the process improvement courses they do offer have had a low take-up rate by agencies.

Based on a 2015 survey, we know that Departments invest very little in training employees. Even when measured by a broad definition of training, no Department spent more than 0.3 percent of its FY15 budget on training. The total for FY 2014-15 was \$10.6M, of which \$8M or 77 percent was purchased from external vendors. Only \$900K in training funds were spent at DPA that year.

The Governor’s Office measures the impact of the Performance Academy each year. Participants report high satisfaction, and that they would recommend the Academy to someone else (net promoter score). They also report increased comfort with performance management concepts and tools. See graph below.



The budget proposal aims to harness the top quality training that agencies pursue from external vendors and at the Performance Academy, but to deliver it through the more economical DPA model where the Governor’s Office can leverage economies of scale and work with DPA to develop performance-based contracts to ensure quality.

- 13 What measures are used to determine the effectiveness of the lean program for agencies that have used this process improvement practice?

Response: Lean is a process improvement tool that emphasizes quantitative results. Most projects include the establishment of a baseline, and the results of process improvement projects are then measured against this baseline. The measures can reflect direct savings to customers, or savings to the agencies. Most projects measure savings in time or costs. See question #14 for detailed examples of performance improvements from Lean projects. They include 96 fewer days for a customer to get a license; paper costs reduced by 90 percent; 10 percent improvement in calls handled; and others.

The Governor’s Office also assesses the effectiveness of the Lean program through its uptake rate in agencies. As measured by the employee engagement survey, employees engaged in a Lean project have grown from 7 percent in 2013 to 38 percent today, and employee perception of leader commitment to Lean has grown from 5 percent in 2013 to 44 percent today. Departments are working with the Governor’s Office to build the Colorado Lean Project Database, and although not yet complete, it currently includes 493 projects. See details by Department below. Note that a few agencies are still completing the database, or have input current projects but have not yet completed historical projects.

Colorado Lean Project Database--Projects by Department

Department	Number of Lean Projects*
Agriculture	10
Corrections	2
Colorado Energy Office	1
Education	TBD
Health Care Policy & Financing	104
Higher Education	TBD
Human Services	2
Labor & Employment	9
Law	TBD
Local Affairs	15
Military & Veterans Affairs	6
Natural Resources	28

Office of Econ Development & International Trade	TBD
Office of Information Technology	2
Personnel & Administration	TBD
Public Health & Environment	122
Public Safety	3
Regulatory Agencies	19
Revenue	10
Transportation	160
Total	493

*Note: Some Departments with minimal projects have only reported those projects in progress vs all projects.

As noted in the next table, about 20 percent of the nearly 500 projects in the database are in progress at this time, signaling that there is current demand for the Lean program.

Colorado Lean Project Database--Project Status

Project Status	Count
In Progress	107
Complete	386

About half of the projects in the database are “Type 1” projects, meaning agencies report that they are simple projects involving only a few people, and typically done without formal facilitation. See data and definitions in the tables below.

Colorado Lean Project Database--Project Types

Project Type	Count
Type 1	246
Type 2	84
Type 3	147
Type 4	11

Colorado Lean Project Database--Project Type Definitions

Project Type*	Definition
Type 1	A Type 1 project is a very simple project consisting of one agency and approximately 1-3 people. Usually will not require much time to complete, and it can be done without facilitation. This is like a "Simple SOLVE" or "Just Do It" project.
Type 2	A Type 2 project is one that incorporates one or maybe two agencies involving at a maximum 10 people. These are simple projects (e.g., Simple SOLVE) that require more coordination within a department but no formal facilitation is necessary.
Type 3	A Type 3 project is one that requires formal facilitation, but is done intra-departmentally. These can be "top-down" projects (e.g., "Structured SOLVE") with upper level management and multiple agencies involved in the project. These projects may align with overarching department/administration goals and/or performance plans and Vision 2018 objectives.
Type 4	A Type 4 project is one that incorporates multiple departments and requires formal facilitation. These projects are top-down (Structured SOLVE) and usually align with overarching department/administration goals and/or performance plans and Vision 2018 objectives. They may require Kaizen events and take several weeks to several months to complete.

To support this most common type of Lean project, the Type 1 project, OSPB developed the Simple SOLVE guide to guide process improvement among front-line employees, including quick-win projects that relieve customer pain points. For more complex projects that typically yield greater performance improvement, however, employees report a need for more formal training.

14 Please provide data on specific performance improvements that have been made by agencies that have implemented lean principles.

Response: As noted in question #13, there are hundreds of Lean projects delivering results for the State’s customers. This list includes just a few examples from the Colorado Lean Project Database:

- The Department of Regulatory Agencies (DORA) reduced licensing time for pharmacists--a profession in high demand in our state’s workforce--by 84 percent. DORA’s Division of Professions and Occupations empaneled a group of large employers, including pharmacies. Based on their feedback regarding slow licensing times for recent pharmacy graduates relative to other states, the Division utilized Lean to reduce application times, from an average of 114 days to 18 days during the busy graduation season.
- The Colorado Department of Transportation’s (CDOT) Division of Accounting and Finance reduced printing costs by 90 percent by storing supporting documents electronically.

Instead of printing documents for each department transaction made, copies are stored online, eliminating the need to print and manually file. Auditors can now search for electronic documents rather than locating paper documents in the file room – saving time in the entire audit process as well.

- The Department of Natural Resources (DNR) Colorado Oil and Gas Commission utilized Lean to improve its complaint resolution process, making it easier for residents to access and participate in the process, and providing transparency. The Department streamlined the intake and resolution internal processes as well, and now resolves 73 percent of complaints in 30 days, a dramatic improvement from the mere 22 percent resolved in 30 days before the Lean project.
- The Department of Health Care Policy and Finance (HCPF) Customer Care Center: HCPF utilized Lean to improve its Customer Care Center (now called the Member Contact Center), and increased the annual number of calls handled per person from 10,422 to 11,362, a nine percent increase, with a future goal of 12,000 per person (a 15 percent increase).
- The Department of Local Affairs (DOLA) reduced the number of Purchase Orders issued for its Main Street Scholarship Process by one-half. Instead of a separate PO for each community event, DOLA now uses one PO for each community, regardless of the number of events. This reduces workload, and allows greater grantee flexibility while preserving program expectations and accountability.

15 Why doesn't the Joint Budget Committee receive more budget decrease requests from agencies that have implemented lean principles?

Response: The Governor's Office agrees that Lean principles can and should result in more budgetary savings, and is committed to pursuing this result. The budget's training proposal is designed to advance a workforce knowledgeable in how to apply Lean principles, particularly among its leaders, and help continue a shift in the State workforce culture toward continuous process improvement.

It is also worth noting in response to this question that that there are many reasons why budgetary savings are not the only measure of success for a Lean process improvement. A Lean project can be successful for the State's customers and not achieve immediate budgetary savings. Examples below:

- Some process improvements speed up the process for customers but do not change the level of effort at the agency. For example, in the pharmacist licensing project listed in question #14, most of the time savings was achieved by allowing students to test directly with the vendor without prior State approval. State employee time spent directly working with the application did not change much.
- Some process improvements may reduce costs that otherwise would have increased, thus alleviating the need for a budget increase. Consider, for example, a call center with an increasing number of customer calls. Or similarly a project that reduces direct costs such as paper and postage, but the budget savings is offset by other cost increases, such as data storage, that are in the same account but unrelated to the project.
- Some process improvements are too small or too qualitative to be effectively measured, but nonetheless improve outcomes for customers. For example, CDOT used a simple Lean tool to organize the clean-up of a regional garage.
- Some process improvements result in a staff person who is no longer needed to process one aspect of the workflow, but is reassigned to address a large backlog in another area of the workflow.
- For all process improvements, the realization of any FTE savings needs to focus on position vacancies, and not individuals. The employee participating on a Lean project needs to know that his/her job is not threatened if s/he identifies an improvement that could serve customers better. This is an important part of the workforce culture that the Colorado Lean Program has emphasized, and contributes to the strong uptake rate in agencies that is improving results for the State's customers.

We greatly appreciate the Committee's support of the State's Lean program to date. We would be pleased to invite Committee members or staff to observe an upcoming Lean project, or the Lean module at the 2017 Performance Academy, if the Committee wishes to learn more details. In the State's experience, Lean delivers the best results when it is embedded in an organization's culture. This requires broad training and engagement, and as noted above, is the purpose of the budget's training proposal.

- 16 Please highlight the Office’s recent successes in implementing programs in which the Economic Development Commission plays a statutory role, including the Strategic Fund.

Response: The Economic Development Commission (EDC) is integral to OEDIT and its array of programs, almost all of which run through the EDC, and examples include:

Economic Development Fund (also known as the Strategic Fund)

- **Viega:** Viega is a German-based multinational manufacturer of piping systems that is moving its North American headquarters and training operations to Broomfield, Colorado after being approved in March 2016 for a \$475,000 Strategic Fund incentive for the creation of 190 jobs. This headquarter recruitment came after Colorado successfully won Viega’s North American training center in January 2016.
- **Sierra Nevada Completion Systems:** The Strategic Fund incentive allowed OEDIT and the EDC to take advantage of this targeted, high value recruitment opportunity. After EDC approval, Sierra Nevada Completion Systems recently selected Colorado over South Carolina for a project involving 1,323 high paying jobs. Colorado won this coveted project for the Colorado Springs airport using \$4.4 million from the Strategic Fund in conjunction with the Job Growth Incentive Tax Credit program. In addition to creating new jobs, the project will provide significant spillover benefits including:
 - Creating systematic and long-term diversity and growth to the economic base in Southern Colorado;
 - Addressing the Pikes Peak region’s high unemployment by providing skilled training to unemployed individuals who do not have a four year degree;
 - Serving as an anchor tenant for an emerging regional commercial aerospace market; and
 - Through the manufacturing and completions function, bringing significant supply chain opportunities and an ancillary job market with on-site vendor jobs estimated to create in the range of six hundred or more additional employees.
- **Leprino:** The company made significant capital investment to support the project, along with matching incentives from the local community (which in this case are an order of magnitude larger than the state incentives). With a state incentive of \$3,000 per net new position after one year of employment, the state already reached a net pay-back of \$28,901

in year 1 on the creation of 351 net new jobs. Furthermore, this calculation does not include state benefits received from the \$593 million in capital investment the company made to complete their expansion project. In this case the \$13 million in local match was comprised of local property tax abatements and tax increment financing revenues.

- **Panasonic:** Using \$1.5 million of Strategic Fund dollars, OEDIT successfully recruited Panasonic to Colorado to create 330 net new high-paying positions, with a projected annual economic impact of \$82 million. Panasonic will be the anchor tenant at Denver’s new “Aerotropolis” and will spur many more economic benefits beyond the net new positions and supply chain impacts.

Job Growth Incentive Tax Credit (JGITC) Program

- **Charter Communications:** Charter Communications was awarded a job growth incentive tax credit of up to \$23,902,127 for the projected creation of 922 jobs. The company is headquartered on the East Coast and plans to construct a build-to-suit facility with costs exceeding \$30 million.
- **Coastal Cloud:** Coastal Cloud was awarded a job growth incentive tax credit of up to \$786,404 for the projected creation of 51 jobs. The company is headquartered in Florida and provides customer relationship management (CRM) strategy, architecture, optimization, configuration, implementation, training, and administration to small and large businesses. The company has identified Steamboat Springs in Routt County as a potential location for their new office.
- **Partners Group:** Partners Group was awarded a job growth incentive tax credit of up to \$4,372,855 for the projected creation of 150 jobs. The company is a privately-held European-based investment management firm with over 750 employees worldwide. The project focuses on developing their North American HQ in a central location, which will provide convenient travel for domestic markets, access to international markets, an attractive destination for clients, a compelling cost of living, and a business-friendly community.
- **Webroot:** Webroot was awarded a job growth incentive tax credit of up to \$8,529,553 for the projected creation of 443 jobs. The company is a privately-held, information technology company based in Metro Denver that serves customers across North America, Europe, and Asia. Their employment plans include the local hiring of various roles including executive, technology production, professional, sales, technical, and managerial staff. This further develops our cyber security ecosystem.
- **LogRhythm:** LogRhythm was awarded a job growth incentive tax credit of up to \$2,214,559 for the projected creation of 74 jobs. The company is a Boulder-based information technology firm focused on selling cyber security analytics and solutions to businesses. The

first year of growth entails the hiring of a variety of highly skilled roles focused on cloud design, platform architecture, software engineering, and other product services. This further develops our cyber security ecosystem.

Rural Jump-Start Zone Program

OEDIT, in partnership with Mesa County and the City of Grand Junction, local economic developers, and participating institutes of higher education, began the Rural Jump-Start Zone program on January 14, 2016, when the EDC approved Mesa County as the first Rural Jump-Start Zone. In the subsequent 6 months (FY 2015-2016), six innovative companies were approved by the EDC for inclusion in the Rural Jump-Start Zone program, with 174 anticipated new hires.

Advanced Industry Accelerator Grant Program

The Alliance for the Development of Additive Processing Technologies (ADAPT) Center at the Colorado School of Mines was established through a grant from the Advanced Industry Infrastructure Program overseen by the EDC. Founding industry members Fauston Tool, Ball Aerospace & Technologies Corporation, and Lockheed-Martin Space Systems provided the initial demand and vision for ADAPT, as well as over \$4.0 million in cost share to secure the OEDIT infrastructure grant. The grant establishes a world-class characterization center for additive materials at Colorado School of Mines, ADAPT's physical headquarters, and also funds the first year of technical efforts aimed specifically at improving nickel-based and titanium-based alloy 3D printing.

Film Incentive Rebate Program

Our Souls at Night, a film adapted from Colorado writer Kent Haruf's novel was recently filmed in Cañon City, Colorado Springs, Florence and Denver. This major motion picture, with worldwide distribution, stars Robert Redford and Jane Fonda. The projected Colorado spend is over \$17 million. With the approval of the EDC and a budget of \$3 million for each of FY 2015-16 and FY 2016-17, the Colorado Office of Film, Television and Media has incentivized this film, ten other feature films, five commercials, four documentaries, two television series, and one video game.

Small Business Development Center Network

Incubator Support: Incubator programs last for varying durations and include several forms of mentorship and support. They nurture businesses for various periods of time. On an average, businesses in Colorado are nurtured through incubators for 3-5 years.

- **SCAPE Incubator:** \$150,000 from the Strategic Fund has been put towards the SCAPE Incubator to create jobs and business opportunity in Southwest Colorado. OEDIT anticipates this leading to 27 businesses starting through SCAPE incubation, 86 jobs created, and \$3.7 million raised for SCAPE Ventures. SCAPE works with new businesses and existing businesses that need shared working space and additional resources such as

access to various forms of capital. SCAPE has had a significant impact so far, with 15 companies having graduated from the program, \$230,000 in equity raised by local investors/SIFI for the 2015-2016 class, \$200,000 currently being raised for the 2017 class of companies, \$456,000 of in-kind mentoring over the past three years, and \$3.6 million raised by SCAPE companies. Additionally, 33 entrepreneurs have graduated from the SCAPE program.

- **BizHub Collaborative:** The BizHub is run in collaboration with the University of Northern Colorado. Students and professors collaborate to assist client businesses. \$100,000 from the Strategic Fund has been used to assist this incubator. This collaboration has had a significant positive impact thus far, including \$81,000 in capital raised, \$773,000 in increased sales, and 11 jobs created.

Accelerator Support: A business acceleration program usually lasts between 3-6 months. The emphasis of the business accelerator is on rapid growth, and sorting out all organizational, operational, and strategic difficulties that a business might be facing. An accelerator is a holistic business advisory service, often bearing strong resemblance to traditional management consulting practices, but adjusted to fit small and medium sized organizations.

- **Telluride Venture Accelerator (TVA):** \$150,000 from the Strategic Fund has been put toward the TVA. OEDIT anticipates this leading to 15 businesses starting through TVA incubation, 50 jobs created, and \$1.5 million in follow on capital invested in TVA companies. The TVA works with clients to develop business plans, pitch their ideas, and access venture capital and angel funding. The TVA has assisted various companies in getting off the ground and raising funding. Examples include:
 - **Capture Vascular:** Headquartered in Telluride, Capture Vascular's groundbreaking MegaVac and ThromboWire platform and SafeSeal Technology is the only thrombectomy solution that completely removes the clot while providing vessel occlusion, embolic prevention, and centering/anchoring capability in one easy to use device. The company has 10 full-time and 2 part-time employees. It has raised \$8 million and has a \$20 million valuation.
 - **Western Rise:** Headquartered in Telluride, Western Rise pairs ultra-high performance textiles with functional design and classically tailored styles to create clothing that is as at home in the mountains as it is in the city. Through its unique business model and industry relationships, the company has access to fabrics and technologies that large brands cannot use. The company has 3 full-time and 2 part-time employees, and it is currently raising \$750,000 with a \$4 million valuation.

- **Fresh Monster:** Headquartered in Denver, Fresh Monster offers a new line of safe kid-focused hair care products. The company has 2 full-time and 3 part-time employees, and it has raised \$750,000 with a \$10 million valuation.

Blueprint 2.0

The 10 Blueprint 2.0 initiatives were designed by means of strategy sessions throughout rural Colorado that informed OEDIT as to which resources we could leverage to increase our responsiveness to these communities' needs. To date, 27 initiatives have been deployed in 10 of Colorado's 14 regions, engaging hundreds of community members across the state. Though most of the initiatives are still in various stages of implementation, we've witnessed some early successes:

- "Call Yourself Creative" was the first initiative to be completed in all three communities in which it was awarded. This is a technical assistance program designed by our Creative Industries division to provide communities with the framework to develop and distinguish a local creative community such that they can meet the application requirements to become a Certified Creative District. Since the establishment of Certified Creative Districts in 2011, creative industries in these areas have seen 4-6% annual growth, as opposed to the 1-2% average growth otherwise, and we're excited to announce that two of the three recipients of the initiative have decided to pursue certified status and have been working diligently to execute our recommendations.
- OEDIT's Regional Development division recently completed its last of three Tiny Homes Community Master Plan workshops with the help of DOLA and Rod Stambaugh from the Tiny Home Industry Association and Sprout Tiny Homes. A majority of communities surveyed during our strategy sessions cited housing as a major concern and showed a tangible interest in non-traditional housing solutions. Two days after our final workshop, Salida announced that it had reached an agreement with Stambaugh to build 200 tiny homes to help alleviate its housing shortage, and now three more Colorado communities have the technical knowhow to move forward with plans of their own thanks to his assistance in our initiative.
- Our Grow Your Outdoor Recreation Industry initiative generated enthusiasm throughout the state. Because of the high level of interest from MBA students at the CU Leeds School of Business, our partner in the initiative, we were able to award an additional initiative to Kiowa County, in addition to our previously awarded initiatives in Ouray and the West End of Montrose County. All three communities have been extremely receptive and are immersed in the research phase of the initiative with their respective Leeds teams.

Please provide an update on the policy of the Office as it relates to the provision of financial incentives to encourage companies to locate in Colorado versus building out infrastructure in the state to attract companies to locate in Colorado (“build it and they will come”).

Response: OEDIT’s strategy is a blend of initiatives that address both strengthening the attractiveness of communities around the State and recruiting and retaining companies to the State. These initiatives include assisting communities around the State to engage in place-making work associated with their key assets and identifying and leveraging branding (e.g. Blueprint 2.0, Creative Districts, Space to Create), organic job growth in communities throughout the State through small business start-ups and scale ups (e.g. SBDC Statewide network, incubators, accelerators) and continuing to strategically target and identify companies to attract to the State to ensure critical mass and chain of supply in key industries for the future of the State (e.g. JGITC).

OEDIT’s mission is a Thriving Colorado, and the 2016-2017 SPI’s focus on continuing to support the communities that are identified as thriving economically and working at a grass roots level with communities that are struggling. For 2017 OEDIT’s goals are:

SPI #1: Assist rural Colorado communities develop nurture and grow their local economy.

SPI #2: Strengthen Colorado’s unique attributes and empowering access for Coloradans.

SPI #3: Attract, retain, and grow business.

- 17 Please describe the activities, successes, and challenges of the Colorado Outdoor Recreation Industry Office in its first year.

Response: The Outdoor Recreation (ORec) Industry in Colorado contributes over \$34 billion in consumer spending, creates 313,000 direct jobs, and generates \$4.9 billion in local, state and federal taxes. The ORec Industry also contributes approximately \$19.9 billion to Colorado’s GDP. * The ORec Industry’s contribution to the national GDP is being considered within the federal RecAct bill, which has passed the House and is currently on the floor of the Senate (as of Nov. 22, 2016). This bill moves to count all industry jobs and revenue towards the national GDP in its own segmentation.

The Colorado Outdoor Recreation Industry Office (ORec Office) has been in existence for 14 months. The ORec Director initially completed a statewide industry listening tour and convened an Advisory Council with representation from every modality within the industry. An early success was the creation of regional ORec Coalitions made up of regional representation within the industry in the for-profit and non-profit sectors.

The ORec Director's primary charter is to connect, grow and inspire the industry at large. The 4 tenets comprising that work are:

- Economic Development
 - Recruiting companies to Colorado and retaining and strengthening existing companies/organizations within our current ecosystem.
 - The ORec Office and the Global Business Development team have recruited 4 companies to Colorado representing 145 jobs in various segments of the ORec Industry.
 - The exploration of creating a shared use maker space/co-work space for the ORec Industry in Colorado.
- Conservation and Stewardship
 - Working with the Forest Service to assist in both the retooling of their permitting process and also the waiver of the Recreation Regulation Advisory Council to begin a robust public comment process to allow the elevation of their fee structures across the state.
 - Working with Colorado Parks & Wildlife and the Department of Natural Resources to become the first state in the country to adopt a statewide conservation and stewardship ethic that is based on a new national model (SHIFT Principles adopted In November 2016).
 - Partnering with statewide non-profits focused in this arena to ensure aligned mission/vision/values.
 - Partnering with the energy sector in the state to deepen the awareness around job loss and potential retooling of regional efforts.
- Education and Workforce Training
 - Partnering with Colorado Mountain College to focus efforts on ski/snowboard manufacturing, trail design and development, and cut and sew manufacturing.
 - Championing the creation of an Executive MBA at Western State focused on the Outdoor Industry, the first of its kind in the country.
 - Partnering with CU and their Masters of the Environment for curricula development. This is a new program for Colorado.
 - Partnering with CSU and their Masters in Adventure Travel Tourism for curricula development. This is a new program for Colorado.
- Capturing Industry Innovations
 - The goal with this tenant is to have Colorado be seen as the "thought leader" in the ORec space.
 - The ORec Office's efforts align with 11 other states considering the creation of an ORec office, and we have the unique opportunity to both set the "best practice"

standard and be seen as the convening body for moving national conversations within this industry forward.

- o Work in this space will hopefully create a deeper nexus within Colorado to ensure that any/all leaders in this space, will endeavor to have a footprint in Colorado.

* The 2014 Statewide Comprehensive Outdoor Recreation Plan Report

11:35-12:00 GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY

Consolidation Cost Benefits

- 18 Please identify any cost savings or cost avoidances the State has achieved by consolidating information technology staff resources in the Governor's Office of Information Technology (not including the initial savings associated with the FY 2010-11 staffing transfer decision item).

Response: The Office has tracked savings and avoidance for several years. These are the combined IT savings and avoidance that OIT has been able to document via personal services and operating.

Year	Annual Savings / Avoidance	Cumulative Savings / Avoidance
FY 2010-11	\$13,464,655	\$17,259,655
FY 2011-12	\$14,110,252	\$31,369,907
FY 2012-13	\$4,104,904	\$35,474,811
FY 2013-14	\$3,364,189	\$38,839,000
FY 2014-15	\$3,382,940	\$42,221,940
FY 2015-16	\$29,995,009	\$72,216,949

Through the first quarter of FY 2016-17 OIT has measured \$2,535,299 in cost savings and avoidance.

Cybersecurity

- 19 Please describe the jurisdiction the Chief Security Officer has over the cybersecurity practices of all State agencies (including independent elected officials and the legislature).

Response:

ARTICLE 37.5. OFFICE OF INFORMATION TECHNOLOGY

PART 4. INFORMATION SECURITY defines the roles of the Chief Information Security Officer. The jurisdiction over the public agencies is defined as follows:

C.R.S. 24-37.5-402 (9) "Public agency" means every state office, whether executive or judicial, and all of its respective offices, departments, divisions, commissions, boards, bureaus, and institutions. "Public agency" does not include institutions of higher education or the general assembly.

Annually, the CISO develops an enterprise information security plan, utilizing input from the Governor's goals, the 5 year plans for each public agency, and the OIT playbook. The information security plan includes communication and information resources that support the operations and assets of the public agency.

- 20 What percentage of total information technology expenditures across State agencies is expended on cybersecurity? How does this percentage compare to other states and/or industry standards?

Response: Colorado State government spent approximately \$567.5 million on IT related expenditures during FY 2015-16. This amount includes \$261.9 million that was spent directly through OIT's operating and capital appropriations. Within this total, Colorado spends approximately 3% of the IT spend across all state agencies on cybersecurity.

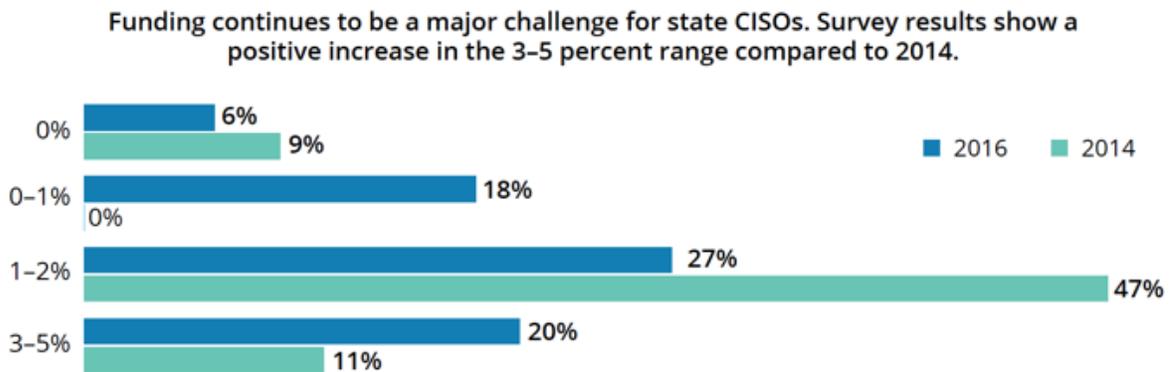
Pictured below, results from the biannual Deloitte / National Association of State Chief Information Officers (NASCIO) describe states' cybersecurity expenditures as a percentage of the state IT Budget.

The blue line represents 2016 results; the green line represents 2014 results. 49 state CISOs responded to the survey in 2016.

In 2016, as a percentage of the IT budget,

- 6% of the states reported spending 0% on cybersecurity.
- 18% of the states reported spending 0-1% on cybersecurity
- 27% of the states reported sending 1-2% on cybersecurity
- 20% of the states reported spending 3-5% on cybersecurity (Colorado is in this category)

Figure 13. Percentage of state's cybersecurity allocation as part of the overall IT budget



Source: 2014 and 2016 Deloitte-NASCIO Cybersecurity Studies.

Graphic: Deloitte University Press | DUPress.com

- 21 How much does the “Secure Colorado 18” request increase the percentage of total information technology expenditures across State agencies expended on cybersecurity?

Response: The 2018 request will increase the cybersecurity expenditure percentage to 4.5% of the statewide overall IT budget.

Information Technology Assets

- 22 How effective has the Office been in establishing and funding refresh plans for information technology assets, including personal computers, network equipment, and servers?

Response: Through Decision Item requests, OIT has received appropriated funding to cover major portions of infrastructure refresh on a standardized cycle, such as the OIT maintained routers,

switches, phones, servers, and storage arrays. This includes improving refreshing and upgrading backup and restore capabilities in the state data centers. OIT does not manage a statewide refresh plan for personal computers, however some agencies do have these in place.

OIT created “5-Year Agency Roadmap” plans, which has identified technology debt that exists locally within agency infrastructures. The long term goal of OIT is continue using the refresh funds and program to expand the infrastructure capabilities for the State. This will allow agencies to migrate off stand alone systems and into the enterprise environment when their agency specific equipment is due for refresh. However, there will always remain some technology footprint within agencies that cannot migrate.

For FY 2017-18, OIT submitted the “Colorado Technology Advancement and Emergency Fund” request for consideration. This request includes a proposal to tackle portions of technology debt every year. However, the level of funding requested will not address all technology debt identified, but is a starting point.

- 23 Please discuss the methods used to track information technology assets (personal computers, network equipment, and servers) across all State agencies.

Response: Multiple methods for identifying and tracking assets are used depending on the devices in question (personal computers, servers, network). OIT utilizes tools and automation to gather the majority of asset data in addition to manually tracking via spreadsheets for agency legacy resources that are unable to communicate with more modern technologies. Personal Computer and Server asset tracking uses this methodology today. Network devices leverage a single tool solely to discover and gather network device information for tracking assets and support maintenance, as well as manually manage a spreadsheet to track any changes to network equipment inventory.

With continued rollout of the server and personal computer tools, the majority of all asset tracking will be captured automatically and repositied into a fully integrated asset management platform, thus eventually discontinuing manual asset tracking methods.

Marijuana Data Coordination Request

- 24 Is the “Marijuana Data Coordination” request specific to marijuana or will the funds be used to build out a set of tools that could be used to synthesize data from various programmatic areas.

Response: The Marijuana Data Coordination request is designed to support marijuana data issues

specifically. The software licensing is scaled to accommodate marijuana data needs, and the other components of the request (e.g., data scientist and personal services to identify and implement alterations to systems to support marijuana data needs) are also directed specifically at addressing existing data gaps inhibiting analyses of marijuana legalization. Even with this marijuana focus, the benefit of the solutions described in the budget request is that the processes and systems to make data available for marijuana related analyses will also facilitate the use of these data for other purposes, while accounting for appropriate governance and access rights. That is, if other agencies, outside of the agencies involved in the marijuana data effort, need to use the same data, and they have appropriate permissions to use the data, they will also be able to take advantage of the interfaces and workflows established through the marijuana data effort, thereby saving time and effort for these other agencies as well.

While marijuana data coordination is the primary and exclusive focus, the platform is data agnostic. Should agencies wish to seek to expand the platform to other data sets, those conversations can occur on a case by case basis. But at this point in time the goal of OIT is to address the need for consistent data integration for marijuana research.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

FOR THE PURPOSE OF THIS SECTION:

- **GOV** = GOVERNOR'S OFFICE PROPER, LT. GOVERNOR, OFFICE OF STATE PLANNING AND BUDGETING
- **CEO** = COLORADO ENERGY OFFICE
- **OEDIT** = OFFICE OF ECONOMIC DEVELOPMENT AND TRADE
- **OIT** = OFFICE OF INFORMATION TECHNOLOGY

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

GOV Response: These offices do not have any legislation that has not been implemented or is partially implemented.

CEO Response: The Colorado Energy Office (CEO) has one partially implemented bill from previous legislative sessions. Pursuant to H.B. 14-1326, by December 31, 2018, CEO shall study whether the qualifying alternative fuel medium or heavy duty truck classes generate life-cycle emissions materially greater than comparable trucks running on traditional fuels. The office intends to complete this study, and thereby fully implement the legislation by the statutory deadlines.

OEDIT Response: N/A

OIT Response: OIT has implemented all legislation.

- 2 If the Department receives federal funds of any type, please respond to the following:
 - a. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.

GOV Response: There are no current or expected sanctions impacting these offices.

CEO Response: CEO receives federal funding from the U.S. Department of Energy's Weatherization Assistance and State Energy Programs. CEO has not received any sanctions of funding from federal sources, and does not anticipate any sanctions from federal sources in FY 2016-17.

OEDIT Response: OEDIT did not receive any federal sanctions nor are we aware of any sanctions that may be issued against the department.

OIT Response: OIT receives little to no direct federal funds. However, OIT does work in partnership with customer agencies receiving federal funding. OIT is not aware of any federal sanctions or potential sanctions.

- b. Are expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?

GOV Response: These offices do not expect any changes in federal funding.

CEO Response: CEO does not anticipate changes in its federal funding for Weatherization and State Energy Plan because the funds are based on a formula grant.

OEDIT Response: OEDIT anticipates that SBDC funding might be subject to decrease.

OIT Response: OIT is not expecting any change in federal funding.

- 3 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated June 30, 2016 (link below)? What is the department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations?

http://leg.colorado.gov/sites/default/files/documents/audits/1667s_annual_report_-_status_of_outstanding_recommendations_1.pdf

GOV Response: These offices do not have any high priority outstanding recommendations from the annual report of audit recommendations not fully implemented.

CEO Response: The CEO does not have any outstanding high priority recommendations as identified in the “Annual Report of Audit Recommendations Not Fully Implemented” that was published by the State Auditor’s Office and dated June 30, 2016.

OEDIT Response: OEDIT does not have any high priority outstanding recommendations in the Annual Report of Audit Recommendations Not Fully Implemented.

OIT Response: 7 high priority outstanding audit recommendations have been identified. Of these, 6 will be implemented by or before October 2017. For the one remaining, new firewalls, implemented within the past 2 years have provided an additional level of protection, sufficient to significantly reduce the risk of the original audit finding.

- 4 Is the department spending money on public awareness campaigns? What are these campaigns, what is the goal of the messaging, what is the cost of the campaign? Please distinguish between paid media and earned media. Do you have any indications or metrics regarding effectiveness? How is the department working with other state or federal departments to coordinate the campaigns?

GOV Response: These offices do not spend money on public awareness campaigns.

CEO Response: Based on CEO’s mission, the office uses public communications to educate citizens and stakeholders to assist them in making more informed decisions. In fiscal year FY15-16, CEO implemented communications strategies for two of its strategic policy initiatives (SPI): One SPI focuses on increasing the percentage of light duty electric vehicle sales in Colorado and the other focuses on decreasing Colorado’s average annual residential energy use.

- Based on CEO’s Electric Vehicle Market Implementation Study prepared for CEO in 2015, CEO worked with the Regional Air Quality Council to pilot an EV public awareness campaign. In conjunction with earned media, the paid media pilot campaign addressed common misconceptions about EVs (including range anxiety and cost) and created consumer awareness about the tax credits available for EVs. This \$30,000 paid media pilot campaign was successful and drove a high percentage of potential EV purchasers to the Charge Ahead Colorado website landing page to dispel EV myths and learn more about alternative fuel vehicle tax credits.

- Based on national and Colorado market research, in FY15-16, CEO worked with the Department of Energy (DOE) and piloted a public awareness campaign to help educate Colorado consumers about the Home Energy Score (HES). The HES is a tool developed by DOE that gives homebuyers a simple snapshot of a home's energy performance. In conjunction with earned media, the paid media pilot campaign aimed to increase awareness about the value of the HES and the steps to achieve long-term energy savings. Additionally, CEO worked with the Colorado Association of REALTORS and launched a training program to help them assist clients in obtaining a HES. The \$60,000 paid media pilot campaign provided further insights about the need to address consumers' desire to roll cost savings energy improvements into a buyer's mortgage. Since concluding the pilot campaign last fiscal year, Colorado has worked with DOE to incorporate lessons learned into national mortgage services, giving consumers the ability to finance energy-efficient improvements seamlessly and more affordably.

OEDIT Response: Yes, OEDIT is spending money on a public awareness campaign. The campaign is designed to meet the goal of raising national and international awareness of Colorado's high-value attributes as they apply to our economy and business climate, in order to support the growth of new business, startups, and existing business expansions in Colorado.

The Marketing Division has worked with all OEDIT divisions to identify a clear and focused audience. This has allowed the marketing team to better target the Colorado brand business message and identify efficient media opportunities to achieve our goals.

Paid Media

To raise awareness of the Colorado brand, the marketing team is utilizing both paid media and earned media. In 2016, one paid media campaign was executed with Forbes.com to write and publish on Forbes.com/Coloradovoice 10 articles focused on Colorado's key industries. The goal of this campaign is to build awareness of Colorado's healthy business climate and create premium source branded content that OEDIT can also utilize on choosecolorado.com.

Utilizing Forbes.com, the marketing team was able to reach, at a national and international level, business executives, including those in the C-Suite, and leaders from Colorado's Key Industries. The cost of the campaign was \$130,000. The campaign was able to surpass Forbes benchmarking for similar campaigns.

PAID MEDIA Results:

Colorado Voice	Forbes	Benchmark	% Increase
Page views	121,739	43,000	64%
Social Actions	12,519	2,700	78%
Social Referrals	82,607	21,000	75%
Total Brand Impressions	55,880,158	N/A	N/A

Earned Media

In February 2016 the OEDIT marketing team engaged Development Counselors International (DCI) for earned media. The goal of DCI is to deliver Colorado key story lines included in 8-10 “most wanted” media outlets by DCI continually approaching target journalists with tailored story ideas highlighting specific spokespeople, companies and initiatives from throughout the state. The DCI contract cost is \$120,000 for 12 months.

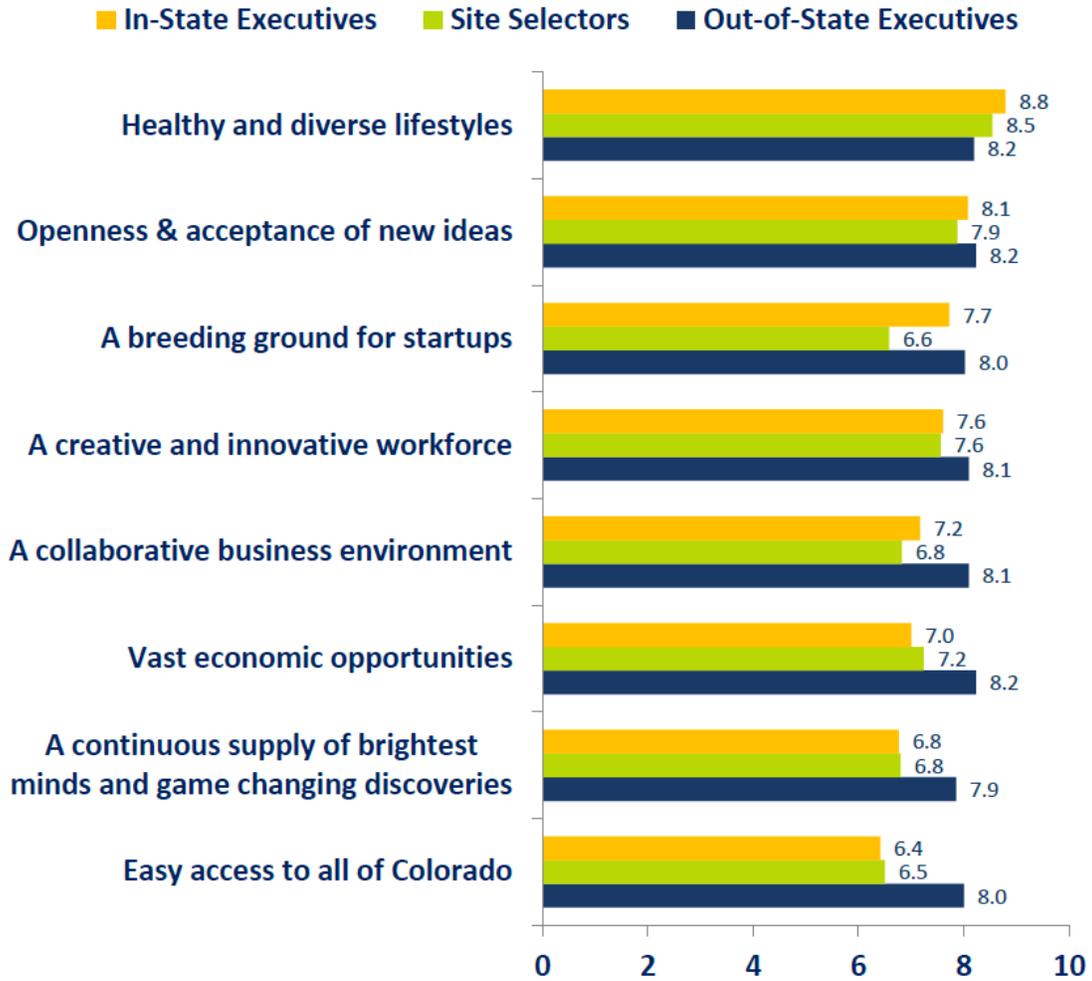
EARNED MEDIA Results:

- Brand Impressions to date: 76,427,997
- Annual Goal: 300,000,000 (based on results of the first 4 months, on track to reach goal).
- National Placements – New York Times, Politico, Entrepreneur, Global Trade Magazine

In February 2016, DCI and OEDIT conducted a Brand perception study to serve as the baseline for tracking high value attributes and benefits of doing business in Colorado. 2016 Baseline Perception

Study Results

RATING OF COLORADO'S BENEFITS AS A BUSINESS LOCATION
On a scale of 1 (poor) to 10 (excellent)



The marketing team is working with Colorado Tourism Office, Colorado Department of Transportation and Colorado Parks and Wildlife to utilize creative assets for digital purpose. Even though our target audiences and messaging goals differ, we are finding efficiencies in sharing usage of creative assets (e.g. images).

OIT Response: OIT does not spend funds on public awareness campaigns.

- 5 Based on the Department’s most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy?

GOV Response: A report from the Department of Personnel and Administration about statewide turnover is forthcoming this week. Currently there are no vacant FTE positions in these offices.

CEO Response: During FY 2015-16, CEO experienced a vacancy rate of 12% (4 FTEs). One employee separated from the weatherization assistance program, one from the communications unit, one from the policy and research unit, and one from the accounting unit. All employees separated due to other career opportunities. Currently, CEO has one open FTE.

OEDIT Response: The current vacancy rate for OEDIT is 4.4% (3 vacancies) as of November 2016.

OIT Response: For FY 2015-16, the vacancy rate for OIT was 8.1% (76.0 FTE vacancies for 935.8 appropriated FTE). The turnover rate for this same period of time was 11%. Current OIT turnover rate stands at 12%, and has been consistent since the start of FY2016-2017. Local turnover rate for the IT Industry in 2015 was 15% according to the Mountain States Employers Council (MSEC). Based upon exit interviews at OIT, our turnover can be attributed to a number of reasons, which include, but are not limited to: Retirement (22%), Better Growth Opportunity (22%), Other Personal Reasons (23%), Commute (11%), Did Not Like Working for State (22%).

- 6 For FY 2015-16, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2016-17? If yes, in which programs and line items do you anticipate these reversions occurring? How much and in which fund sources do you anticipate the reversion being?

7

GOV Response: The Governor’s Office submitted a Schedule 3 with its budget request on November 3rd that details all reversions by line item and fund source for FY 2015-16. For FY 2015-16 in the Office of the Governor lines, cash funded Health Life Dental (HLD) reverted \$494,945; cash funded Amortization Equalization Distribution (AED) reverted \$204,740; cash funded Supplemental

Amortization Equalization Distribution (SAED) reverted \$197,760; and general funded Legal Services of \$159,140 and Re-appropriated Funded Legal Services of \$115,303 were reverted. There were no other material reversions for FY 2015-16; at this time, no material reversions are expected for FY 2016-17.

CEO Response: The CEO did not have any reversions in FY 2015-16. (Note that the Schedule 3 in the Governor’s budget submission shows that CEO had "reversions" in three cash funds. These amounts are actually carry forward of unexpended earned revenue. CEO does not anticipate having any "reversions" or Carry Forward in FY 2016-17 of state discretionary funding.)

OEDIT Response:

Program	Reversion Amount	Funding Source
Administration	\$52	GF
Vehicle Lease	\$4	GF
Leased Space	\$29,642	GF
Global Business Development	\$10,000	GF
Economic Development Commission	\$3,635,634*	Rollforward GF

* Due to a different interpretation of this statute by OEDIT’s authorizing environment after FY 2015-16 closed, OEDIT learned that the unspent \$3,635,634 in General Fund appropriated to the EDC Line Item for FY 2014-15, that was carried forward to FY 2015-16, could not be carried forward again into FY 2016-17.

OEDIT does not anticipate any reversions in FY 2016-17.

OIT Response: Below is a list of significant reversions (over \$150,000) with explanations in long bill order (all reversions in reappropriated funds unless otherwise noted):

A) OIT Central Administration

- a) Project Management \$212,553 - There approved roll forward requests in the amount of \$123,821 for SB15-014. This roll forward will be completed in FY 2016-17. The remaining \$98,631 is due to vacancy savings relating to turnover and time to fill positions.

B) IT Infrastructure

- a) Infrastructure Administration \$251,058 reversion - Roll forward spending authority request was approved for this line in the amount of \$239, 630 for the FY 2015-16 R-1 Infrastructure Refresh Decision Item. This roll forward will be completed in FY 2016-17.

- b) Server Management \$1,083,410 reversion - Roll Forward requests were approved in the amount of \$605,636 for the FY 2015-16 R-3 Active Directory Consolidation Decision Item. This roll forward will be completed in FY 2016-17. Additional reversions were due to vacancy savings that could not be used for other purposes and were not eligible for a roll forward. Those positions have now been filled and significant vacancy savings are not expected in future fiscal years.
- C) Network
 - a) Network Administration \$735,595 reversion - There were two FY 2016-17 roll forwards totalling \$717,593 for FY 2015-16 BA-3 Backup Colorado Phase II and for software defined networking purchases. These roll forwards will be completed in FY 2016-17.
 - b) Voice Services \$1,323,801 including \$1,200,000 cash funds reversion - There was a FY 2016-17 roll forward for purchase orders.
- D) Information Security
 - a) No significant reversions
- E) Applications
 - a) Applications \$348,229 - A roll forward was approved by the Office of State Controller in the amount of \$348,000 to continue work on the OIT's efforts to eliminate redundant applications. This roll forward will be completed in FY 2016-17.
 - b) Health Services \$900,195, A authority roll forward was approved in the amount of \$900,000 for this line item to complete the project. This roll forward will be completed in FY 2016-17.
 - c) Colorado Benefits Management System \$2,017,662 reversion - Footnote #9 of HB 16-1405 allows this line to remain available through June 30,2018.
- F) End User Services
 - a) No significant reversions

OIT does not expect to have any significant reversions in FY 2016-17.

- 8 [Background Information: For FY 2017-18, the Department of Law has submitted a request to change the calculation of legal services appropriations as well as the monthly billing system for legal services provided to state agencies. Specifically, the proposal would: 1) calculate the number of budgeted legal services hours for each agency as the average of actual usage in the prior three years; 2) include a two-year average of "additional litigation costs" such as court reporting, travel for depositions, expert witness costs, etc., in the appropriation for legal services (these costs are not currently included in the appropriation and are often absorbed from other personal services and operating expenses line items); and 3) convert from monthly billing based on the actual hours of service provided to monthly billing based on twelve equal installments to fully spend each client agency's appropriation.]

Please discuss your agency's position on the Department of Law's proposed changes to the legal services system, including the potential impacts of the changes on your agency budget. That is, does your department support the proposed changes? How would you expect the changes to positively or negatively impact your department? Please explain.

GOV Response: The proposed changes to the legal services system will have minimal impact to the Offices of the Governor, and impacts can be absorbed. The changes will assist better reporting and tracking of budgets on certain risk-related projects. However, the Governor's Office is sensitive to concerns raised by other agencies, and looks forward to continued discussions with the JBC and Department of Law regarding these changes.

CEO Response: N/A

OEDIT Response: N/A

OIT Response: The Office of Information Technology supports the proposed change by the Department of Law. OIT expects to have increased consistency on legal billings that can be fully set against the appropriation. Swings in legal billings due to unforeseen legal circumstances can present a problem to absorb into the appropriated budget. However, this billing methodology provides consistency and predictability to the legal billing. Increases would be seen in advance and can be incorporated into the OIT cost recovery model.

- 9 What is the expected impact of Amendment 70 (minimum wage increase) on Department programs? Please address impacts related to state personnel, contracts, and providers of services.

GOV Response: There are no expected impacts on state personnel, contracts, and providers of services.

CEO Response: CEO does not anticipate a fiscal impact due to the passage of Amendment 70.

OEDIT Response: While long term impacts are yet to be determined, the minimum wage increase is expected to have little bearing on FY 2016-17 OEDIT programs; with few exception, department staff are professional, salary-based employees, as are the majority of contracted personnel and the personnel resources procured in third party service provider arrangements (e.g. professional services). OEDIT will monitor the impacts, including those on the small business community that many of our programs serve.

OIT Response: OIT does not expect to see an impact from the increase to minimum wage. The category of staff and contractor hired by OIT for permanent or temporary positions are typically in high demand fields with compensation packages that already exceed the minimum wage requirements.

- 10 Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Cybersecurity Center in the Office of Information Technology?

GOV Response: The offices adhere to the Office of Information Technology's Cybersecurity policies and procedures.

CEO Response: Under state's emergency operations plan (SEOP), CEO and PUC are co-lead entities for Emergency Support Function (ESF) #12, under the umbrella of the Division of Homeland Security and Emergency Management (DHSEM), which is responsible for overall emergency management. The strategy and specific tasks of the Colorado Energy Assurance Emergency Plan (CEAEP) support the federal government's National Incident Management System (NIMS), which covers all forms of emergencies and deals with energy under its ESF #12. For ESF #12, CEO is the lead agency in assuring the state's liquid fuel supplies such as gasoline, diesel, aviation fuel, and propane. In addition, CEO is responsible for developing, implementing, and periodically updating the CEAEP. In 2016, CEO updated the CEAEP and performed extensive revisions including an expansion of content on cyber security.

- CEO follows the guidance provided by OIT, defers to their judgment on analyzing threats, and all staff completes the required cybersecurity training modules.

OEDIT Response: As part of the Governor's Office, OEDIT is subject to the security measures, including policies and procedures, administered by OIT. We defer to OIT to provide additional details on action plans for increased levels of security.

OIT Response: The state CIO and CISO have been deeply involved in making introductions and helping to forge public-private partnerships for the National Cybersecurity Center. Aside from providing input and introductions, the NCC was created to be a separate entity, and not tied to OIT.

OIT's Secure Colorado establishes a roadmap for improving cyber security in Colorado over the next three years. This plan was developed in cooperation with the Colorado Information Security Advisory Board (Board). The Board was formed by the CISO in 2012 to assist in the development of strategic and tactical plans aimed at reducing the State of Colorado's risk levels and improving the confidentiality, integrity, and availability of the information entrusted to the state. The Board met again in 2015, with almost half of the original members returning, and were joined by some new members. These individuals represent public and private sectors, along with higher education, and include security, privacy, and business professionals.

Secure Colorado includes four strategic goals supported by 18 strategic initiatives. These goals and initiatives are based on foundational information security principles that are designed to be relevant for years to come. Supporting operational initiatives will be developed annually and included in the OIT Playbook, which can be found on the OIT's website (colorado.gov/oit). These operational-level initiatives will be the Colorado Information Security Program's primary focus for that specific fiscal year and will be aligned with one or more of Secure Colorado's strategic goals and initiatives.

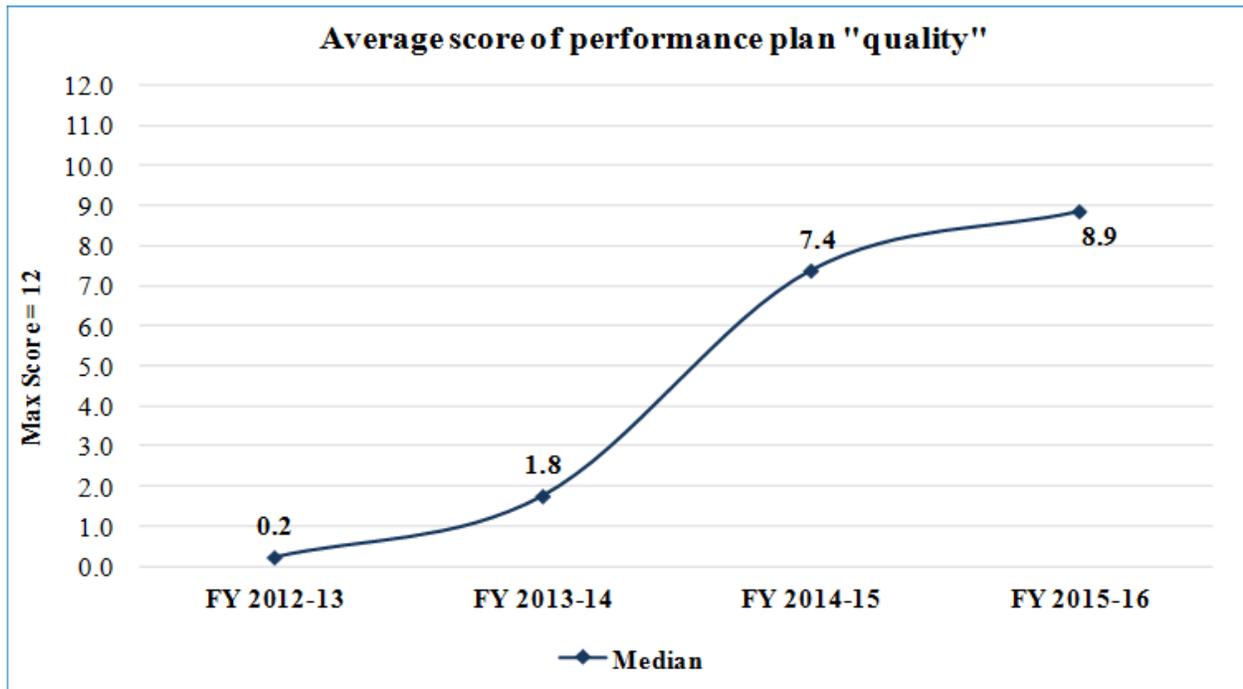
To maintain its relevancy, Secure Colorado will be reviewed annually by the CISO, in conjunction with the Colorado Information Security Advisory Board and OIT Executive Leadership Team.

While OIT strives to secure the State's infrastructure additional security related activities continue at State agencies. These can include protocols as simple as data retention policies, email security settings, and expenditures on agency specific anti-virus software. While often overlooked by some as cybersecurity, these local initiatives play a vital role in the State's continued security health.

11 Is the SMART Act an effective performance management and improvement tool for your Department? What other tools are you using? Do your performance tools inform your budget requests? If so, in what way?

12

GOV Response: The Governor's Office supports the SMART Act as an effective performance management and improvement tool for the State. The requirements of the revised Act include some of the best practices from the private sector for organizational management, and we are seeing improvements in how agencies plan for, measure, and deliver on results. In a scoring exercise assessing the quality of Department Performance Plans, agencies have improved dramatically in the past three years.



Note: The quality scoring matrix includes factors such as whether it identifies the customer, sets a clear strategy, and includes measurable input, outputs, and outcomes.

To facilitate the Committee’s review of budget linked to performance, OSPB’s FY 2017-18 budget summary document incorporates all departments’ progress on their Strategic Policy Initiatives.

The Administration is also utilizing performance management tools beyond the SMART Act. For example, to tackle thorny policy problems that extend beyond the bounds of a single agency, the Administration has developed cross-agency Working Groups. These Cabinet-level Working Groups in Health, Energy & Environment, Economic & Infrastructure Development, and Workforce & Education set joint-goals and regularly evaluate performance against those goals.

CEO Response: Following the reorganization of the Office in H.B. 12-1315, CEO was rebuilt around the SMART Act framework. This framework has been an effective approach with CEO’s strategic planning process and performance management system. CEO staff have been trained on how to create strategic policy initiatives that are quantifiable and customer focused. All goals align with CEO’s mission and vision, and strategies are based on assessed market conditions and CEO’s ability to influence the market. CEO identifies its operational activities and processes to put the strategies

into action. Throughout the year, CEO monitors market conditions, adjusts operational activities and processes as needed, and tracks metrics to understand goal progress. CEO uses these performance tools to make decisions about programs, initiatives and projects, and budget requests and modifications.

OEDIT Response: While the SMART Act defines our performance management reporting requirements, which are dramatically improved, it is not a standalone operational performance measurement tool and as such, we supplement the requirements with a monthly divisional monitoring and reporting process at OEDIT. The reporting process consolidates the Strategic Policy Initiatives (SPIs) of each OEDIT division, which were developed and implemented in support of our department SPIs. Furthermore, these divisional SPIs were developed based on the refreshed OEDIT mission statement, thus enabling a measurement system for each division directly tied to the metrics for the whole of our work. OEDIT uses a data driven approach to evaluate the progress towards meeting OEDIT-wide goals. These SPIs, both divisional and for the department, determined our budget request process and will continue to guide our priorities for use of resources and staff.

OIT Response: Over the last three years, OIT implemented the SMART goals and has realized significant improvement within customer service, security, employee engagement and economic development goals. The Office of Information Technology has embraced the 4 Disciplines of Execution to socialize our performance goals with our employees.

As part of the 4 Disciplines of Execution we have lead measures that assist OIT in monitoring budget status and performance. We also have established reporting that looks at budget request projects in detail on a monthly and quarterly basis.

- 13 Please identify how many rules you have promulgated in the past two years. With respect to these rules, have you done any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

GOV Response: As noted under the question for Efficient and Effective Government (see OSPB section question #11), the Colorado Office of Policy, Research & Regulatory Reform (COPRRR), housed at DORA, is working statewide to increase cost-benefit analysis requests and expand solicitation of public input for proposed regulatory programs and rulemaking.

CEO Response: CEO does not have regulatory authority, and therefore has not promulgated rules in the past two years.

OEDIT Response: N/A

OIT Response: OIT has promulgated two rules in the past two years, neither of which required a cost-benefit analysis.

- 14 What has the department done to decrease red tape and make the department more navigable/easy to access?

GOV Response: As noted under the question for Efficient and Effective Government (see OSPB section question #11), the Administration’s regulatory reform efforts continue...

Through Executive Order 2012-02 (later codified as SB14-062) and the “Pits and Peeves” initiative, the Administration identified roadblocks to businesses, reviewing over 15,000 rules, modifying over 6,000 and repealing over 2,000. Continuing this important work of regulatory reform, the Administration is now ensuring that all Departments engage stakeholders early in the regulatory process, and that every year, every Department “Cuts the Burden” to comply with regulations or requirements in a meaningful and measurable way.

We know that Colorado’s economy benefits from continuous review to eliminate unnecessary regulatory burdens and requirements. For the FY17 Cut the Burden initiative, Departments have committed to projects that will reduce more than a dozen requirements in a quantifiable, measureable way--saving customers \$7 million and 250,000 hours. And Departments such as DORA, Agriculture, and Human Services are bringing business permitting and registration online. In addition, for the regulatory agendas submitted November 1, 2016, Department Executive Directors certified that for every rulemaking on the agenda, stakeholders were engaged prior to the formal rulemaking process--a step that goes beyond the requirements of H.B. 12-1008.

CEO Response: CEO addressed two key areas where it has reduced red tape for its direct customers. These include:

- Modifications CEO addressed for its Charge Ahead Colorado reporting process and its ALT Fuels Colorado grant process. (Please see more details in response to question #13) Additionally, CEO is continually looking for ways to streamline processes and making shared resources more accessible for partners. Recently, the Weatherization Assistance Program worked with the Department of Human Services to create better ways to share data. The streamlined process saves time and allows CEO to quickly prioritize eligible, high energy burdened households.
- In FY15-16, CEO was required to transition its website content to another platform. CEO took the opportunity to reassess its content according to web analytics and stakeholder feedback. CEO's website information is now categorized into clearer navigational areas. CEO also introduced a new area called, "Energy in Colorado." Due to regular inquiries from partners and media about energy, CEO's website now includes specific information about energy in Colorado including updated graphs and maps along with links to related resources.

OEDIT Response: OEDIT undertook several LEAN initiatives which also serve to decrease the regulatory burden on our customers and constituents. These include the extension of the grant cycle for Colorado Creative Industries and an overhaul of the contracting process associated with the Advanced Industry Grant Program, both of which substantially lessen customer time as well as department administrative time.

OEDIT redesigned its external website with the end user in mind. Working with best in class principles, tools and resource pages were streamlined and, most importantly, key personnel are now identified as a direct contact for each economic development program. Staff pictures have been included with contact information to personalize the experience for the web visitor. ChooseColorado.com was launched in August of 2016. The website has experienced a 5% increase in traffic in the first 3 months.

In order to develop stronger relationships with our customers, OEDIT has adopted a Customer Relationship Management strategy utilizing the Salesforce platform. This allows our customers to submit requests for more information that can be tracked, ultimately ensuring that each customer receives a timely response.

OEDIT has developed a series of internal training sessions to increase staff efficiency in compliance with state policies and procedures. By increasing administrative and operational efficiencies, employees have more time to devote to programs.

Finally, OEDIT's Blueprint 2.0 initiatives were designed by means of strategy sessions throughout rural Colorado that informed OEDIT as to which resources could be leveraged to increase our responsiveness to these communities' needs. To date, 27 initiatives have been deployed in 10 of Colorado's 14 regions, engaging hundreds of community members across the state.

OIT Response: OIT continually looks for ways to improve customer engagement along with internal processes that ultimately improve technical service delivery. OIT utilizes agency based IT Steering Committees to better understand and prioritize business goals.

OIT implemented a Customer Service Portal to better handle customer service tickets and to track ideas for improvement. The portal incorporates standard OIT services and continues to expand as we re-engineer processes and streamline our offerings.

OIT redesigned its public-facing website to improve navigability and faster information retrieval.

OIT consolidated multiple agency specific Service Desk telephone numbers into a single number to maximize staffing levels and service across agencies.

OIT's Architecture Review Board publishes clear standards for state operations and vendor implementation; documented and improved internal procurement processes including automating internal purchasing to be paperless; established various centers of excellence to improve common terminology and process implementation in the areas of new technology, platforms, and services.

- 15 What is the number one customer service complaint the department receives? What is the department doing to address it?

GOV Response: The Governor's Office is committed to creating a State workforce culture that is focused on serving Coloradans as customers. Indeed, the Governor selected a key business leader and customer-service expert, Donna Lynne, as his Lieutenant Governor and Chief Operating Officer. Having run multi-billion dollar private enterprises, Donna Lynne is now engaged in a statewide tour to assess how well the State is serving its customers. In her first six months, she visited two-thirds of Colorado's 64 counties (43 counties), where she examined some customer successes, but also areas for improvement. For example, while many Departments are making customer-focused

improvements, e.g., moving processes online, very few Departments then measure customer satisfaction in the form of a survey or other instrument to determine if the changes were successful. Such measurement is critical to further improving State government. In the coming year, the Lieutenant Governor/COO will undertake a new effort to measure customer satisfaction and improve agency results in each of the Governor's 5 priority areas (Economic & Infrastructure Development; Energy & Environment; Health; Quality Government Services; and Workforce & Education).

In addition, the Lt. Governor/COO will advance the work of agencies to improve customer-focused operations. Examples include the following:

- DMV wait time improvements--Revenue has already cut the wait from 40 to 20 minutes on average, but the State's goal is for most customers to be served within 15 minutes.
- Veterans experiencing homelessness--DOLA will reduce by one-third the days to place a veteran experiencing homelessness in housing--from a current 46 days to 30 days.
- Reduce the impact from traffic congestion that is anticipated to worsen on state highways. Although the State's budget is constrained in its ability to invest in infrastructure, CDOT will minimize the impact of traffic congestion by using technology to manage traffic flow, inform drivers of road conditions, and clear traffic incidents more quickly, among other strategies.
- Business licensing--The State will reduce burdens on businesses and individuals by continuing to bring state licensing and permitting online, including systems in the Depts of Agriculture, Regulatory Agencies, and Natural Resources.

CEO Response: Due to the nature of CEO's work, its primary customers are grantees, contractors and internal customers. Two areas where CEO serves direct customers are through its Charge Ahead Colorado and ALT Fuels Colorado programs. For the Charge Ahead Colorado program, CEO addressed customer feedback regarding monthly reporting when work did not occur. Now vendors provide written communication to CEO only if the project experiences significant changes or delays in the schedule. To streamline the process further and to reduce the amount of questions a grantee may have about invoicing at the end the project, CEO now sets up an orientation at the beginning of the project and sends a checklist at the end of the project. The orientation and the checklist help to reduce the back and forth that often accompanies reimbursement. For the ALT Fuels Colorado program, CEO addressed developers' concerns about the need to apply for grants when they were ready to make investments according to market conditions. CEO modified its grant funding structure and created a rolling grant period, which allows developers to apply for grants any time throughout the fiscal year.

OEDIT Response: The only real customer service complaint that OEDIT has received relates to the software system OEDIT uses for its grant applications. Certain end users have had trouble navigating the system. To address this, OEDIT redesigned the application portal with instructions addressing common user issues. The portal was designed to make navigation more intuitive, and OEDIT has received positive feedback about the redesign.

Most of the complaints directed at OEDIT concern matters beyond OEDIT's control and do not concern OEDIT's quality of customer service. For example, the Colorado Tourism Office frequently hears complaints about the process through which I-470 tolls are charged to rental cars. Tourists are often charged fines, even if they have registered their rental cars with the toll authority.

OEDIT also receives complaints about the statutory rules around some of the programs it administers and the lack of funding for others. For example, higher education partners and local economic developers have complained about the Job Growth Incentive Tax Credit Higher Education Partnership requirement that participating companies be located within a mile of the property or campus of their higher education partners. Colorado Creative Industries fields complaints from constituents concerning the lack of access to capital because of a loss of funding for the Creative District Community Loan Fund program.

OIT Response: The number one service complaint has been the process for technology provisioning related to employee onboarding. OIT has identified 14 unique processes involved in setting up an employee (not including processes internal to state agencies before and after engaging with OIT). Even with OIT's processes in place, customers must request the service with advance notice in order to receive equipment and access in a timely manner.

To address the problem, OIT kicked off a Day 1 Onboarding pilot program within OIT last year and achieved a reduction in overall onboarding time from over 13 days to under 4 days for OIT staff at any location. OIT worked with Department of Agriculture to implement its process reducing their time to under 5 days when tickets are submitted with proper notice. OIT worked with all agencies to improve responsiveness while documenting a statewide process. OIT is consolidating the telephone access requests and other agency-unique forms and is rolling out the new statewide Day 1 Onboarding process using the Customer Service Portal by June 30, 2017.



Marijuana Grey Market

November 30, 2016



COLORADO
Office of the Governor

Marijuana Grey Market: Challenges

The grey market emerged from loopholes in Amendment 20 and Amendment 64 allowing for large amounts of marijuana to be grown and distributed outside the intent of the law.

Patients and Caregivers

Amendment 20 to the Colorado Constitution and subsequent enacting and implementing legislation allow medical marijuana patients and caregivers to grow up to 99 plants in a residential setting.

Beyond a statutory patient/caregiver registry system coming online in January 2017, state agencies do not have the authority to regulate these grows. While local, state, and federal law enforcement do have enforcement powers in this area, the laws governing such operations are murky. There are, in short, few ways to prevent grey marketeers from operating under the guise of a residential caregiver grow in order to unlawfully ship marijuana out of state.

Home Grows and Cooperatives

Amendment 64 to the Colorado Constitution allows for personal home grows. A recent abuse, similar to the caregiver model, has developed pursuant to this ballot change: home grow marijuana cooperatives. Marijuana “cooperatives” develop when state residents get together and “assist” each other in growing their authorized six plants. These operations are entirely unregulated by state agencies, so theoretically, there is no limit to the number of individuals that could cooperate with each other. Again, law enforcement has the ability to intervene in illicit activity but determining legalities versus illegalities remains confusing.

Beyond exchanging marijuana for remuneration proscribed by law, home grow cooperatives are subject to few clear constitutional or statutory restraints. As with rogue caregivers, it is known that many cooperatives divert marijuana out of state and/or to recreational users in Colorado looking to pay less than the market value.

Marijuana Grey Market: The Routes to the Grey Market

**Amendment 20
Medical**

Amendment 20 allows for patients and patient's caregivers to home grow marijuana plants

Doctors

Doctors may recommend patients up to 6 plants with up to 3 flowering. This may be increased up to 99 as medically necessary

Caregivers

Each caregiver can cultivate up to 99 plants for patients (SB 15-014)

Patients

Each patient can cultivate up to 6 plants (up to 3 flowering) or up to 99 as medically necessary

+99

+6 to 99

**Amendment 64
Recreational**

Amendment 64 allows for individuals and cooperatives to home grow marijuana plants

Cooperatives

Residents get together and "assist" each other in growing allotted six plants. They may not operate in the same location as caregivers. Otherwise, they are unregulated so there is, theoretically, no limit to the number of individuals and plants

+Unknown Limitation

Individuals

Each individual can cultivate up to 6 plants with up to 3 flowering

+6

Grey Market

When combined, recreational and medical marijuana legalization has contributed to a large, unregulated market with grey marketeers operating under the guise of caregivers, cooperative members, or law abiding residents.

Marijuana Grey Market: Plant Count Limits

Of all the states where marijuana is legal, Colorado allows for the most plants to be grown in a single household. As a result, organized crime and people looking to divert marijuana to other states for a profit come to Colorado, as opposed to other states, to grow marijuana under the guise of legality.

Washington: Medical marijuana patients can grow up to 4 plants without registering with the state; up to 15 plants with state registration. Private recreational grows are not permitted.

Oregon: Residents may grow up to 4 plants per household.

Alaska: Residents may grow up to 6 plants per household.

California: Residents may grow up to 6 plants per household.

Colorado: A medical marijuana patient or caregiver may grow up to 99 plants per patient with an extended plant count recommendation from a doctor. Some Colorado local ordinances limit residential grows to 12 plants per household (recreational or medical).

Marijuana Grey Market: The Evidence

From 2014 to 2016, the number of medical marijuana patients with physician recommendations for an extended plant count of 50 or more plants increased by 54%. Concurrently, the total number of medical marijuana card holders declined. As of January 2016, there were approximately 8,200 patients with a recommendation for 50 or more marijuana plants. Much of this marijuana is not being used by legitimate patients, but rather is being cultivated by criminal enterprises and then diverted directly to the grey market in and outside of Colorado. This grey market activity has been evidenced by numerous reports from local, state, and federal law enforcement. Recent examples of such diversion include:

- Operation Gas Lamp, 2015 – Local law enforcement officials uncovered a coordinated network of grow houses, containing 45 firearms and \$1 million in assets, with over 1,800 marijuana plants and 100 pounds of harvested marijuana destined for Chicago and Florida.
- Operation Mountain Grass Cotopaxi, 2015 – Police officers seized 1,002 marijuana plants and 50 pounds of marijuana grown across nine properties with 28 firearms that was intended for shipment to East Coast markets.
- Steamboat Springs, 2015 – Law enforcement officials uncovered the remains of a medical marijuana patient in Steamboat Springs who had been violently murdered by a couple for his marijuana plants. The couple was found in possession of 100 pounds of marijuana.
- U-haul and Tractor Trailer Transporters, 2016 – Police officers arrested two men on multiple occasions for attempting to transport over 150 pounds of marijuana from Colorado to the East Coast. One of the men stated that he had been transporting marijuana from our state for at least four years.
- Aurora, 2016 - Law enforcement officials received information regarding a marijuana trafficker, who was brokering deals between Colorado-based marijuana growers and several different buyers/distributors. The marijuana traffickers were shipping large quantities of marijuana from Colorado to customers located throughout the United States. Based on this information, law enforcement officials executed a search warrants on residences in Aurora and Southern Colorado, seizing approximately 30 pounds of marijuana, 22 firearms, a small, active marijuana grow, 3 suppressors/silencers, and \$273,507 cash.
- Southern Colorado, 2016 – DEA and local law enforcement searched 12 properties in Southern Colorado, uncovering 22,400 pounds of marijuana intended for transport out of state. All properties were tied to the same organization from Laos.

Numerous other grey market cases have been and continue to be documented out of Colorado.

Marijuana Grey Market: The Consequences

Colorado's communities are being negatively impacted by the growth of the grey market and consequent illicit activities

Growth of the marijuana grey market in Colorado



- Diversion to youth
- Lack of public health and safety oversight
- Undercuts licensed, regulated marijuana system
- Risks federal preemption

Out-of-state diversion



- Risks federal preemption

Expansion of organized criminal enterprises



- Increased violence
- Diversification of other illicit activities
- Risks federal preemption

Property Destruction



- Decreased property values
- Increased danger for residents and first responders

Environmental Impacts



- Excessive water and power usage
- Improper chemical and pesticide storage/disposal

Marijuana Grey Market: The Solution Approaches to Date

Approach	Outcome
<p>House Bill 10-1284</p> <ul style="list-style-type: none"> Codified the five-patient limit for caregivers that had existed since Amendment 20 by way of rulemaking Provided for a waiver process to the five-patient limit by stating that “the state health agency” may allow a primary caregiver to serve more than five patients in exceptional circumstances” Established that a patient may only have one caregiver 	<p>Partial Success</p> <ul style="list-style-type: none"> Courts have found that Amendment 20 does not establish an unlimited constitutional right to use medical marijuana
<p>Senate Bill 15-014</p> <ul style="list-style-type: none"> Established a 36-plant limit for most caregivers Set a hard limit of 99 plants for all caregivers Creates caregiver registry through the state licensing authority. A grower cannot be considered a caregiver until he or she registers. Establishes optional patient registration for personal grows Instructs the board (in consultation with CDPHE and physicians) to establish guidelines for physicians when making medical marijuana recommendations. 	<p>Partial Success</p> <ul style="list-style-type: none"> Imposed some of its changes immediately but delayed others until January 2017 Courts have not yet clearly defined the term “medically necessary” and, while some have recognized the validity of the defense, the Court of Appeals has placed limits on its use
<p>Plant count limits (CDPHE)</p> <ul style="list-style-type: none"> Plant count limits attempted through regulations and legislation 	<p>Fail</p>
<p>Colorado Medical Board enforcement of practice standards</p> <ul style="list-style-type: none"> Adoption of Policy 40-28 Regarding Recommendations for Marijuana as a Therapeutic Options (2015) 	<p>Partial Success</p> <ul style="list-style-type: none"> Law enforcement is an important partner to assist the Board with enforcement of medical marijuana practice standards. Law enforcement may 1) refer suspicious activity to the Board for investigation, 2) share investigative information by signing a nondisclosure agreement, and 3) collaborate with the Board to address concerning activity in the community. Guidance from law enforcement so far has been limited. The Board is complaint-driven, meaning information must come to the Board to initiate an investigation. The evidence and complaint process so far has also been limited.

Marijuana Grey Market: Our Core Message and Mission Statement

Core Message

While licensed, commercial marijuana dispensaries are the most visible and highly reported aspect of marijuana legalization, Colorado voters have also provided the right to responsible and limited home-growing, both as caregivers and for personal use. However, in some cases the home grow provisions have been exploited by criminals, seemingly organized, to create black and grey markets that threaten the safety of Coloradans and undermine our regulatory system. These markets have emerged from Constitutional loopholes and exist outside the intent of the law. To further protect our communities and ensure the public safety of the state's residents, while preserving their Constitutional rights, we should establish strong, common-sense guardrails on these home grows.

Mission Statement

To work within Colorado's current constitutional requirements to eliminate the marijuana grey market, allowing for unlicensed operations only to the extent that such grows align with the intentions of the voters as outlined in Amendment 20 and Amendment 64 and adhere to the established federal enforcement priorities concerning state-level marijuana legalization.

Marijuana Grey Market: The Approaches to Pursue

Approach	Challenges	Efficacy	Next Steps
<ul style="list-style-type: none"> Work to adopt modified definition of “assist” to limit home grows to a qualifying individual’s primary residence. 	<ul style="list-style-type: none"> Requires legislation 	HIGH	<ul style="list-style-type: none"> Continue to have conversations with relevant stakeholders
<ul style="list-style-type: none"> Explore hard plant count limit that brings us in line with other states OR tie legal ability to register as a caregiver or grow as a patient to compliance with local zoning restrictions. 	<ul style="list-style-type: none"> Requires legislation 	HIGH	<ul style="list-style-type: none"> Continue to have conversations with relevant stakeholders
<ul style="list-style-type: none"> Create a low-tech tagging system for plants that allows local law enforcement to check that plants are being delivered to patients. 	<ul style="list-style-type: none"> Requires legislation Local law enforcement must monitor and regulate 	HIGH	<ul style="list-style-type: none"> Flesh out a proof of concept
<ul style="list-style-type: none"> Increase funding and resources for state and local law enforcement. Provide resources for LLEs and DAs. Explore state-level expertise. 	<ul style="list-style-type: none"> Necessitates additional time, resources, and bandwidth from state agencies and partners. Legal ambiguities remain. Current law maintains the legality of most unlicensed grows until diversion occurs making law enforcement complex. 	MEDIUM	<ul style="list-style-type: none"> CDPS and LLE estimate budget allocation Determine centralized or decentralized approach



COLORADO
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OIT Budget Requests

FY2017-18



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**Suma Nallapati
Secretary of Technology & CIO
December 2016**

OIT: Our Impact by the Numbers



700+ IT projects



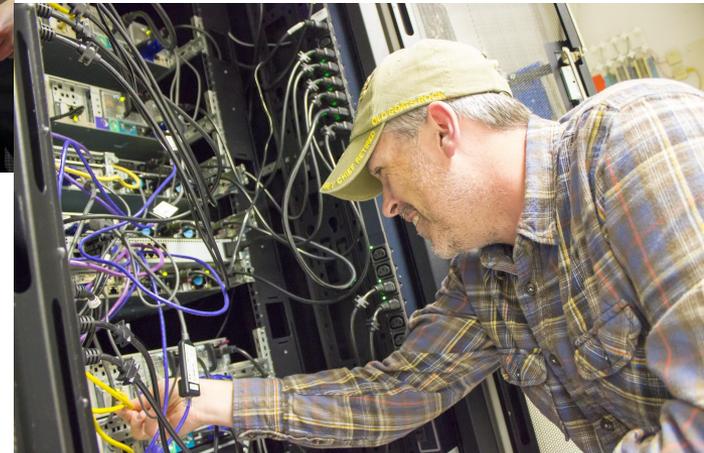
900+ employees



Support 1,300 locations



28,000 customers



OIT's FY17 Wildly Important Goals



15%



Service Excellence



95%

Agency Risk Scores Below 11



image source: iclissues.org

2%



Engagement



80% *Rural Broadband Coverage*



Accomplishments Tied to Funding



Enterprise Wireless



Backup Colorado



Network Infrastructure Refresh



Active Directory Consolidation



~~Eliminate Redundant Applications~~

Our Budget Request



Secure Colorado



Technology Advancement & Emergency Fund



Marijuana Data Coordination



Deskside Staffing



Enterprise Applications Realignment



Public Safety Communications Network Microwave Replacement



DOR Telephone Replacement

Secure Colorado Highlights



Big Wins:

- Over 2 years reduced enterprise risk by 48%
- Secure Colorado is template for NGA Cybersecurity Policy Academy
- Partnerships and ongoing testing of cybersecurity incident response

Going Forward:

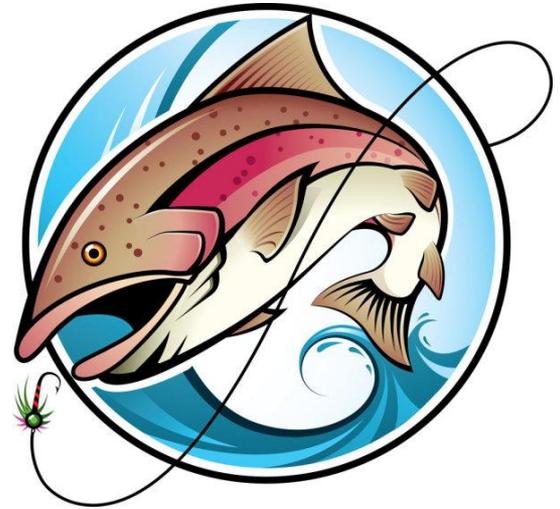
- Veteran's Internship Program
- Governance, Risk and Compliance (GRC) Toolset and staff
- Ongoing Critical & Essential compliance assessment program
- Vulnerability testing program
- Identity Management solution



Two-Step Verification



= NO MORE



Other Strategic Initiatives



HRIS: Integrated HR solution



DRIVES: Improving wait times



“A satisfied customer is the best business strategy of all.”

Broadband Efforts



Executive Order D 2012-037

“The Governor’s Office of Information Technology is hereby formally directed to oversee and coordinate broadband activity across State agencies.”



Five-Year IT Plans



“A goal without a plan is just a dream.”

Organizational Structure



Suma Nallapati
Secretary of Technology
& State Chief Information Officer

David McCurdy
Chief Technology
Officer

- Agency & Enterprise Applications. Services, Development & Support
- CBMS
- Chief Data Officer
- Data Centers
- Data Services
- Deskside Support
- Digital Transformation
- GIS
- Google Apps
- Mainframe, System & Server Administration
- Major Incident/Change Management
- Network & Voice Services
- Public Safety Communications Network (DTRS)
- Security Operations & Access Control
- Broadband mapping, planning, outreach
- FirstNet

William Chumley
Chief Customer
Officer

- Agency IT Directors
- Business Portfolio
- Change Leadership
- Human Resources
- IT EcoSystem & Customer Service Portal
- Process Transformation
- Project Management
- Service Desk

Brenda Berlin
Deputy CIO &
Chief Financial
Officer

- Budget
- Contracts
- Finance
- Legislative Affairs
- Payroll
- Performance Management Strategy Development & Execution
- Procurement
- Vendor Services

Deborah Blyth
Chief Information
Security Officer

- Office of Information Security
- Security Governance
- Risk & Compliance
- Security Architecture Planning & Review

Tauna Lockhart
Chief
Communications
Officer & PIO

- Agency Communications
- CBMS Communications
- Internal Communications
- IT Economic Development
- Marketing & Branding
- Media Relations

QUESTIONS



OIT Budget Requests

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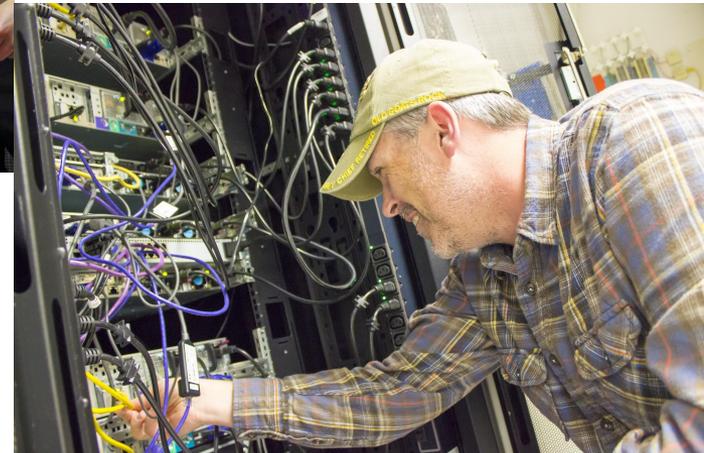
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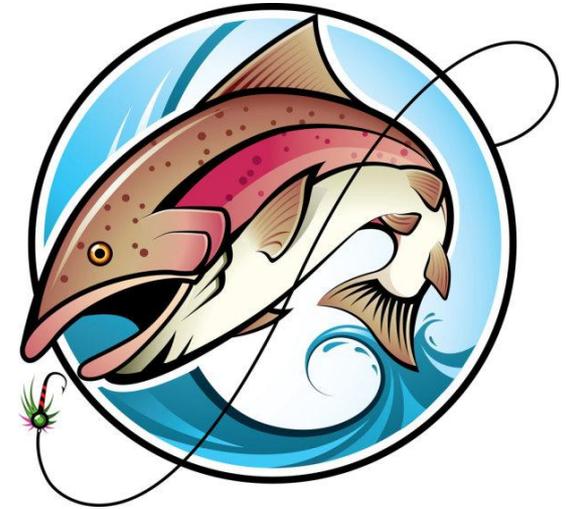
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