

OFFICE OF THE GOVERNOR  
FY 2025-26 JOINT BUDGET COMMITTEE HEARING  
**January 7, 2025**  
**1:30 pm – 4:30 pm**

**1:30-1:40      OPENING COMMENTS AND OFFICES OF THE GOVERNOR (DIVISION)**

Main Presenter:

- David Oppenheim, Governor's Chief of Staff

Supporting Presenters:

- Jonathon Bray, Governor's Chief Financial Officer and Controller

Topics:

- Introduction: Slides 1-5
- Marijuana Tax Cash Fund: Page 1, Slide 7
- General Fund Drivers for the Governor, Lieutenant Governor, OSPB: Page 2-3, Slide 8

**1:40-1:50      OFFICE OF THE LIEUTENANT GOVERNOR**

Main Presenters:

- Dianne Primavera, Lieutenant Governor

Supporting Presenters:

- Mark Honnen, Chief of Staff
- Emily King, Senior Policy Advisor for Office of Saving People Money on Health Care

Topics:

- Introduction: Slides 10-16
- Office Saving People Money on Health Care: Pages 1-2, Slide 17

**1:50-2:30      OFFICE OF STATE PLANNING AND BUDGETING**

Main Presenters:

- Mark Ferrandino, Executive Director

Supporting Presenters:

- Tyler Jaeckel, Director of the Office of Federal Funds and Strategic Initiatives
- Wendy Hawthorne, Director of IIJA and IRA Strategic Coordination

Topics:

- R-01 Continuation of Reporting Staff: Slide 20
- JBC Reduction Proposals: Pages 4-9, Slides 21-26
- OSPB Resiliency: Pages 16-17, Slides 27-29

**2:30-3:30 OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE**

Main Presenters:

- Eve Lieberman, Executive Director
- Jeff Kraft, Deputy Director, Responses to Staff Initiated Reductions

Supporting Presenters:

- Michelle Hadwiger, Director, Global Business Development Division for questions
- PJ Johnson, Budget Director

Topics:

- About OEDIT: Slides 31-35
- OEDIT Legislative Agenda & Proposed Reductions: Pages 17-18 & 19-21, Slides 36-50
- General Fund Drivers: Page 3, Slide 52
- On-Going Requests: Page 17-18, Slide 53-55
- R-02 Leading Edge Program: Page 19-20, Slide 56
- R-04 Administrative Reappropriated Spending Authority: Page 20, Slide 57
- R-05 Skill Advance: Pages 20-21, Slide 58
- R-07 Opportunity Next Transfer: Page 21, Slide 59
- R-08 Advance Industries Transfer: Page 21, Slide 60
- Response to Proposed Reductions: Pages 9-16, Slides 61-67

**3:30-4:00 COLORADO ENERGY OFFICE**

Main Presenters:

- Will Toor, Executive Director
- Dominique Gomez, Deputy Director

Supporting Presenters:

- Natalie Doerre, Associate Director, Finance & Operations

Topics:

- Introduction: Slides 69-72
- Replacement of One-time GF or ARPA funding: Page 22, Slide 73
- General Fund Drivers: Page 3, Slide 74
- Budget Reduction Proposals: Pages 8-9, Slide 75
- On-Going Requests: Page 17, Slides 76-77
- How much ARPA funding will be replaced by GF: Page 19, Slide 78
- Programs funded by One-Time GF or ARPA: Page 19, Slide 79
- Legislative Agenda: Slides 80-81

**4:00-4:30 OFFICE OF INFORMATION TECHNOLOGY**

Main Presenters:

- David Edinger, Chief Information Officer

- Michael McReynolds, Senior Manager of Government Affairs & Legislative Liaison

Supporting Presenters:

- William Chumley, Chief Customer Officer
- Alex Monts, Chief Financial Officer
- Sarah Tuneberg, Colorado Digital Services Director

Topics:

- Introduction and Agenda: Slides 72-73
- About OIT & Current Leadership: Slides 74-75
- Stakeholder Engagement Survey: Slides 76-79
- Real Time Billing: Slides 80-83
- Budget Reductions: Slides 84-85
- Technology Risk Prevention and Response Fund (TRPR): Slides 86-90
- IT Lifecycle Planning Status: Slides 91-95
- Colorado Digital Services: Slides 96-98
- Closing Remarks: Slides 99-100
- Questions: Slide 101

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DEPARTMENTAL QUESTIONS FOR DISCUSSION AT HEARING

**GENERAL QUESTIONS**

*[Sen. Kirkmeyer] Why are MTCF dollars used for centralized costs in the Governor's Office? Why does the Office believe this is an appropriate use of those funds?*

The Governor's Office receives Marijuana Tax Cash Funds for the salary and benefits in support of 1.0 FTE, the Governor's Cannabis Policy Advisor. Of which, \$49,258 is appropriated for Centrally Appropriated Total Compensation and \$106,912 is appropriated in the Governor's Office Administration of Governor's Office and Residence appropriation.

Additional Fiscal Year 2024-25 Governor's Office Cabinet appropriations of MTCF include \$500,000 to the Office of State Planning and Budget's Evidence-based Policymaking Evaluation and Support long bill line to provide funding for program evaluation across the state, and a one-time \$800,000 appropriation in Office of Economic Development and International Trade Appropriation to the Marijuana Entrepreneur Fund to provide funding for the programming required in 24-48.5-128, C.R.S.

*[Sen. Kirkmeyer] What is going on with the Office of Saving People Money on Healthcare? Is the Lt. Governor being paid a salary for that office as well as her role as Lt. Governor?*

The Office of Saving People Money on Health Care (OSPMHC) was established by Executive Order B 2019 003 to implement policies that will lower health care costs while ensuring all Coloradans have access to affordable and quality care. The Office is central to addressing the cost of health care which is critical issues facing Coloradans across the state. The legislative initiatives led by this office over the last six years have included reinsurance, the Health Insurance Affordability Enterprise, the Colorado Option, and efforts to reduce drug prices. Further, the General Assembly has already opined on the Lt. Governor's compensation; House Bill 2019-1127 authorizes the Lieutenant Governor to serve concurrently as the Director of the Office of Saving People Money on Health Care. This legislation further appropriates \$74,537 to the Office of the Governor to allow for a salary which is commensurate with responsibilities.

The efforts of the office have saved Coloradans \$1.87 billion since 2019, including over \$800 million in the past year alone. In 2024, the Office provided technical assistance and expertise on over seventy pieces of health policy legislation, including bills that maximize federal resources for housing and nutrition supports for Medicaid members and address rising rates of inequities in maternal mortality and other adverse birth outcomes.

Under the Lieutenant Governor's leadership, the Office convenes two Health Cabinets to ensure cross-agency collaboration and dialogue. The "Core Five" consists of those agencies whose mission is integral to health care coverage and delivery in the state including: Colorado Department of Health Care Financing and Policy, Colorado Department of Public Health & Environment, Division of Insurance, Colorado Department of Human Services, and the Behavioral Health Administration. This year, the "Core Five" Health Cabinet held substantive discussions on important topics such as Colorado's uninsured rate, health care costs and affordability, and behavioral health strategy. The Office also convenes the "All Roads Lead to Health" group that is open to all Cabinet members and is focused on coordinating and streamlining efforts across state agencies in two areas: creating an accessible, person-centered social safety net, and coordination across health equity-related work to address social determinants of health in each agency's respective areas.

In addition, the OSPMHC was allocated funding to establish a pilot program, the Medical Financial Partnership, that provides counseling which aims to help individuals avoid financial ruin due to excess medical expenses. Since the grantees began receiving referred patients in September 2023, they have served 63 patients and saved them an average of \$2,827. The Office continues to collect data on this program to determine lessons learned and possible recommendations. Fiscal Year 2024-2025 is the final year of this pilot program.

The Office manages the Administration's interdisciplinary work on Long COVID along with fulfilling the statutory responsibility of producing the annual HB22-1401 report. This year, OSPMHC continues to engage with stakeholders to better understand Long COVID's effects on the health and socio-economic wellbeing of Coloradans. The Office developed and facilitated a Long COVID Community of Practice, which brings together a consortium of clinicians to share knowledge and discuss recent developments in the field of clinical management. In addition, the Office continues to support surveillance efforts to help us understand the prevalence of Long COVID and its socio-economic impacts on Coloradans, and has funded and facilitated work at the Colorado School of Public Health that uses predictive analytics to help understand the real burden of Long COVID in Colorado.

*[Sen. Bridges] What is driving the General Fund increases in the Department?*

**The Offices of the Governor, Lieutenant Governor, and State Planning and Budgeting** have three main drivers of General Fund growth over the past three fiscal years: new programs and reporting requirements, operating capacity requests approved through the Long Bill process, and statewide compensation policies.

New programming and reporting requirements created in legislation have driven some of the General Fund increases for the Office. The largest increase to our General Fund was from the creation of the Governor's Office of Climate Preparedness in SB22-206 "Disaster Preparedness and Recovery Resources," which is responsible for publishing the annual Climate Preparedness Roadmap and coordinating cross-agency climate mitigation and response. Additional new program requirements also include funding to the Office of Saving People Money on Health Care for 1.0

FTE to publish the Long COVID study authorized in HB22-1401 “Hospital Nurse Staffing Standards,” and 1.0 FTE and grant funds for the Medical Financial Partnership program. OSPB also received an additional 4.0 FTE for emergency funds reporting FTE due to new requirements for the HB 21-1426 Emergency Funds report.

The biggest driver of General Fund growth has been the statewide compensation policies, such as across-the-board salary survey increases and step increases, that are annualized into the base budget during the Long Bill process. With that said, the Offices have made several operating capacity requests which were approved during the Long Bill process. In Fiscal Year 2022-23, the Governor's Office received funding for 6.0 FTE to increase operational capacity for Boards & Commissions appointments and with the Communications & Community Engagement operations. The Lieutenant Governor's Office received additional funding to support Serve Colorado, Colorado's AmeriCorps affiliate, to draw additional federal funds. In Fiscal Year 2023-24, the Office of State Planning and Budgeting received an additional 2.0 FTE to increase capacity for Long Range Financial Planning, and the Colorado Commission of Indian Affairs received 1.0 FTE to serve as an interagency Tribal liaison.

**The Colorado Energy Office's** General Fund program administration allocation has grown around \$618,000 over the last two fiscal years mainly due to legislation and annualizations of across-the-board salary survey. Other significant increases to the General Fund appropriations to the Office have been driven by the Department of Law's (DOL) legal services that are appropriated to CEO as common policy and transferred directly to DOL.

The Office is requesting a budget neutral move of a portion of the annual CROP General Fund to CEO's program administration Long Bill line item to provide funding for work needed to fulfill its statutory obligations. CEO has had more than 20 fiscal notes that have been absorbed by the office over the last four legislative sessions. These have all added to the workload of the office without receiving any additional General Fund.

**The Office of Economic Development's** main drivers of General Fund growth has been statewide compensation policies and new legislation. Such legislation includes:

- SB24-190, Rail & Coal Transition Community Economic Measures
- HB24-1157, Employee-Owned Business Office & Income Tax Credit
- HB24-1295, Creative Industry Community Revitalization Incentives
- HB24-1314, Modification Tax Credit Preservation Historic Structures
- HB24-1325, Tax Credits for Quantum Industry Support
- HB24-1358, Film Incentive Tax Credit
- HB24-1365, Workforce Shortage Tax Credit
- SB23-006, Rural Opportunity Office
- HB24-1430, Increase to Small Business Development Centers General Fund
- HB24-1430, Increase to Advanced Industries Accelerator Program

## **BRIEFING ISSUES**

*[Sen. Bridges] Please respond to all of the budget reduction options suggested by JBC staff. Please provide fund balances, amounts encumbered, amounts obligated, and dollars available to transfer to the General Fund.*

### **Recovery and Infrastructure Administrative Support - \$15M**

These funds come from § 24-75-226(4)(a)(II), a discretionary account that was created for the Governor's Office to respond to ongoing needs of the pandemic and its long-term impacts, and to ensure nearly \$10B in one-time investments had the proper oversight, compliance support, and implementation coordination.

While a portion of the funds goes to centralized tracking of stimulus funds (inclusive of federal funds, refinanced federal funds, and state stimulus funds), a significant portion of the funding goes to embedded staff within agencies and staff to support the necessary reporting and oversight of the later stages of spending these funds.

This compliance function is much more than simple tracking. It is necessary all the way through final project closeout, months after spending has stopped, to ensure Colorado avoids the risk of returning or reimbursing funds to the federal government as a result of missed spending deadlines, unmet compliance requirements, or improper implementation.

The Refinance's "braiding" of state funds with federal funds did not change this requirement or exempt the State from following strict federal rules. Colorado must apply a common, consistent compliance structure to all funds granted to a program, ensuring all recipients are treated fairly no matter which funding source they received.

With a change in Federal Administration, it is anticipated that these functions will become more important. Ongoing oversight and implementation support will be critical to protecting the progress Colorado has made in drawing-down and efficiently utilizing federal funds including but not limited to the American Rescue Plan Act, the Infrastructure Investment and Jobs Act, and the Inflation Reduction Act.

As implementation needs have shifted over the past two years, some positions that were needed early on have already been eliminated and roles have been combined in certain circumstances to right-size the ongoing needs. Due to this, we believe that the current staff levels reflect the current and immediate future needs to execute this important work. The Governor's Office will continue to reassess the staffing needs based upon several factors, including any changing needs created by the new Federal administration, needs of projects at agencies, pre-audit and closeout needs, and federal government reporting needs.

At the current time, any anticipated reversions from these awards due to reduced staffing are being held for potential future needs. These funds might be needed for FEMA costs that are not approved, additional compliance work arising out of the close out of ARPA funds, or additional staff

time needed because of changes implemented by the new Federal Administration. These potential reversions remain in the awarded lines and have not been reallocated to other projects yet to preserve the ability of the Office to dedicate these funds where needed (e.g. unapproved FEMA expenses, or increased compliance review and remedy costs). Based upon final FEMA approvals and as more projects complete closeout, these funds could be reallocated in future budget cycles.

*As for current FEMA reimbursement risks,* the State currently has \$2.2 billion in COVID-19 response related expenses that are awaiting final FEMA eligibility determination. Colorado has very carefully validated expenses made under these FEMA grants, and, based on this work, the State has set aside ~\$170 million to pay primarily for the required State match as a part of the Governor's discretionary fund, and other expenses that may not ultimately be deemed eligible by FEMA. These funds will not be encumbered or expended until FEMA has made their final determination. These are costs that have already occurred, and were expended on a FEMA line of credit but we have not received the final determination from FEMA. Potential reversions from other awards under the Governor's discretionary fund are being preserved for these potential risks.

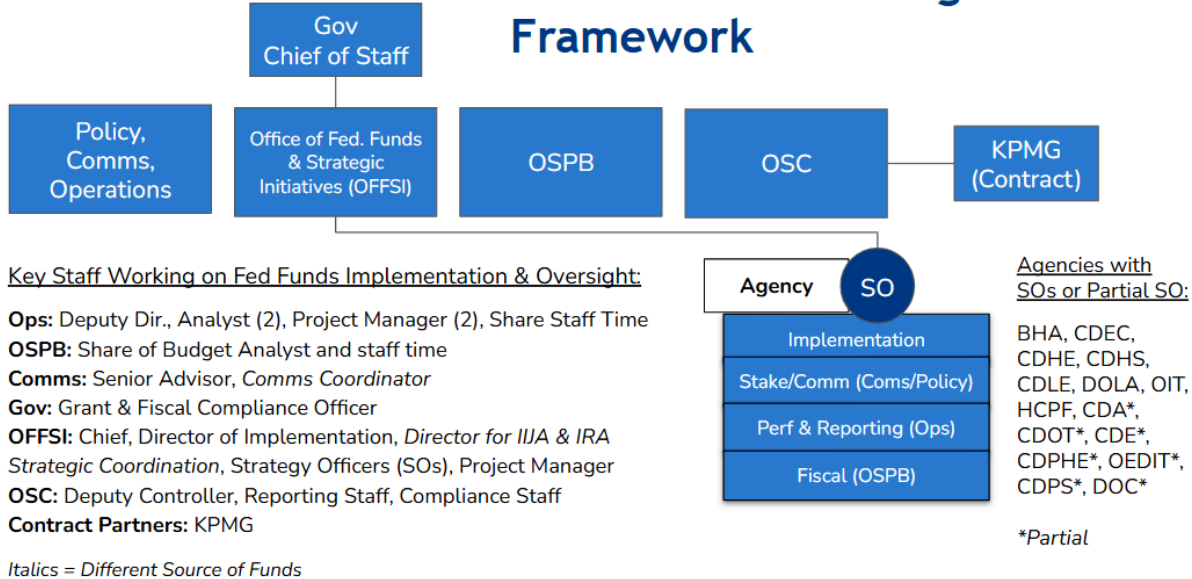
*Background on Staff being funded:* Colorado has leveraged state and federal stimulus funding to drive transformative investments that have brought transformative potential to the State, with billions of dollars of investments earmarked for critical infrastructure, economic recovery, and long-term resilience. Managing these vast and complex funding streams requires precision, oversight, and expertise. Recognizing this need early on, the Governor's Office and the Legislature agreed to reserve a portion of funds to ensure nearly \$10B in one-time investments had the proper oversight, compliance support, and implementation coordination.

In accordance with this agreement, the Governor's Office has an ongoing allocation for term-limited staff and administrative support related to implementation and closeout of stimulus programs (both federal and state funded programs). This allocation also became fundamental in support of the State's efforts to maximize federal funding opportunities made available through the IIJA and IRA opportunities.

This funding has ensured that there is staff capacity to manage the lifecycle of critical stimulus programs: operations, financial and budget review, compliance, program implementation, and cross-agency coordination.



# Federal Funds Management Framework



The refinancing of a large remaining proportion of SLFRF to GF was necessary to address U.S. Treasury-mandated timelines and guidance in order to comply with federal requirements. This shift did not by any means eliminate the need for dedicated personnel. Given the complexity and scale of Colorado’s stimulus programs, our staff’s specialized expertise remains essential:

- *Compliance Oversight:* Most projects now operate with braided funding, meaning they use both Federal SLFRF and State General Fund. This structure necessitates ongoing federal compliance throughout the life of a project, with some exceptions around specific SLFRF requirements.

To protect these funds from potential audit risks and to ensure proper oversight, our office has put in place comprehensive compliance measures. We also work closely with the State Controller’s Office to identify and address areas that require additional support, ensuring all projects meet federal requirements and maintain accountability at every stage.

- *Financial Management of Funds:* Refinancing did not reduce the need for rigorous financial tracking and reporting. It remains essential to maintain the same level of oversight for spending across both SLFRF and refinanced funds. Staff are still needed to ensure spending remains aligned with federal and state requirements, with federal reporting obligations extending through 2027. Accurate tracking remains key to preventing mismanagement and ensuring transparency.
- *Closeout of Projects:* Closeout of SLFRF projects remains critical to protecting Colorado’s stimulus investments and ensuring we are prepared for any federal audits. This process is

ongoing and will continue into 2027 and is supported by well-developed processes and procedures designed to effectively manage this cross-agency function.

- *Program Implementation:* Programs are in critical stages of implementing stimulus funds. Many of these programs span multiple agencies and require seamless cross-agency coordination to ensure every aspect of funding is used effectively and that the goals of the Governor and Legislature are achieved. Staff from across these teams have worked to overcome process barriers, ensure implementation progress, and track where funds can be best reallocated.
- *Support of Maximizing Federal Fund Opportunities:* Colorado continues to compete for additional federal funds through IIJA and IRA. Staff across agencies have been fundamental to evaluating, applying for, securing, and implementing federal funding made available through these laws. There continue to be additional rounds of Bipartisan Infrastructure Law (BIL) funding and continuing needs to effectively implement grants received under the IRA.

### **Infrastructure Investment and Jobs Act Match Funding - \$6.2M**

While these funds are not currently allocated to a particular project, they still provide the State with the ability to react to new grant cycles and to support local governments. For local government support, it is unlikely that many communities would have been and will be successful in their federal grant applications without support. Grant writing and project planning assistance have been fundamental to successful applications and the committee reviewing local matching funding applications has been strict in pushing to see that other funding options were exhausted before the State's funds.

The activities of the Cash Fund have directly resulted in the State's ability to draw down \$1.2B with an additional \$493 million projected, or a projected return-on-investment of 10:1. The fund is doing exactly what it was designed to do - maximizing the drawdown of federal funds from the once-in-a-generation IIJA. The federal funds are advancing the goals of the State and improving the lives of Coloradans with projects such as broadband, clean water, transportation safety and modernization, electric grid resilience, wildfire mitigation, cyber security, affordable housing and more.

Based on our performance to date, we expect at least a 10:1 ROI, such that repurposing this \$6.2 million will likely result in a loss of \$62 million for priority projects throughout the State.

Additionally, reductions to the Cash Fund could increase the need for the General Fund now and in the future. Without the ability to draw down Federal funds, many of the critical projects funded with matching funding would likely become direct asks of the General Fund, creating more challenges for balancing now and in the future.

*Background Previously Provided:* With bipartisan leadership from the JBC, the IIJA Cash Fund was created as a strategic mechanism for the State to maximize the drawdown of federal funds. The three main components intended by the bill are: (1) provide required non-federal matching funds for both State agencies and local governments, (2) strategic coordination and communication of federal opportunities, and (3) planning and grant writing support for both State agencies and local governments. Colorado was a leader in the development of this model and has since been replicated by other states such as Massachusetts and New Mexico.

The Cash Fund has supported Regional Grant Navigators in each region of the State to help local communities develop new proposals, the Local Matching Funds for IIJA (LOMA) program that allows communities to apply for the match required for federal opportunities, coordination and communication of IIJA and IRA opportunities on an ongoing basis, and grant writing and project planning support through on-call contracts with two firms. This support has reached all over the state for projects ranging from transportation to affordable housing to drought mitigation.

Due in large part to the funding from the Cash Fund, Colorado has gone from the lower end of federal funding to one of the national leaders in drawing down IIJA and IRA funds. Colorado is 12th in the Country for receiving discretionary or competitive IIJA and IRA funds. Of those top 12 states, Colorado is #2 in receipt of these funds per person. Local entities in Colorado have received \$2.8B and State agencies have received \$6.1B in IIJA and IRA awards.

The ROI on the funds are at least ten to one and repurposing these one-time funds would return CO to a position where we struggle to compete in the last rounds of IIJA funding.

### **Colorado Energy Office**

- Industrial and Manufacturing Operations Clean Air Grant Program - \$10M
- Clean Air Buildings Investments Fund - \$10M
- Geothermal Energy Grant Program - \$5M
- Electric Vehicle Grant Fund - \$2M
- Sustainable Rebuilding Program - \$6,086,985

The budget reduction options suggested by Joint Budget Committee staff would impact one-time appropriations. In the case of the first three funds, long planned final grant rounds will award/encumber most of the remaining funds in early 2025. Small amounts not awarded are required to pay for the ongoing administration and monitoring of the grant implementation.

*Industrial and Manufacturing Clean Air Grants:* These funds are in the process of being granted out for projects, and almost all of the funding is committed to specific projects (or will be in long planned final funding award rounds in early 2025), and we are in the process of negotiating contracts. Only a small amount of funding (less than \$1 million) will remain after these projects, and that funding is required to pay for the ongoing administration and monitoring of the grant implementation.

Sweeping this small remaining amount would compromise the state's ability to ensure compliance with the grant requirements.

*Clean Air Buildings Investments:* These funds are in the process of being granted out for projects, and almost all of the funding is committed to specific projects (or will be in long planned final funding award rounds in early 2025), and we are in the process of negotiating contracts. Only a small amount of funding (less than \$1 million) will remain after these projects, and that funding is required to pay for the ongoing administration and monitoring of the grant implementation. Sweeping this small remaining amount would compromise the state's ability to ensure compliance with the grant requirements.

*Geothermal Energy Grants:* These funds are in the process of being granted out for projects, and almost all of the funding is committed to specific projects (or will be in long planned final funding award rounds in early 2025), and we are in the process of negotiating contracts. Only a small amount of funding (less than \$1 million) will remain after these projects, and that funding is required to pay for the ongoing administration and monitoring of the grant implementation. Sweeping this small remaining amount would compromise the state's ability to ensure compliance with the grant requirements.

*Sustainable Rebuilding Program from SB22-206:* This is funding that was allocated in the legislative session following the Marshall Fire and is intended to fund sustainable rebuilding for not only the Marshall Fire but other qualifying natural disasters into the future. CEO has expended funds for households affected not only by the Marshall Fire but also East Troublesome. The State legislature has already swept \$10 million of the original \$20 million available for this fund.

*EV Grant Fund:* This is funded by Electric Vehicle (EV) fees, and is legally supported by providing a service to EV owners. Sweeping the dollars for general fund purposes would treat this as if it were a tax, rather than a fee, and potentially create a legal risk. It is also needed for EV charging, as projections show needs well beyond the level of available funding. CEO has a legislative proposal to enterprise the bulk of the EV fund. Because the annual revenue to the EV fund is growing rapidly, as the number of EVs registered is growing rapidly, over time it will have a significant impact on general fund availability below the TABOR cap. By moving into existing enterprises significant room will be freed up in the general fund in future years.

## **Office of Economic Development and International Trade**

### *Colorado Startup Loan Program - \$9.31M*

OEDIT has been planning a second iteration of the CO Startup Loan Fund and will begin the public solicitation, or Request for Proposal, process in early 2025. Additionally, these funds are needed for program administration to support existing program contracts that continue through 2032; we have been able to use program interest to support admin costs leaving more capital available for small business lending; however, with interest being swept, we will rely on program funds themselves for administrative costs.

With two years of program activity, the Office has been evaluating the program performance and watching market conditions for small business' access to debt capital, and intentionally preserved funds for a second iteration of the CO Startup Loan Fund. OEDIT wanted to obtain results from the initial program and have the ability to respond to current access to capital gaps a couple of years later, especially because there was a lot of COVID-relief funding available in 2022.

OEDIT's vision for the remaining \$9 million in program funds is to focus on main-street startup businesses, specifically those operating for less than 25 months. According to a Small Business Majority Report, startups often struggle to secure loans for less than \$100,000 due to strict requirements and lengthy approval processes. This creates a funding gap, particularly affecting the smallest and most underserved businesses and early-stage startups. OEDIT is communicating with the non-profit lending community and business support organizations to understand the current issues and are planning the procurement process to engage lenders via an RFP process in Q1 or Q2 of 2025.

Ninety-two percent of the CO Startup Loan Fund capital awarded to lenders has been deployed, and repaid loan capital is being recycled. The loan capital strengthens the balance sheets of the non-profit lenders; the program helps to ensure a healthy capital ecosystem. CDFIs have been asking OEDIT for resources and this program has been a model for meeting the specific and different needs of our non-profit lending community. The CO Startup Loan capital recycles and stays under the program guidelines for 10-years under our program terms.

More than 1,200 businesses applied and were vetted for technical assistance, grants, and loans.

<b>Loan Recipient Demographics</b>	<b>% of \$s lent</b>
Women/Minority/Veteran	79%
Low Income Borrower	59%
Business Revenue < \$100k	55%
Rural	17%
Startup (operating < 25 mo.)	72%

The Fiscal Year 2023-2024 program report provides more details on how this program has provided access to capital for small businesses that don't have access to bank loans. Without programs like

this, entrepreneurs turn to high-cost credit card debt. The CSLF connects entrepreneurs to business support and training to help them prepare a business plan and financial statements to successfully access affordable capital from a non-profit lender and are more likely to be successful in repaying the loan and building a positive credit history.

*Background* The CO Startup Loan Fund Budget included \$1 million for training and grants to Disproportionately Impacted Businesses. These funds were fully deployed by June 2022. Another \$1.35 million funded the Accelerated Growth program which provided training to small businesses on preparing to access capital, marketing, and technology; these funds were deployed by December 2023. A new Provider Outreach Program has been developed with \$500,000 of the CSLF funding where known and respected community organizations connect small business owners to capital through the CO Startup Loan Fund and to business support and training.

Through a competitive process conducted in 2021-22, \$31,257,256 was committed to eight mission-based lending partners, with an official program launch in September 2022. Approximately 9% of the funds were designated for technical assistance, over 10% for small grants, and more than 76% for loan capital. Additional funds supported administrative costs, program marketing, and outreach.

#### *Economic Development Fund - \$19.8M*

The Office of Economic Development and International Trade's Economic Development Fund (EDC), also known as the Strategic Cash Fund program, supports and encourages new business development, business expansions, and relocations that will generate new jobs throughout the state. In Fiscal Year 2023-2024, the Economic Development Commission (EDC) approved four strategic incentive projects (projects that have either an interstate or international competitive element and require a dollar-for-dollar local match to state funds) for up to \$6,004,000 in performance-based cash incentives associated with the future creation of up to 1,383 net new jobs in the state of Colorado. In addition, the EDC approved 21 Strategic Initiatives for up to \$18,749,980 in cash incentives. Reduction of the EDC cash fund will have a significant impact on OEDIT's ability to successfully attract competitive business ventures and projects to the state and hurt potential future job creation.

#### ■ \$7.5 million for a strategic reserve

This Strategic Reserve is critical for the EDC to respond to future Economic Development projects that are transformational for the state and are hard to predict when they will arise. Given that the EDC's annual appropriations are very modest compared to other states and countries, the EDC is otherwise not capable of successfully competing for large competitive projects that could happen in other states or counties. Examples of past projects include the Toyota US HQ, GE HQ, Amazon HQ 2, HP HQ. One such project could easily use the entire annual appropriation, leaving no funding available for any other projects. The EDC's target for this reserve is \$10.0 million, but is still building the reserve back up after several recent projects.

■ \$4.6 million for CHIPS Act funding

This funding was transferred through SB23-137 to support the development of programs to help draw in federal funding and capture private investment spurred by the CHIPS Act. This funding, alongside the Colorado CHIPS Refundable Tax Credits and CHIPS Zone programs created in HB23-1260, represents an unprecedented and visionary legislative mandate to support semiconductors and advanced technology industries that OEDIT has been working to enact since the bills' passage. To envision, launch, develop, implement, socialize, and administer the programs to make this directive successful requires substantial time, expertise, and resources. Such efforts have been underway for a year and a half, and are now just gaining momentum. Additionally, company decisions to pursue projects with hundreds of millions to billions in capital investment take time to materialize and mature. OEDIT is committed to seeing this mandate to the end and expects this to be a long-term focus.

The CHIPS Act is a once-in-a-generation opportunity for growth and development in a key national industry. Colorado is already one of a few areas in the US that has a foothold in semiconductors. So far, the State has been able to secure some key wins in this national and global competition. Prime among these are the expansions of Microchip and Entegris, whose projects will bring 1,000 new jobs, \$1.6 billion in private capital investment, and \$160 million in federal funding to the state. There are several other companies that are quietly expanding in Colorado and several more considering projects enabled by these efforts as well. And the Dept of Commerce is increasingly viewing Colorado as a prime location for these developments as it makes favorable basing decisions for the CHIPS Metrology Program (Boulder), the EDA Tech Hub for Quantum (Denver), and the NSF Engine for Climate Resiliency (Fort Collins). Each of these designations came with funding awards for programmatic budgets; the smallest was \$16 million.

The \$4.6 million for CHIPS Act funding in question supports these efforts and is raising awareness of Colorado as a global hub in semiconductors and advanced industries. To pull this funding would be to endanger the State's position as a center for semiconductors, as well as related industries which have taken root, such as quantum technologies. Colorado's tools in this race are drastically limited compared to our state competitors like New York, Ohio, Texas, California, Oregon, and Arizona, whose incentives to support semiconductor development range from hundreds of millions to billions and include direct grant funding.

In August 2023, the EDC approved the Semiconductor Industry Manager's spending plans, the majority of which (\$3.75 M) includes a program that would support development of local community assets across Colorado that will help these communities become more competitive in advanced industries and semiconductor operations. This program, called the Colorado CHIPS Community Support Program, just closed its second application cycle. The first cycle included 5 awardees for a total of approximately \$190,000. The award totals from the program will increase as OEDIT receives more applications for the largest grant in the program, which can reach \$500,000. The EDC also approved funding to be used in marketing activities and

global engagement. This has been used to allow local semiconductor companies to co-exhibit at SEMICON Taiwan, to host a single location promotion event in Singapore, and for national ad publications in Trade and Industry Development, Site Selector, and Forbes.

■ \$2.3 million in approved incentives

These funds are being contracted as they represent final EDC decisions that have been promised to businesses which are currently working to achieve the objectives necessary to earn the incentives approved by the EDC.

■ \$2.8 million for Just Transition from Coal

In 2022 OEDIT received an allocation of \$5.0 million to support economic development activities in coal transition. This funding can be used to grow specific industries, increase access to capital for small businesses, support entrepreneurs, and recruit primary employers. OEDIT and the EDC allocated these funds among the different coal transition communities and launched a process for local communities to come forward and apply for these funds. OEDIT has already encumbered ~\$2.2 million with six grants across four different counties. OEDIT staff have also received an application for an additional \$581,000. If approved by the EDC, all of the grant funding earmarked for the Yampa Valley will be encumbered. The remaining \$2.5 million is available for applications from the Tier 1 Transition Communities (Morgan County, Pueblo County, the West End of Montrose County) and Tier Two Transition communities (Delta, El Paso, Gunnison, La Plata, and Larimer counties) and is intended to be a critical tool to support economic diversification as communities execute their transition based on local timing and needs.

■ \$1.0 million for Re-Compete Rural programming

During their December 19, 2024 meeting, the EDC approved a reallocation of \$250,000 of these funds for the Rural Federal Fast Forward program to create a statewide Comprehensive Economic Development Strategy (CEDS) that the U.S. Economic Development Administration (EDA) requires for unlocking EDA federal funding across the state. The remaining \$750,000 will be brought to the EDC for approval of a reallocation for the Rural Jump Start Grant program. At the end of the fiscal year, the existing RJS Grant program sunsets and will return unused funds of around \$1 million to the General Fund, leaving a gap in programming dedicated to rural start-up funding.

■ \$0.8 million for Global Business Development

The Business Development team within the GBD Division is a team of 3 individuals tasked with representing the entire State of Colorado as it competes for domestic and international investment projects. Colorado competes domestically and with the rest of the world for jobs and investment and we need to remain competitive. With the changing political climate around trade and investment, an increased amount of resources will be required just to keep pace to market Colorado as a competitive business climate for suppliers, value chain partners and talent. The deal team is smaller than every other US state team and in most cases is even smaller than



that of a single municipality within Colorado. The team manages an ever increasing pipeline and represents market expertise and business intelligence for 14 industries and several other subsectors. Due to our proactive work we hosted over 42 countries in Colorado to market our great business environment. The following prospective projects are in a development pipeline:

RFI data:

- 40 Active Projects for site searches in Colorado from Site Selectors and companies
- Jobs - Over 11,894
- CAPEX - over \$126.12 billion
- OEDIT is actively working with over 14 counties from around Colorado that have submitted sites for these projects

Pipeline Data:

- 38 Companies in the Pipeline at different stages from the initial call to qualifying for the EDC
- CAPEX unknown
- 12 projects for 1,352 jobs and 26 projects without job projections yet

For comparison on the business dev staff to economy ratio. Recall that Global Business Development is technically two former OEDIT divisions merged into one: International Trade and Business Development.

- Colorado
    - GDP in 2023 \$520 billion
    - Global Business Development Team 15 FTE focusing on international and domestic business investment, only 3 dedicated specifically to incentive related business development activities.
  - Virginia
    - GDP in 2023: \$707 billion
    - Virginia Economic Development Partnership 51 equivalent FTE: 23 on Business investment and 28 on international trade
  - North Carolina
    - GDP in 2023 \$766 billion
    - North Carolina Economic Development Partnership: 14 Business Development FTE and 6 International trade PLUS 6 international FDI offices and 6 international trade offices
- \$0.8 million in unobligated funds
- Without these funds the EDC will not be able to provide OEDIT and the Global Business Development (GBD) division with incentives or initiatives funding for projects for the rest of Fiscal Year 2024-2025. This is all that is left for Economic Development projects out of the \$5

million Long Bill appropriation for Fiscal Year 2024-2025. The commissioners are concerned about having such a low balance.

*Office of Film, Television, and Media Operational Account Cash Fund - \$1M*

The Colorado Office of Film, Television and Media's (COFTM) Cash Fund is used to support the Office's operations and the cash rebate incentive program. The remaining funds not currently encumbered or obligated are being designated to support future projects. Any loss of funds from the cash fund may severely impact COFTM's long term sustainability and potentially jeopardize the Sundance relocation bid. Furthermore, it will impede COFTM's ability to support future projects' anticipated needs associated.

Over the past two years, COFTM has realigned and redeveloped almost all of its programs, including work with the Tribal Nations, launching Colorado's first Film, Television and Media Pre-Apprenticeship Program with the Tribal Media Center; rural communities; underserved urban communities; film festivals across the state; the new Film Production Incentive Tax Credit, which is anticipated to generate almost \$47.9 million in economic impact this year based on 2024 applications; the development of the Stanley Film Center and Sundance Director's Labs; as well as the 16 month long process of the ongoing Sundance Film Festival relocation bid.

*Innovative Housing Incentive Grant and Loan Program - \$10M*

A \$10.0 million transfer from IHIP would substantially undermine efforts to address the affordable housing crisis in Colorado. OEDIT is working with the Governor's Office and the legislature to transfer \$8.5 million to DOLA to address other housing-related priorities. Transferring an additional \$10.0 million would effectively render the program not functional. After accounting for administrative expenses through Fiscal Year 2026-2027, the program would have just \$2.0 million to fulfill its mandate.

IHIP program funds are used to incentivize factories to produce affordable, energy efficient units and attract new modular, panelized, and 3D-printed manufacturers to Colorado. The IHIP grant program has directly incentivized nearly 700 housing units through grants to 13 existing factories. The four factories funded by the loan program expect to produce over 3,000 units per year once operating. These incentives have helped revitalize an industry that was decimated by the Great Recession and have added hundreds of year-round, well-paid factory jobs in Colorado. OEDIT has a pipeline of 15 to 20 potential applicants ready to leverage these funds. Based on previous grant contracts, \$10.0 million could incentivize approximately 2,000 additional units over the next three years.

IHIP was designed to continuously support the innovative housing manufacturing industry as it grows and technology evolves. Per statute, its funds revolve and generate interest so that it can self-sustain and adapt in the long run as new technologies become commercially possible. A transfer of this size would counteract the legislative intent and inhibit the state's ability to encourage new technologies as part of the state's ongoing need to adopt new technologies to drive down housing costs for decades to come.

### *Opportunity Now Program - \$60M*

The \$60 million identified in Opportunity Now funds is encumbered and obligated through 89 agreements with grantees to serve 20,000 Coloradans by placing them into good jobs within infrastructure and construction, health care, education, early childhood, and advanced industry jobs, such as advanced manufacturing. Returning \$60 million would mean breaking these agreements with grantees. Awards to grantees were made in early 2024. The State's accounting system shows these funds obligated as of 9/17/24. OEDIT is working to correct the reporting error in the 9/30 report to JBC which does not reflect these encumbrances.

### **OSPB Resilience**

*[Sen. Bridges] Please respond to the JBC staff recommendation to make a portion of OSPB classified staff. If not this proposal, then what will the administration do to ensure a smooth transition of budget functions to the next governor?*

The Office of State Planning and Budgeting appreciates the JBC staff's analysis of OSPB's history, operations, and resiliency. The Office agrees that maintaining a professional OSPB staff with institutional knowledge and expertise is important for effectively supporting the Governor and collaborating with the legislative branch.

However, the Office disagrees with JBC staff's recommendation to convert a portion of OSPB positions into classified FTE housed at DPA. This is not the best way to improve resiliency across administrations while also preserving the Governor's ability to manage the critical budgeting functions of OSPB.

OSPB's current structure of non-classified staff gives future Governors the flexibility to staff OSPB in a way that they believe will most effectively serve them and the people of Colorado. In some cases, that may mean maintaining certain staff from the previous administration, and in other cases it may result in hiring new staff who align with the Governor's priorities and who can carry out those duties more effectively. The Office believes that new administrations should consider the need to maintain institutional knowledge and expertise in making staffing decisions, but statutorily prescribing staffing in the way that the JBC staff recommends would inappropriately restrict future Governors' ability to weigh all pertinent factors in staffing decisions.

OSPB recognizes the importance of building and maintaining staff expertise within and across administrations, and we are taking several concrete steps to do so. First, OSPB is developing internal Standard Operating Procedures (SOPs) to document technical budgeting functions to aid new staff and the next administration. The Office acknowledges that there is no guarantee that the next administration would adopt the SOPs, but they provide a platform for the continuity of operations. Second, OSPB modified its organizational structure in 2023 to place greater emphasis on training. We created new manager positions that explicitly include training responsibilities. Importantly, multiple managers share this responsibility and leverage their budgeting responsibilities to anticipate training needs and design training modules that are responsive to real-time budgeting needs. The Office believes that JBC staff's recommendation to silo training responsibilities among classified

staff at DPA who do not have direct budget and policy responsibilities would hamper the effectiveness and responsiveness of this training system. Third, OSPB is in the process of procuring a more powerful budgeting IT system that will improve consistency and transparency of technical budgeting functions across administrations.

Governor's offices across the country have adopted different structures with respect to classified staff, as JBC staff pointed out. Colorado is one of 23 states that use a non-classified staff structure and is clearly not an outlier in this regard. JBC staff's recommendation represents a significant change to OSPB's operations and would not ensure a reliably more resilient organizational structure that will best serve future Governors and the public interest. Therefore, the Office does not support the JBC staff's recommendation.

### **BUDGET REQUEST ITEMS**

*[Sen. Kirkmeyer] Can you explain which of your requests are one-time and which are ongoing, and what was the reasoning for requesting either one-time or ongoing?*

**The Office of State Planning and Budgeting** is requesting a continuation of two of the four term-limited FTE the JBC previously approved to be re-approved on an ongoing basis. This will allow OSPB to fulfill the ongoing statutory requirements of the Office under H.B. 20-1426, as amended, to provide quarterly reports on expenditures, encumbrances and transfers out of the Disaster Emergency Fund (DEF).

**The Colorado Energy Office's** on-going requests of the legislature are to move the growth of the Electric Vehicle Fund to an enterprise, which would reduce TABOR revenue by \$1 million - \$17 million a year, and requesting a budget neutral move of the annual CROP General Fund to CEO's program administration Long Bill line item to provide funding for work needed to fulfill its statutory obligations.

CEO's one-time requests are to: return unencumbered funds from the CROP cash funds to the general fund in the amount of \$900,000.

### **The Office of Economic Development and International Trade**

*R-01 General Fund Increase for Global Business Corporate Development: Ongoing.* This request is ongoing in order to address a cumulative budget shortfall for Global Business Corporate Development (GBCD) that has been building and exacerbated by diminished purchasing power and increased costs, most notably personnel and travel. Since its creation in 2015, GBCD has maintained a flat budget, and experienced limited international engagements due to the pandemic. This request will help address a rise in subnational interest from foreign governments, promotional efforts to support Colorado's economic growth, and market saturation from other states. GBCD would also deepen its work for under-resourced and rural communities, as well as support the new Quantum Tech Hub and its workforce components for positions across all education levels.

*R-02 MBO + Leading Edge Entrepreneurship Innovation: \$175,000 one-time and \$75,000 ongoing.* One-time programmatic funding for Fiscal Year 2025-26 will enable the MBO to support the following priorities: \$85,000 LMS Bilingual Courses for Entrepreneurs, \$25,000 MBO Roundtables & Network Building, \$20,000 Diversity Consultant Training, and \$50,000 Technical Assistance Providers & Trusted Community Partnerships. Ongoing request of \$75,000 will support ~670 hours of Bilingual Consulting at \$50,000 and increase draw down of federal grants with \$25,000.

*R-03 Colorado Aerospace Ecosystem Investment: Ongoing.* Ongoing funding will support representation of the state of Colorado at exhibitions, conferences, and industry events in order to develop stronger relationships between Colorado aerospace companies and new domestic and international markets.

*R-04 Administrative Funds: Ongoing.* The office is requesting an ongoing appropriation to the Administration long bill line item (LBLI) of funding reappropriated from program lines in order to increase transparency and streamline financial workflows. This is ongoing to reflect the long-standing practice of utilizing program funds to help support central office needs such as shared technology and system administration costs, financial and human resources staff, and executive director activities.

*R-05 Reductions to Skill Advance Appropriation: Ongoing.* OEDIT has identified the Skill Advance program as an opportunity where the state could scale back funding in order to support budget balancing needs and key priorities statewide, while still meeting program goals and objectives.

*R-06 1% General Fund Reduction: Ongoing.* OEDIT has identified this trim to program budgets as an option for General Fund savings which can support budget balancing needs and key priorities statewide.

*R-07 Universal High School Scholarship Program Cash Fund (Opportunity Next) Transfer: One-time.* This is a one-time program which will not utilize all of the funding made available. Per statute, the funding is not meant to revert back to the General fund until Fiscal Year 2026-27; however, OEDIT was able to identify this amount of funding is available to be reverted sooner in order to support budget balancing needs and key priorities statewide.

*R-08 Advanced Industries Transfers Reductions: One-time.* OEDIT has identified the Advanced Industries program as an opportunity where the state could *temporarily* scale back funding in order to support budget balancing needs and key priorities statewide, while still meeting program goals and objectives. However, this program presents a significant return on investment and OEDIT does not recommend ongoing funding reductions.

## ***CEO R1 Sustainable Funding for CEO***

*[Rep. Bird] How much of the federal funds that would be replaced by General Fund in CEO's R1 are ARPA funds?*

**The Colorado Energy Office** did not receive any American Rescue Plan Act funds and therefore none of R1 would replace ARPA funds with General Funds.

*[Sen. Kirkmeyer] Please provide all of the programs and FTE that were funded with ARPA funds or any one-time funds. Are they being eliminated? If not, which ones are not being eliminated?*

**The Colorado Energy Office** did not receive any ARPA funds. CEO has received one time funds from the state legislature and from the federal government as direct awards. When the CEO fully expends its cash funds related to specific programs (Industrial Clean Air Grants, Geothermal Grants, Clean Air Building Grants, E-bike Grants) those programs will be eliminated.

Most of the one-time federal funds CEO has received derived from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act have not yet been fully expended, and in most cases will not be fully expended for several more years. However, CEO will fully expend two one-time funds, the allocation through the IIJA for the State Energy Program and the allocation through the IRA for the planning stage of the Climate Pollution Reduction Grant Program. CEO has used both of these one-time flexible funds to cover shortfall in funding from the state to fulfill the obligations, particularly in our regulatory policy work, created by state legislation from 2019 to today, including the work of 8.0 FTE.

## ***OEDIT R2 MBO + LEADING EDGE ENTREPRENEURSHIP INNOVATION***

*[Sen. Bridges] Can you describe the Leading Edge program and what this funding would accomplish?*

The Colorado Small Business Development Center (SBDC) Leading Edge program is a strategic planning series that delivers comprehensive training to both start-up and existing small business owners. Established in 1989, the Leading Edge program provides entrepreneurs the opportunity to learn skills to start, grow, and improve their business operations (e.g., training in finance, marketing, management, and business plan creation).

Over the past 10 years, the Colorado SBDC Network has run 6,353 Leading Edge training sessions. From 2014-2023, the Leading Edge program has supported the creation and retention of over 200 jobs, 49 business starts, \$4.6 million in sales increase, and \$5.3 million in capital formation. The program is in high demand with SBDC service centers across the state, in both rural and urban areas, with many centers requesting additional funds to increase the number of courses offered each year.

Recognizing pressures on state funds, the SBDC Lead Center applied for and received federal funds to support a revision project. The Colorado SBDC Lead Center will use these federal funds to

evaluate and update the Leading Edge delivery format and curriculum to meet the increased demand. The updated format/curriculum will help make the Leading Edge program accessible to more business owners in every community in Colorado, particularly in rural parts of the state; however, state funds are needed to increase the number of courses offered to Colorado business owners. This request for annual funding ongoing will also enable Colorado to increase the federal SBA grant match at a 1:1 rate.

#### ***OEDIT R4 ADMINISTRATIVE FUNDS***

*[Sen. Kirkmeyer] Can you explain OEDIT's R4 request? What would be the source of the reappropriated funds? How do you intend to use these funds? Would programming be negatively affected because of the reductions elsewhere?*

A flat contribution rate will be charged to all incoming Cash and General Fund dollars which can contribute to central overhead and administrative costs and collected into one reappropriated appropriation in the Administration Long Bill Line Item. This methodology is similar to indirect methodologies used by other state agencies and similar to the indirect methods used in Federal grants. The funds will be used to cover the costs of central administration needs such as financial and procurement services, office-wide information technology needs, and executive team activities. Programming will not be negatively impacted by this request since the office currently uses a distributive cost method where these costs are allocated to program lines. This proposal would increase transparency into OEDIT's administrative activities and costs, while increasing fairness of distributing costs to internal divisions, and reducing FTE workload in allocating said costs.

*[Rep. Taggart] What is the percentage of incoming dollars taken off-the-top for the indirect cost plan?*

OEDIT proposes to use a 2.5% rate applied to all incoming Cash and General Fund dollars that are allowed to contribute to administrative costs. This is much lower than the Federal de minimis indirect rate of 15%, and far lower than OEDIT's negotiated federal indirect rate of 26.8%.

#### ***OEDIT R5 REDUCTIONS TO SKILL ADVANCE APPROPRIATION***

*[Amabile] Regarding OEDIT's R5 request, is the appropriation not being spent currently? Why does OEDIT believe this is an appropriate place to reduce General Fund? Why is the \$3.0 million reduction temporary? How is the appropriation currently being used?*

The appropriation is being spent. With that said, OEDIT believes this program could be better utilized and there is currently a cash fund balance that has accumulated in the post COVID years. In Fiscal Year 2023-2024, between CO First and Existing Industry Training programs, 1,907 people completed training. However, to improve program processes, OEDIT is working with Colorado Community College System and doing a best practices review of programs in peer states. In the meantime, we are able to take a temporary reduction while working on improvements and still maintain program effectiveness.

*[Sen. Kirkmeyer] Why can't OEDIT do the \$3.0 million reduction in the current fiscal year?*

OEDIT could implement a funding reduction in Fiscal Year 2024-2025 and Fiscal Year 2025-2026. However, if extended to three consecutive years, including Fiscal Years 2026-2027, it would be challenging to run the program due to insufficient cash balance. The program's funding and budget can sustain two years of a \$3.0 million reduction, which could start in the current fiscal year or the next. However, if the reduction continues for three full fiscal years, it would hinder the program's operational viability.

*[Rep. Taggart] Are any of the Skill Advance funds going to technical colleges for skills training?*

The Skill Advance Program includes six technical colleges that are not part of the CO Community College System such as Aims Community College, CO Mesa University with its CMU Tech, Colorado Mountain College, Emily Griffith Technical College, Pickens Technical College (PTC) and Technical College of the Rockies. One example from Fiscal Year 2023-2024 training is the Restaurant Industry Dual Language Training developed by PTC that trained 14 groups of restaurants and associations, providing capacity building for 35 people from October 2023 to March 2024.

### **OEDIT R7 OPPORTUNITY NEXT TRANSFER**

*[Sen. Bridges] Why has the Opportunity Next Program been underutilize? Why hasn't it worked as well as expected?*

There have been a number of reasons the Opportunity Next program has realized less enrollment than initially anticipated. Primarily, the national FAFSA roll out issues last year impacted Colorado enrollment. The program required FAFSA to be complete for eligibility. As a result, we had fewer eligible students than initially expected. Additionally, the dollars proposed to return to the General Fund were held aside in the case that we had high demand. However, we have not seen that, so we are able to return these dollars to the program and end the program in line with the spending authority, June 2025.

### **OEDIT R8 ADVANCED INDUSTRIES TRANSFERS REDUCTION**

*[Amabile] Are the limited gaming distributions that go to the Advanced Accelerator Program from Local Limited Gaming Impact Funding?*

All of the Gaming Revenue received by OEDIT is a portion of the State's share and does not impact Local Limited Gaming Revenue.

*[Amabile] What are the income tax withholding incentives to fund the Advanced Industries Accelerator Program?*

This funding source was created in statute and automatically transfers income tax withholding from the Bioscience and Cleantech industries into the Advanced Industries Cash Fund, plus \$5.5 million per year of Gaming Revenue. This revenue does not pass through the General Fund.



OFFICE OF THE GOVERNOR  
FY 2025-26 JOINT BUDGET COMMITTEE HEARING

January 7, 2025  
1:30 pm – 4:30 pm

COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

***Discussion Questions***

1. Please describe any budget requests that replace one-time General Fund or ARPA funded programs with ongoing appropriations, including the following information:
  - a. Original fund source (General Fund, ARPA, other), amount, and FTE;
  - b. Original program time frame;
  - c. Original authorization (budget decision, legislation, other);
  - d. Requested ongoing fund source, amount, and FTE; and
  - e. Requested time frame (one-time extension or ongoing).

**The Offices of the Governor, Lieutenant Governor, and State Planning and Budgeting** are not requesting any replacements to one-time General Fund stimulus or ARPA funded programs.

**The Colorado Energy Office** did not receive any ARPA funds. While CEO did receive one-time state stimulus funds with SB21-230 and SB21-231, none of CEO's requests are to replace those one-time funds with ongoing appropriations.

**The Office of Economic Development and International Trade** has no requests to replace either one-time General Funded or ARPA funded stimulus programs with ongoing appropriations.

**The Office of Information Technology** has not made any requests to replace GF or ARPA funded programs with ongoing appropriations.

## WRITTEN-ONLY COMMON QUESTIONS

2. *Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Please specifically describe the implementation of ongoing funding established through legislation in the last two legislative sessions. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.*

**The Offices of the Governor, Lieutenant Governor, and State Planning and Budgeting** have implemented all legislation.

**The Colorado Energy Office** has implemented all legislation. The CEO is on track to meet all implementation deadlines of all new legislation.

**The Office of Economic Development and International Trade** has implemented all outstanding legislation and is on track to implement any new legislation according to the deadlines.

**The Office of Information Technology** has one partially implemented bill and one bill which is now complete but was delayed:

- 1) HB24-1364 Education-Based Workforce Readiness (On Track/Partially Implemented)
  - a) The bill included appropriations in FY 2024-25 of \$4,595,340, FY2025-26 of \$1,123,038, and FY2026-27 of \$984,103
  - b) Statewide Longitudinal Data System Work is underway
  - c) The bill tasked OIT with building the Statewide Longitudinal Data System (SLDS), which will combine data from CDEC, CDE, CDHE, CDLE, and OEDIT to be able to better understand the impact of education and workforce programming. This work is guided and informed by the complementary efforts undertaken as a result of HB22-1349 (Postsecondary Student Success Data System) and existing data systems efforts. As stipulated in the legislation, we have convened the following bodies: the Governance Board, the Sustainability Advisory Group and the Build and Implementation Advisory Group. The Governance Board is currently working on the vision for the system with facilitation from the Education Commission of the States, the Data Quality Campaign and WestEd. The Build and Implementation Group has begun discussions around appropriate data governance, and the Sustainability Advisory Group is working through initial use cases. OIT continues to work on staffing the program. We have contracted with an experienced senior project manager who recently supported the successful Early Childhood Integrated Data System (ECIDS) Implementation and have hired the SLDS Program Manager to start in January. We have contacted other states to learn more about their experiences and best practices. We are preparing to synthesize the decisions and

learnings from the governance bodies for use in a solicitation for a build partner, which we anticipate issuing in the first quarter of 2025. Because the process is lengthy, there is a high degree of urgency to issue the solicitation to preserve time for the actual system build and reporting design while meeting statutory deadlines. The first report with SLDS-connected data and analysis is due April 2026. The interim report on these efforts will provide greater detail and will be submitted to the Education Committees of the General Assembly, the State Board of Education and the Governor in January 2025.

- 2) HB24-1402 Evaluation of Colorado Department of Higher Education Information Technology
  - a) The bill included a one-time GF appropriation of \$280,000
  - b) The evaluation work has been completed at this time. The delivery of the evaluation to JBC and JTC was delayed by a month and delivered on December 2, 2024.

3. *Describe General Fund appropriation reductions made in the Department for budget balancing purposes in 2020, and whether the appropriation has been restored with General Fund or another fund source through budget actions or legislation.*

In Fiscal Year 2020-2021, **all Offices of the Governor** had reduced General Fund appropriations to the central Health, Life, and Dental long bill line item by five percent (5%) and absorbed said common policy costs through other funding sources. This appropriation was restored as necessary through the Total Compensation process managed by the Department of Personnel and Administration.

Furthermore, **the Colorado Energy Office's** General Fund Program Administration line on the Long Bill was reduced by \$265,045 in Fiscal Year 2021-2022 due to statewide General Fund reductions and was on-going. This appropriation was not restored.

**The Office of Economic Development and International Trade** took the additional one-time General Fund reductions in Fiscal Year 2020-2021 and have been restored.

- *Suspend General Fund for the Colorado Tourism Office Promotion Fund:* The appropriation includes a one-time suspension of \$2,000,000 General Fund that had previously been appropriated for Colorado Tourism Office for Colorado promotion.
- *Colorado Tourism Office Reductions:* The appropriation includes one-time reductions of \$1,945,976 General Fund, which represent budget reductions identified by the Office of Economic Development and International Trade.
- *Suspend General Fund for the Colorado Film Office:* The appropriation includes a one-time reduction of \$500,000 General Fund for the Colorado Office of Film, Television, and Media.

- *Suspend General Fund for the Destination Development Program:* The appropriation includes a one-time reduction of \$500,000 General Fund for the Destination Development program.

There were also several reductions for **The Office of Information Technology:**

1. SB 19-006 Electronic Sales and Use Tax Simplification System was annualized out early via the FY20-21 Long Bill (HB 20-1360) to free up General Fund. That provided alternative uses for \$4,574,620 GF. Part of these savings helped fund SB 20-028 Substance Use Disorder Recovery (\$74,620), SB 20-200 Secure Colorado Savings (\$1,197,552), SB 20-003 State Parks Improvement (\$1,000,000). These funds were made available through judicious use of the SB 19-006 funds and were not restored.
2. FY 2020-21 R-12 OIT Applications Budget Reduction (\$67,098)
3. HB 20-1382 Repeal OT Infrastructure Fund (TAEF) This bill removed (\$3,200,000) Cash Fund Spending Authority and transferred out (\$14,161,089) in Fund Balances to close the Technology Advancement and Emergency Fund. This fund was later replaced by SB 21-287 Technology Risk Prevention & Response Fund created the fund with \$1,000,000. The fund's spending authority was expanded with an additional \$1,500,000 through SB 22-191 Procurement of IT Resources.

4. *Please provide the most current information possible. For all line items with FTE, please show:*

- a. *the number of allocated FTE each job classification in that line item*
- b. *the number of active FTE for each of those job classifications*
- c. *the number of vacant FTE for each of those job classifications*
- d. *the vacancy rate for each of those job classifications*

*Use the attached Template C to populate these data. Please return the data in editable Excel format.*

**All Non-OIT Departments** State agencies cannot track the history of an appropriated position, therefore cannot provide detail on a position's job class relative to its original allocation. As the Offices of the Governor employees are all non-classified, vacant positions are not tracked at a system level and this data is not available.

**The Office of Information Technology:** Please see a [link](#) to the above requested data in a Template C format with FTE as of 11/30/24.

5. *Please provide the same information as Question #4 for FYs 2022-23 and FY 2023-24. Use the attached Template C to populate these data. Please return the data in editable Excel.*

**All Departments** State agencies cannot track the history of an appropriated position, therefore cannot provide detail on a position's job class relative to its original allocation. As the Offices of the

Governor employees are all non-classified, vacant positions are not tracked at a system level and this data is not available.

6. For FYs 2022-23 and 2023-24, please provide, in editable Excel format, department-wide spending totals for each of the following object codes, by fund source.
  - a. Object Code 1130: Statutory Personnel & Payroll System Overtime Wages
  - b. Object Code 1131: Statutory Personnel & Payroll System Shift Diff. Wages
  - c. Object Code 1140: Statutory Personnel & Payroll System Annual Leave Payments
  - d. Object Code 1141: Statutory Personnel & Payroll System Sick Leave Payments
  - e. Object Code 1340: Employee Cash Incentive Awards
  - f. Object Code 1350: Employee Non-Cash Incentive Award
  - g. Object Code 1370: Employee Commission Incentive Pay
  - h. Object Codes 1510, 1511, 1512: Health, Life, and Dental Insurance
  - i. Object Code 1524: PERA – AED
  - j. Object Code 1525: PERA - SAED
  - k. Object Code 1531: Higher Education Tuition reimbursement

**All Non-OIT Departments** All of this information is already included in the Schedule 14B, by line item. See “Appendix A” for an editable Excel version of this data.

**The Office of Information Technology:** Please see a [link](#) to the above requested data in a Template C format for FY23 and FY24 as of 6/30 in both fiscal years. Highlighted rows within Template C will be appropriately realigned via our [Budget Amendment](#) for FY 25-26.

7. For the latest month for which the data are available, please provide, in editable Excel format, department-wide FY 2024-25 year-to-date spending totals for each of the following object codes, by fund source.
  - a. Object Code 1130: Statutory Personnel & Payroll System Overtime Wages
  - b. Object Code 1131: Statutory Personnel & Payroll System Shift Diff. Wages
  - c. Object Code 1140: Statutory Personnel & Payroll System Annual Leave Payments
  - d. Object Code 1141: Statutory Personnel & Payroll System Sick Leave Payments
  - e. Object Code 1340: Employee Cash Incentive Awards
  - f. Object Code 1350: Employee Non-Cash Incentive Award
  - g. Object Code 1370: Employee Commission Incentive Pay
  - h. Object Codes 1510, 1511, 1512: Health, Life, and Dental Insurance
  - i. Object Code 1524: PERA – AED
  - j. Object Code 1525: PERA-SAED
  - k. Object Code 1531: Higher Education Tuition reimbursement

**All Departments** The most recent month’s expense by object code is not useful data as departments adjust the information through the end of the fiscal year via JVs for revised allocations, POTS adjustments, correcting entries, etc. Therefore, no data will be provided.

8. For FYs 2022-23 and 2023-24, please provide department-wide spending totals for each of the following object codes, by fund source.
- a. Object Code 1100: Total Contract Services (Purchased Personal Services)
  - b. Object Code 1210: Contractual Employee Regular Part-Time Wages
  - c. Object Code 1211: Contractual Employee Regular Full-Time Wages
  - d. Object Code 1131: Statutory Personnel & Payroll System Shift Diff. Wages
  - e. Object Code 1240: Contractual Employee Annual Leave Payments
  - f. Object Code 1622: Contractual Employee PERA
  - g. Object Code 1624: Contractual Employee Pera AED
  - h. Object Code 1625: Contractual Employee Pera - Supplemental AED
  - i. Object Code 1910: Personal Services – Temporary
  - j. Object Code 1920: Personal Services – Professional
  - k. Object Code 1940: Personal Services – Medical Services
  - l. Object Code 1950: Personal Services - Other State Departments
  - m. Object Code 1960: Personal Services – Information Technology

**All Non-OIT Departments** All of this information is already included in the Schedule 14B, by line item. See “Appendix A” for an editable Excel version of this data.

**The Office of Information Technology:** Please see the [attached](#) excel document for TF figures for the annual object code expenditures.

9. Please provide a table showing both allocated and actual FTE for each Division within the Department from FY 2018-19 through FY 2023-24.

**All Departments** All of this information is already included in the Schedules 3A and 3B.

10. Please discuss how the Department would absorb base personal services reductions of the following amounts: 1.0 percent, 3.0 percent, and 5.0 percent. How would those reductions impact the departments operations and core mission?

**The Offices of the Governor and Lieutenant Governor** are willing to provide analysis of information around proposed program cuts and the associated FTE impact of those reductions. Reductions to personal services without corresponding reductions in statutory requirements would result in reduced abilities and a decrease in operational effectiveness. An unspecified General Fund 1% reduction would mean the reduction of 0.8 FTE, a 3% reduction would mean the reduction of 2.3 FTE, and a 5% reduction would mean the reduction of 3.8 FTE.

**The Office of State Planning and Budgeting** is willing to provide analysis of information around proposed program cuts and the associated FTE impact of those reductions. Reductions to personal services without corresponding reductions in statutory requirements would result in reduced abilities and a decrease in operational effectiveness. An unspecified General Fund 1% reduction would mean the reduction of 0.2 FTE, a 3% reduction would mean the reduction of .6 FTE, and a 5% reduction would mean the reduction of 1.1 FTE.

**The Colorado Energy Office** is willing to provide analysis of information around proposed program cuts and the associated FTE impact of those reductions. Reductions to personal services without corresponding reductions in statutory requirements would result in longer wait times, reduced abilities, or decrease in operational effectiveness. A 1% reduction would mean the reduction of 0.3 FTE, and 3% reduction would mean the reduction of 0.9 FTE and a 5% reduction would mean the reduction of 1.5 FTE.

**The Office of Economic Development and International Trade** is willing to provide analysis of information around proposed program cuts and the associated FTE impact of those reductions. Reductions to personal services without corresponding reductions in statutory requirements would result in longer wait times, reduced abilities, or decrease in operational effectiveness. A 1% reduction would mean a reduction of 0.7 FTE, and 3% reduction would mean a reduction of 2.1 FTE, and a 5% reduction would mean a reduction of 3.5 FTE.

**The Office of Information Technology** is willing to provide analysis of information around proposed program cuts and the associated FTE impact of those reductions. Reductions to personal services may result in potential system failures, an increase in enterprise compliance and cybersecurity risks, difficulties scaling IT infrastructure, slower response to IT issues and emergencies, and an increase to long term costs. A 1% reduction would mean the reduction of 10.8 FTE, and 3% reduction would mean the reduction of 32.3 FTE, a 5% reduction would mean the reduction of 53.8 FTE, and a 10% reduction would mean the reduction of 107.6 FTE.

As part of the January 2nd budget submission, OIT has submitted a [budget amendment](#) to reflect a 1% reduction (10 FTE or \$1.37M) to our FY 2025-26 long bill.

*11. Describe steps the Department is taking to reduce operating expenditures for FY 2025-26.*

**All Departments** The Executive Branch's plan for reducing operating expenditures is reflected in the November 1, 2024 budget request.

**The Colorado Energy Office** has proposed to move any revenue and fee growth in the Elective Vehicle (EV) Cash Fund in future fiscal years to a state enterprise. In a conservative estimate, moving the EV fund to enterprise funds will free up over \$1.0 million in Fiscal Year 2026-2027

under the TABOR cap, ramping up to \$17.0 million of additional space under TABOR in Fiscal Year 2030-2031 based on EV adoption forecasts.

Calendar Year	NEW EVs	Existing stock	EV fund revenue
2020	11,640		
2021	16,428		
2022	23,184		
2023	32,719		
2024	46,174	140,000	\$2,800,000
2025	65,164	186,174	\$3,723,480
2026	91,963	251,338	\$5,026,760
2027	118,488	343,301	\$6,866,020
2028	147,254	461,789	\$9,235,780
2029	176,332	609,043	\$12,180,860
2030	203,781	785,375	\$15,707,500
2031		989,156	\$19,783,120

In addition, CEO continues to keep its operating expenses as low as possible. While CEO’s staff has grown significantly over the past four years, rather than request more office space CEO has instituted a hoteling software to share desk space within its existing space, which now can only hold a third of the total staff. CEO actively uses state price agreements and works with the State Internet Portal Authority (SIPA) to access preapproved vendors thereby reducing procurement and contracting costs.

**The Office of Economic Development and International Trade** continues to be a lean agency with funds being used primarily for day-to-day for program implementation. In addition, OEDIT makes an effort to have a self-sustaining process. For most new programs, OEDIT charges a small application fee which, over time, accrues interest and helps pay for the FTE needed for the program.

**The Office of Information Technology** has submitted a November 1, 2024 budget request. It requested a net budget reduction despite being in a period of inflation of around 3% and at a time when most software subscriptions costs were rising. OIT has piloted a trial introduction of Gemini AI in an attempt to increase labor efficiency.

The Office of Information Technology (OIT) submitted a November 1, 2024 budget request, which includes a proposed net budget reduction, despite the current inflation rate of approximately 3% and rising costs for software subscriptions.

In order to further reduce operating expenditures, OIT is taking proactive measures to enhance operational efficiency. One such initiative is the introduction of Google Gemini Advanced. This



initiative aims to streamline processes, reduce manual workloads, and ultimately lower long-term operating costs. This investment in new technology reflects our commitment to optimizing resources and driving cost savings across the state.

12. For each operating line item, identify the total expenditure at the end of the 3rd quarter for each of the last three fiscal years, as well as the total appropriation for the fiscal year.

**All Departments** The Offices of the Governor appropriations are generally compressed into single program administration long bill line items (LBLI) that include both personal services and operating appropriations. The only operating appropriation is the “Operating Expenses” LBLI in Long Bill Section 3, Office of State Planning and Budget, reported below.

Appropriation Name	Fiscal Year	Appropriation	Expenditures through Q3
Operating Expenses	2022	\$ 77,170	\$ 44,140
	2023	\$ 87,424	\$ 39,309
	2024	\$ 135,274	\$ 78,551

13. Please provide an overview of the department’s service efforts. In your response, describe the following:
- a. Populations served by the Department
  - b. The target populations of the Department’s services
  - c. Number of people served by the Department
  - d. Outcomes measured by the Department
  - e. Present and future strategies for collecting customer experience data

**The Offices of the Governor, Lt. Governor, and State Planning and Budgeting** do not directly serve specific populations. Rather, these offices manage, support and coordinate the Executive Branch’s efforts. As such, the Offices do not have any relevant data to provide.

**The Colorado Energy Office** continues its mission of reducing greenhouse gas emissions and consumer energy costs by advancing clean energy, energy efficiency and zero emission vehicles to benefit all Coloradans. In doing this work, the Energy Office focuses on the main sources of both emissions and consumer energy costs, namely electricity generation, buildings, industry, agriculture, and transportation.

CEO’s services span the entire state, and we aim to serve residents, local governments and businesses. The Office tracks the individuals, households, local governments, businesses or other organizations served in each of our individual programs. In some cases, our work impacts millions

of individuals such as the policy work our team does at the Public Utilities Commission. In other cases we serve individual residents or households, such as through our free weatherization assistance services to income qualified Coloradans.

CEO also reports on many programs through annual reports to the Colorado legislature, as well as required reporting to the federal government for both competitively awarded and formula funds. Many programs track energy savings or greenhouse gas emissions reduced along with other program outcomes.

CEO tracks and reports on the impact of its programs, including through its Wildly Important Goals (WIGs) which are posted publicly on the Governor's Dashboard. WIGs for the Energy Office this year include an ongoing tracking of EV adoption rates, a summation of cost savings and energy savings related to its work in building decarbonization, and implementation of priority Near Term Actions from the Greenhouse Gas Pollution Reduction Roadmap.

**The Office of Economic Development and International Trade** serves all populations across Colorado with programs designed to support all businesses, especially small businesses, diverse industries and sectors, and local and regional partners with the aim to empower all to thrive in Colorado's economy. The Office's largest population served is Colorado's small business community, which make up over 99% of all businesses in Colorado. Additionally, OEDIT has departments and programs specifically designed to provide targeted support to industries that make Colorado unique, like creative industries, outdoor recreation, tourism, media creation, advanced industries, innovative housing, and more. Lastly, OEDIT has programs that target Colorado's rural communities to ensure that both our urban and rural communities thrive in Colorado's economy. OEDIT does not track number of people served, and instead tracks the progress of the following goals:

1. Support the creation of 18,600 housing units by June 30, 2027. We expect to support at least 6,100 units by June 30, 2025.
2. Support rural communities in attracting and retaining 16,300 jobs by June 30, 2027. We expect to support the creation or retention of 5,300 jobs by June 30, 2025.
3. Bring \$200,000,000 in federal and private investment to support Colorado's knowledge intensive and innovation ecosystems by June 30, 2027. We expect to support the investment of at least \$120,000,000 by June 30, 2025..
4. Increase international visitors into Colorado from 900,000 to 1,200,000 annually by June 30, 2027. We expect international visitors to increase to a total of 1,000,000 travelers by the end of FY25.

**The Office of Information Technology** serves both the consolidated agencies and people who live, work, and play in Colorado. The digital services which OIT delivers, especially the myColorado mobile app, digital experiences that connect individuals to key programs and services. As of Dec 1, more than 1.6M Coloradans are users of myColorado, more than 450k using the app on a monthly basis. We evaluate our progress in delivering digital services via usage.

In addition, OIT also has the following service efforts underway for the state:

- The Statewide GenAI Policy was published to ensure Colorado stays on the cutting edge of the latest technology while upholding the highest standards of data protection and privacy. A framework establishing appropriate governance and risk assessments, balanced with innovation and literacy has been created.
- Our Security team, with the support of many teams across OIT, helped the State of Colorado recover from CrowdStrike's global outage in under a week.
- Our Broadband Office has been hard at work awarding grants, including \$113.5 million in federal funding that helped Coloradans in Elizabeth and Kiowa gain access to reliable high-speed internet.
- The relocation of the leased eFORT data center to a state-owned facility is now 99.9% complete, helping to reduce technical debt and save the state millions of dollars.
- Our GIS team soft-launched its Property Tax Map in collaboration with the Colorado Department of Local Affairs and the Colorado Governor's Office.
- Implement Technology Lifecycle Management to reduce tech debt
- An independent evaluation in the 2024 Web Almanac gave sites using the Colorado.gov platform an accessibility score of 96%, higher than all other states.

We are expanding to measure time to transaction completion, transaction completion rate, and satisfaction for these service efforts. We look forward to partnering with agencies across the State in assisting with collecting and making meaningful use of customer experience data.

14. *For each TABOR non-exempt cash fund, provide the following information*

- The amount in the cash fund*
- Total amount of revenue in the fund that would not be transferred*
- Detailed explanation of why the fund should not be sunset*
- Statutory reference of the fund creation, specific uses, and legislative history of changes to the fund*
- Every program funded by the fund*
- Explanation of how fees to the fund are set and a history of fee changes*
- The number of people provided service by the programs funded through the cash fund*
- Any additional information necessary to ensure the Joint Budget Committee can make an informed decision.*

**All Non-OIT Departments** Much of this information can be found in department submissions, including the Schedule 9. OSPB has provided staff with other tools, such as the cash fund dashboard, to review cash funds to provide the committee with additional information.

**The Office of Information Technology** has one cash fund:

Technology Risk Prevention & Response Fund (TRPR)

- a) As of the end of FY24 the fund balance was \$10,012,534.

- b) OIT is proposing to transfer \$5,000,000 out of the fund as a cost savings measure. Leaving approximately \$5,000,000 in the fund.
- c) The fund was created to mitigate known and emerging technology risks. Currently risk mitigation efforts are underway at several agencies including:
  - **Automated Child Support Enforcement System (ACSES) migration:** The move from AWS VMC to AWS Native for the Department of Human Services will reduce technical debt, automate non-production environment management, and lower infrastructure costs.
  - **Network closet and network remediation:** For the Department of Natural Resources and the Department of Public Safety, this initiative will enhance critical infrastructure at over 250 geographically dispersed locations across Colorado. It will also help meet federal 9-1-1 service requirements at public locations.
  - **Technical debt reduction:** For the Department of Behavioral Health Administration's Licensing and Designation Database and Electronic Records System (LADDERS), this work will reduce system outages and functionality failures, improving the digital experience for health service providers.h SB 22-191 Procurement of IT Resources.
  - All programs statewide may apply to receive funding through this fund.

The TRPR is critical to OIT's WIG #1 which is to improve the state's technology lifecycle maturity by moving the state from a National Institute of Standards and Technology Framework score of 2.8 to 5 (out of 7). The funding provided by the TRPR, helps OIT address many known risks and combat rapidly growing data security threats from criminal elements and foreign adversaries.

- d) SB 21-287 Technology Risk Prevention & Response Fund created the fund with \$1,000,000. Its funding was expanded with an additional \$1,500,000 through a Governing Board decides which applicants will receive funding.
- e) The fund does not receive fees, it gets funding through the reversion of unused IT Spending Authority from executive agencies.



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**COLORADO**

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**FY 2025-26 Office of the Governor's JBC Hearing**

Governor Jared Polis

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January 7, 2025

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# Introduction & Common Questions

Office of the Governor

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# THE BOLD 5



MORE HOUSING NOW



PUBLIC SAFETY



SAVING PEOPLE MONEY ON HEALTH CARE



100% RENEWABLE ENERGY BY 2040



PROPERTY TAX RELIEF

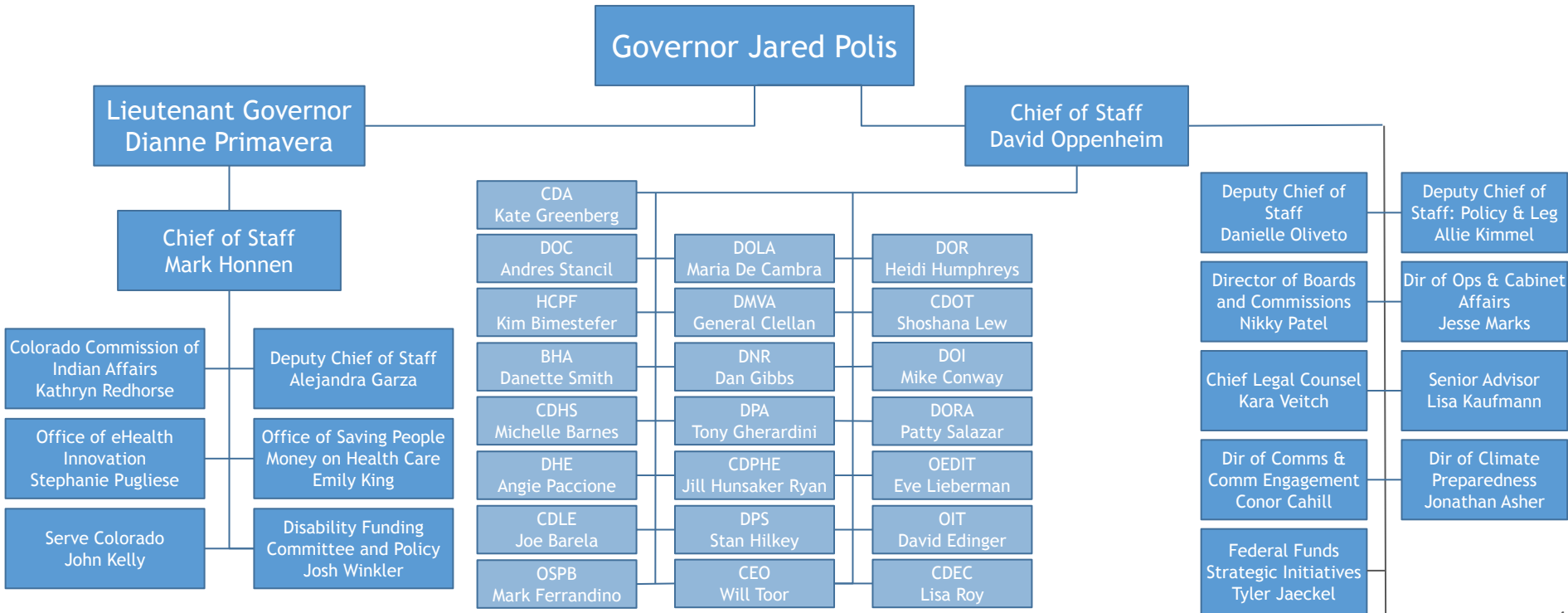


GOVERNOR JARED POLIS



# COLORADO

## Governor Jared Polis







# COLORADO

Governor's Office of Federal  
Funds & Strategic Initiatives



New Federal  
Funding

Maximize  
federal funding  
opportunities  
from the IIJA  
and IRA



Effective  
Implementation

Ensure federal  
and stimulus  
funding is spent  
effectively,  
impactfully and  
equitably.



Strategic  
Initiatives

Build upon  
lessons learned  
to improve  
public systems.

## Major Accomplishments Across Federal Funds

- Colorado is a **national leader** in SLFRF implementation.
- Created structure that allowed Colorado to adapt to changing guidance, including a refinancing of funds.
- Once below average in federal funds received, Colorado is now a leader on IIJA and IRA:
  - **12th in the country** for receiving discretionary or competitive IIJA and IRA funds.
  - Of the top 13 states, **Colorado is #2** in receipt of funds per person.
- Local entities in Colorado have received **\$2.8B** and State agencies have received **\$6.1B** in IIJA and IRA awards.

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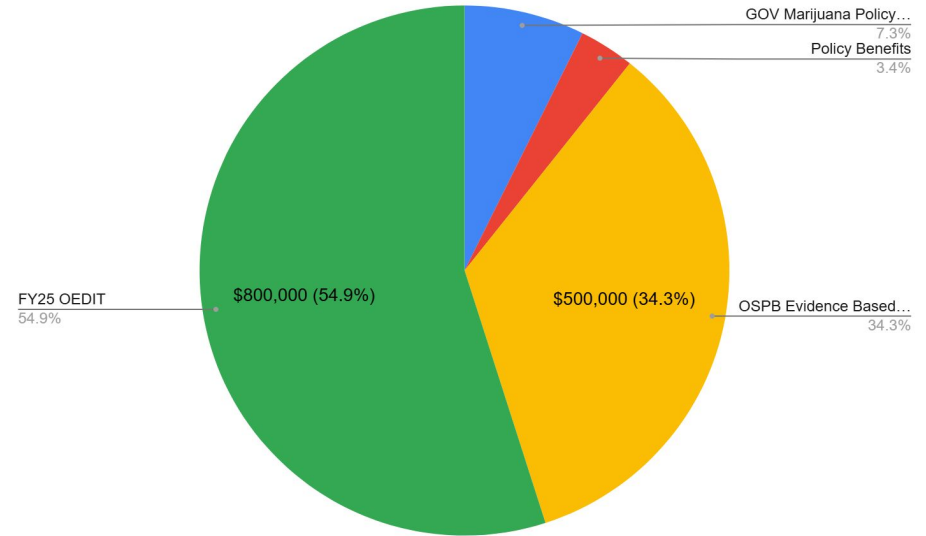
# Departmental Questions

Office of the Governor

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# FY 2024-25 MTCF Appropriations

- **\$106,912** for a Governor’s Marijuana Policy Analyst
- **\$49,258** to the Governor’s Office in centrally appropriated Total Compensation
- **\$500,000** for OSPB’s Evidence-based Policymaking Evaluation and Support
  - Provides funding for program evaluation across the state
- **\$800,000** one-time FY25 appropriation to OEDIT’s Marijuana Entrepreneur Fund
  - Provides funding for the programming required in 24-48.5-128, C.R.S.



# Drivers for GF Increases

- **New Programs and Reporting**
  - SB22-206: Disaster Preparedness And Recovery Resources
  - HB22-1172: FY22 Supplemental
  - HB22-1401: Hospital Nurse Staffing Standards
  - FY23 GOV R-02: Medical-Financial Partnership
  - FY24 OSPB BA-01: Emergency Funds Reporting Staff
  - FY24 OSPB BA-02: Long Range Financial Planning Resources
- **Increases to Operational Capacity**
  - FY23 GOV R-01: Staff for Governor's Office
  - FY23 LG R-01: Serve Colorado General Fund & FTE Increase
  - FY24 LG R-01: CCIA Staffing and Operational Capacity
- **Statewide Compensation Policies**

***Questions?***



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**COLORADO**

# FY 2025-26 Office of the Lt. Governor JBC Hearing

Lieutenant Governor Dianne Primavera

Chief of Staff Mark Honnen

January 7, 2025

# Programs

Colorado  
Commission of  
Indian Affairs

Aerospace & Defense

Disability Policy

Serve Colorado

Office of eHealth  
Innovation

Office of Saving  
People Money on  
Health Care

# Colorado Commission of Indian Affairs



- 15 State-Tribal Consultations
- Tribal and American Indian/Alaska Native Roadmap
- HB24-1444: Federal Indian Boarding School Research Program





# Aerospace & Defense

- National Space Council (NSC)  
Space Workforce Coalition
- HB24-1097: Military Family  
Occupational Credentialing
- HB24-1076 : Purple Star Schools  
Program



# Disability Policy

- HB24-1360: Colorado Disability Opportunity Office
- Task Force on the Rights of Coloradans with Disabilities



- HB24-1240: AmeriCorps Education Award Tax Subtraction
- Youth Mental Health Corps
- Credentialing & workforce development



# Office of eHealth Innovation (OeHI)

- 2025 Health IT Roadmap
- Technology to support rural health
- Colorado Social Health Information Exchange (CoSHIE)



# Office of Saving People Money on Health Care

- Policy analysis & support
- Core 5 Health Cabinet
- All Roads Lead to Health Cabinet
- Medical Financial Partnership Pilot
- Long COVID





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**COLORADO**

Questions

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# OSPB Departmental Questions

Office of the Governor

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# R-01 Continuation of Reporting Staff

## Disaster Emergency Funds Report FY 2024-25 Q1

### Report 1a: Disaster Emergency Fund (DEF) Historical Expenditures - Fiscal Year 2024-25, Quarter 1 (July 1, 2024 - September 30, 2024)<sup>1,2</sup>

Fund	Disaster Name (With FY24 or FY25 Expenditures or Revenue)	Date of Executive Order	State Encumbrance at Time of Issuance	State Expenditures Prior Years (FY15 - FY24)	State Expenditures FY25 Prior Quarters	State Expenditures FY25 Q1 (AP1 - AP3)	Total Disaster Expenditures	Total Reimbursements to SERCF	Unexpended Obligation at end of FY25 Q1 (AP1-AP3)
2600	2013 Front Range Floods (D 2013-026) <sup>3</sup>	7/12/2013	\$ 131,000,000	\$ 11,887,061	\$ -	\$ -	\$ 11,887,061	\$ -	\$ 16,274,306
2600	2015 Spring Floods (D 2015-005)	5/9/2015	\$ 500,000	\$ 500,623	\$ -	\$ -	\$ 500,623	\$ -	\$ 11,926
2600	416 FIRE (D 2018-002)	6/3/2018	\$ 2,000,000	\$ 910,237	\$ -	\$ -	\$ 910,237	\$ -	\$ 16,802
2600	Spring Creek Fire (D 2018-007)	7/27/2018	\$ 33,000,000	\$ 25,100,000	\$ -	\$ -	\$ 25,100,000	\$ -	\$ 7,900,000



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# **JBC Reduction Proposal**

## **IIJA Cash Fund - \$6.2M**

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# Impact of the IJA Cash Fund

## INPUTS

**\$168M State Funds**

**Capacity support** for State Agencies

**Strategic coordination** across State Agencies

**Regional grant navigators** for local governments

**Non-federal matching funds**

**Grant writing and project planning**



## OUTPUTS

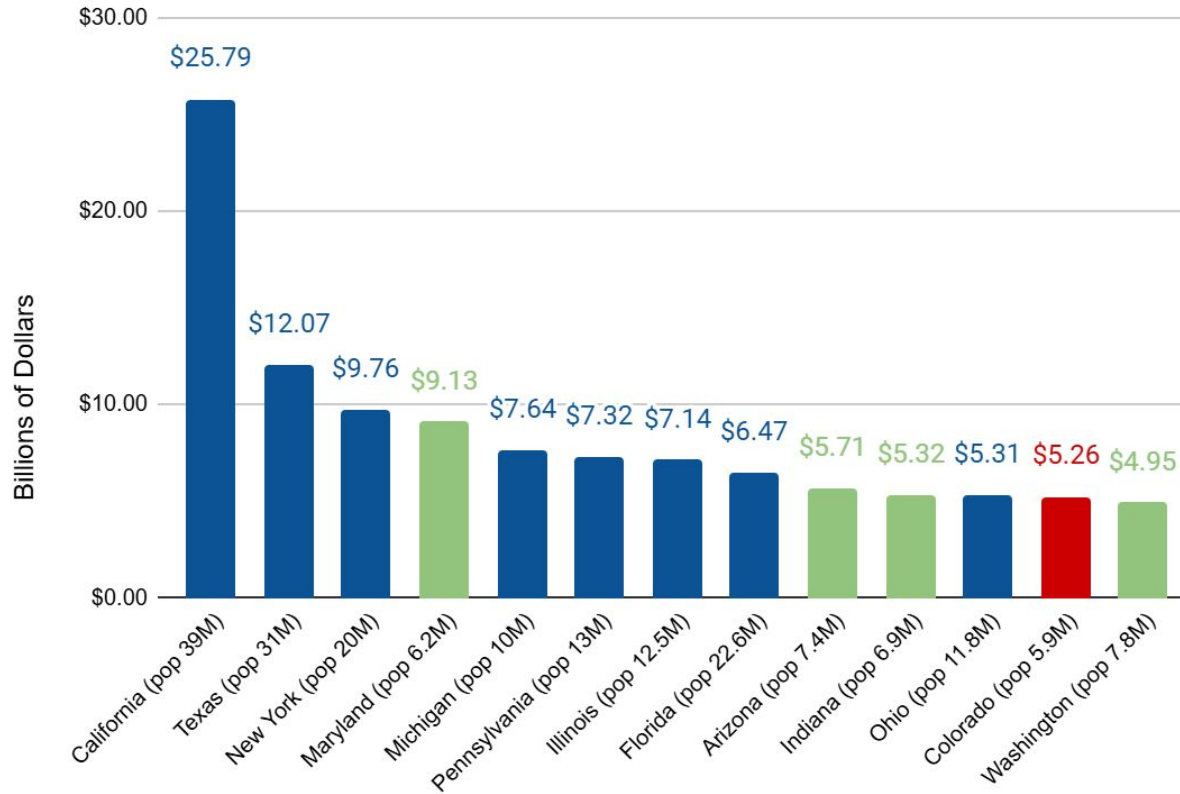
**10:1 Return on Investment**

**Overall Success:** \$1.2B in federal funds awarded; \$456M waiting for federal decisions

**Local Success:** \$100M awarded to locals with our support; \$131M awaiting federal decisions

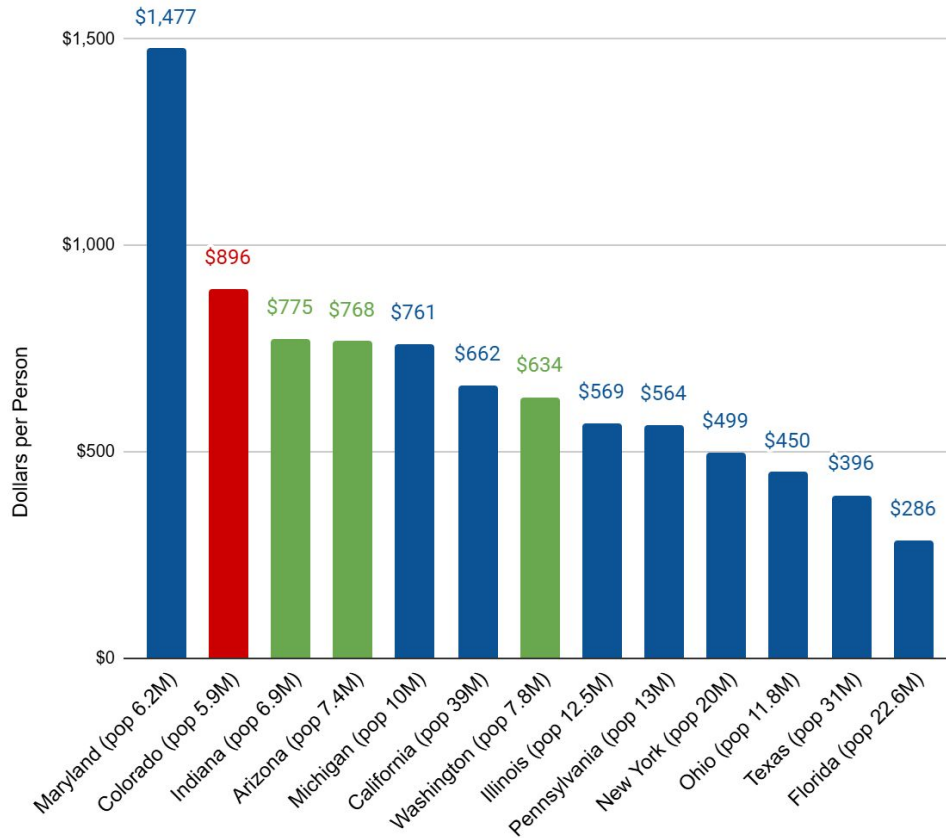
**Grant Writing Success:** \$740K spent; \$53M awarded

# Discretionary Funds Awarded - Top 13 States - Total Awarded



\*Green bars are peer states in population

# Discretionary Funds Awarded - Top 13 States - Dollars per Person



\*Green bars are peer states in population

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# **JBC Reduction Proposal**

**Governor's ARPA-SLFRF Discretionary Fund - \$15M**

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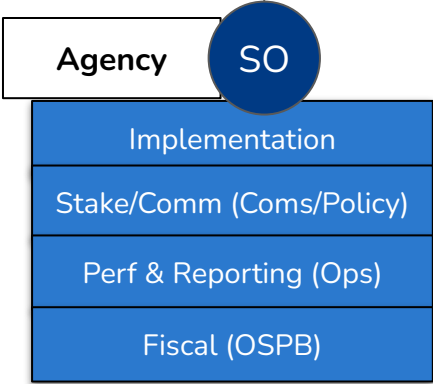
# Federal Funds Management Framework



Key Staff Working on Fed Funds Implementation & Oversight:

- Ops:** Deputy Dir., Analyst (2), Project Manager (2), Share Staff Time
- OSPB:** Share of Budget Analyst and Staff Time
- Comms:** Senior Advisor, *Comms Coordinator*
- Gov:** Grant & Fiscal Compliance Officer
- OFFSI:** Chief, Director of Implementation, *Director for IJJA & IRA Strategic Coordination*, Strategy Officers (SOs), Project Manager
- OSC:** Deputy Controller, Reporting Staff, Compliance Staff
- Contract Partners:** KPMG

*Italics = Different Source of Funds*



Agencies with SOs or Partial SO:

- BHA, CDEC, CDHE, CDHS, CDLE, DOLA, OIT, HCPF, CDA\*, CDOT\*, CDE\*, CDPHE\*, OEDIT\*, CDPS\*, DOC\*

*\*Partial*

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# **Resilience of OSPB**

**Office of State Planning and Budgeting**

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# Converting OSPB Staff to Classified Positions

- OSPB does not support JBC staff's recommendation.
- OSPB agrees that a professional staff with institutional knowledge and expertise is in the best interests of the Governor and the legislative branch, but conversion to classified positions is not the answer.
  - It would hamper future Governors' ability to make staffing decisions that they believe are appropriate.
  - Nearly half of all states follow a similar model of non-classified staff.



# Enhancing OSPB's Resilience

- OSPB is taking steps to build and maintain staff expertise within and across administrations.
  - Develop Standard Operating Procedures (SOPs) that document technical budgeting functions and processes.
  - Create an organizational structure that emphasizes training.
  - Use a more powerful budgeting IT system to improve consistency and transparency.

***Questions?***

# *Governor's Budget - OEDIT*

Office of Economic Development & International Trade  
Eve Lieberman, Executive Director  
December 2024



**COLORADO**

Office of Economic Development  
& International Trade

# *OEDIT Mission & Work*

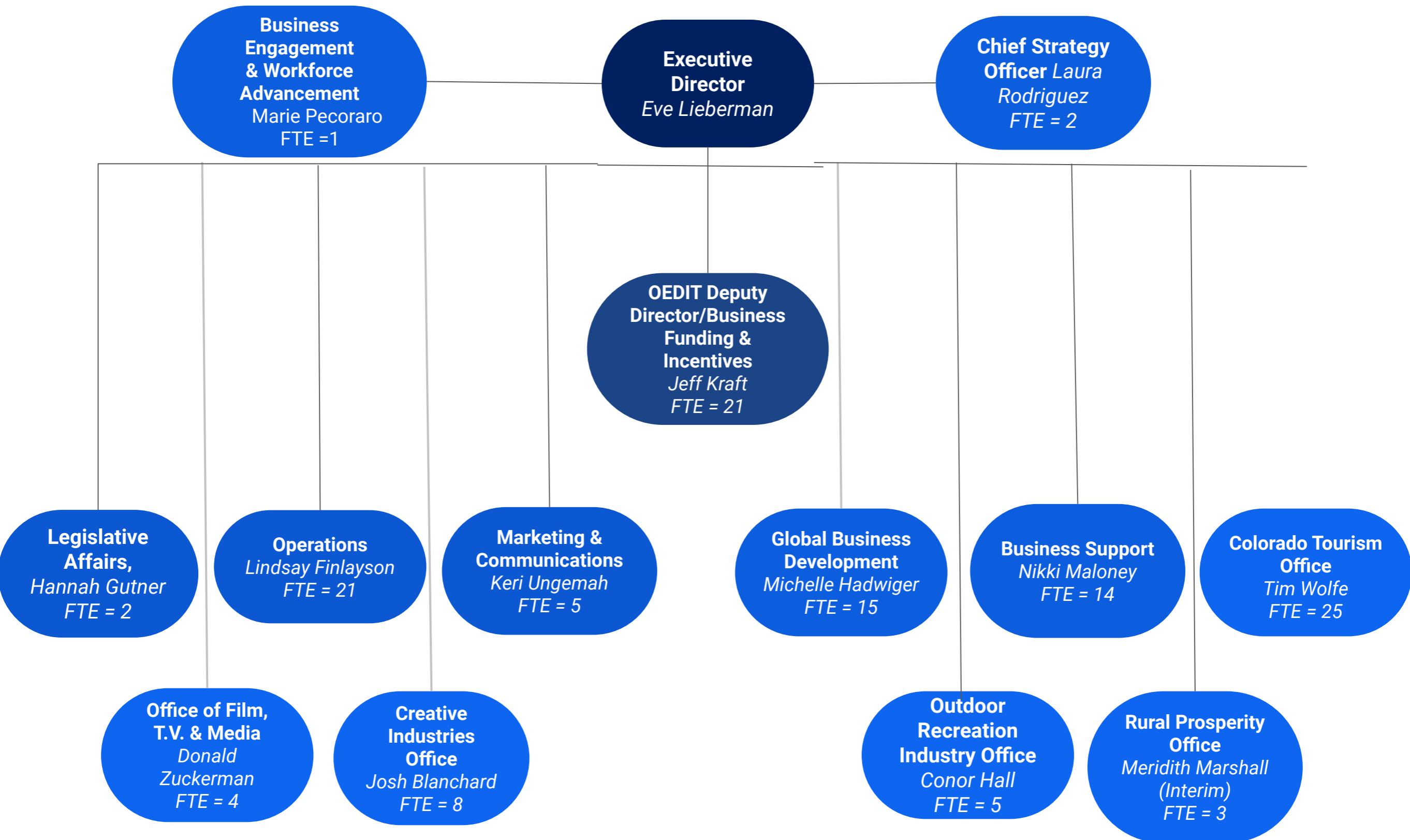
## **Mission**

- To achieve and sustain a healthy Colorado economy that works for everyone and protects what makes Colorado the best state in the country to live, work, start a business, raise a family, and retire. By growing our economy with jobs that cannot be outsourced, employee owned business creation and infrastructure to enable entrepreneurship in all parts of the state, we strive to grow a resilient economy where everyone not only gets by, but thrives.

## **Performance-Based Incentives**

- OEDIT helps grow Colorado's economy by issuing incentives, all of which are performance-based, meaning they are only distributed once the conditions of incentive are met.

# OEDIT Structure



# *OEDIT Goals FY25-27*

1. OEDIT set a goal of supporting the creation of 18,600 housing units by June 30, 2027. We expect to support at least 6,100 units over FY25.
2. OEDIT seeks to support rural communities in attracting and retaining 16,300 jobs by June 30, 2027. We expect to support at least 5,300 jobs in FY25.
3. OEDIT strives to bring \$200,000,000 in federal and private investment to support Colorado's knowledge intensive and innovation ecosystems by June 30, 2027. We expect to support the investment of at least \$120,000,000 in FY25.
4. OEDIT's 4th goal aims to increase international visitors into Colorado to 1.2 million travelers annually by June 30, 2027. We expect international visitors to increase to a total of 1,000,000 travelers by the end of FY25.

# *FY 25 Long Bill Allocation*

<b>Total Funds</b>	<b>\$63,673,143</b>
<b>General Funds</b>	<b>\$24,736,225</b>

# *Legislative & Budget Agenda*



**COLORADO**

Office of Economic Development  
& International Trade



# *OEDIT Legislative Agenda*

- Reauthorization of Advanced Industries Tax Credit [Rep Titone, Rep Bird, Sen Bridges]
  - This will reauthorize the Advanced Industries Investment Tax Credit, lower the annual cap on credits, and opens the program to additional strategic industries.
- Reauthorization of Employee Ownership Tax Credit [Rep Lindstedt, Rep Taggart, Sen Bridges]
  - This legislation will reauthorize the first Employee Ownership Tax Credit and lower cost barriers for business sellers transitioning to Employee Ownership. This will also lower the cap from \$10M to \$3M/yr, as well as modify program criteria to improve access to the credit.

# OEDIT Budget Requests

#	REQUEST	FY 2025-26 FUNDING
R-01	Global Business Development Division	\$825K
R-02	Minority Business Office + Leading Edge	\$250K
R-03	Aerospace Ecosystem Support	\$100K
R-04	Administrative Funds	\$1.9M (Reappropriated)
BA-01	Cannabis Business Office Funding	\$1.5M
R-05	Temporarily Halt Advanced Industries Transfer	(\$9.11M)
R-06	1% General Fund Reduction	(\$235,406)
R-07	Skill Advance Transfer	(\$3M)
R-08	Opportunity Next Transfer	(\$3.3M)

# *Additional Funds Returned to GF*

- Expect \$1.5M in unused funds to be returned to the General Fund this year.
  - \$542,825 from unused funds for the Meetings Incentives & Events Program, including interest.
  - Spending authority for the Rural Jumpstart program expires in June 2025. Reversions to GF expected
- In addition, the General Fund will receive \$9.7M in cash fund interest being swept under Gov proposal

# *Reductions*



**COLORADO**

Office of Economic Development  
& International Trade

# *R-05 Temporarily Halt Advanced Industries Transfer*

- In order to balance the statewide budget, the transfer to the Advanced Industries Acceleration Cash Fund from the bioscience income tax transfer will be reduced by half for FY 2024-25 and FY 2025-26, while the limited gaming distribution will be reduced from \$5.5M to \$1.84M in FY 2025-26, totaling a savings of \$17.7M. Final numbers may vary depending on actuals.
- While many of the current dollars in the fund are either earmarked or encumbered, OEDIT will limit the number of prospective grants awarded through the cash fund temporarily.

# *R-06 1% General Fund Reduction*

- OEDIT's General Fund reduction target is \$235,406. This request proposes to eliminate the By Colorado App fund, an ongoing reduction of \$8,029 ,as well as an ongoing reduction of \$227,377 total from programs within OEDIT.
- Eliminating the By Colorado App would require a statutory change. The remaining proposed reductions would not require statutory changes.

# *R-07 Skill Advance Reduction*

- OEDIT proposes a \$3,000,000 reduction per year for two years, FY 2025-26 and FY 2026-27, and a \$1,000,000 ongoing reduction beginning in FY 2027-28, which will support budget balancing needs and key priorities statewide, and within OEDIT where General Fund reduction options are limited.
- OEDIT has a contract in place with the Colorado Community College System authorizing a best practices evaluation to optimize operational processes and modernize to respond more nimbly to industry skill needs. Due to budget balancing needs statewide and within OEDIT, this decision item creates a one-time and ongoing reduction in funding for the program.

# *R-08 Opportunity Next Transfer*

- This request will transfer a portion of the Opportunity Next scholarship funds (\$3,304,500) to the General Fund to accommodate for department offsets and other department priorities. This is a one-time return, as there are no additional funds after 2025.
- Opportunity Next (aka Universal High School Scholarship Program) has at least \$3,304,500 in unobligated funds in the Universal High School Scholarship Program Cash Fund. Demand for scholarships in high priority pathways has not reached its full \$21M potential.



# *Requests*



**COLORADO**  
Office of Economic Development  
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# *R-01 Global Business Development Division*

- OEDIT is requesting \$825K in ongoing General Fund to rightsize the Global Business Development Division, which has not seen a budget increase since its creation in 2015. With inflation, this division has seen a cumulative budget shortfall.
- These funds will support staffing needs at OEDIT's Global Business Development Division and leverage funds for strategic industry investment through the legislatively and Governor-appointed Economic Development Commission.

# *R-02 Minority Business Office + Leading Edge SBDC*

- OEDIT is requesting \$250k in one-time General Fund to support both the Minority Business Office & Leading Edge Program.
- After FY25-26, this will be reduced to \$75k total, split as \$50k ongoing for MBO and \$25k ongoing for Leading Edge.
- Leading Edge funds will assist the Small Business Development Center (SBDC) add at least 6 additional training programs annually (each program has 10 weekly courses for a total of 60 additional training sessions). The Leading Edge support is also anticipated to draw down a 1:1 federal match.

# *R-03 Aerospace Ecosystem Development*

- OEDIT is requesting \$100K ongoing to return the Aerospace Ecosystem Development budget to its original level of funding.
- This \$100,000 ongoing General Fund request will enable the Aerospace and Defense Industry Manager to attend exhibitions, conferences, and industry events to represent Colorado and develop stronger relationships between Colorado aerospace companies and new domestic and international markets.

# *R-04 Administrative Funds (Reappropriated)*

- OEDIT is requesting \$1.9M in reappropriated funds to be collected from OEDIT's existing program appropriations, where allowable.
- This will bring transparency to a long-standing practice in the office, and does not replace any federal funding.

# *BA-01 Cannabis Business Office Funding*

- OEDIT is requesting \$1.5M in ongoing Marijuana Tax Cash Fund.
- Beyond FY 2024-25, the CBO will have no remaining funding to maintain staff or programming that small cannabis social equity businesses in Colorado rely upon. Without this funding, the CBO will have to close.
- This request also proposes that the CBO's Marijuana Entrepreneurs Cash Fund (MECF) statute be modified to allow for the collection and spending of funds derived from gifts, grants, and donations.

# *Responses to Questions asked by the Joint Budget Committee*



**COLORADO**

Office of Economic Development  
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# Question 1: What is driving General Fund increases?

- Statewide Compensation Policies - Salary survey / Step increases
- General Assembly has created several new tax credits for implementation by OEDIT, including:
  - SB24-190, Rail & Coal Transition Community Economic Measures
  - HB24-1157, Employee-Owned Business Office & Income Tax Credit
  - HB24-1295, Creative Industry Community Revitalization Incentives
  - HB24-1314, Modification Tax Credit Preservation Historic Structures
  - HB24-1325, Tax Credits for Quantum Industry Support
  - HB24-1358, Film Incentive Tax Credit
  - HB24-1365, Workforce Shortage Tax Credit
- That being said, General Fund increases for the coming budget year are fully offset by significant reductions as we previously discussed.



# *Question 2: Can you explain which requests are one-time and which are ongoing? Please explain.*

- **R-01 Global Business Development. Ongoing.** R-01 involves public-facing, direct business support. Businesses require consistency in their long-term planning, particularly with incentives.
- **R-02 Minority Business Office + Leading Edge. Onetime & Ongoing.** R-02 is a one-time request of \$250,000 to the business support division at OEDIT, split to \$225,000 for MBO and \$25,000 for Leading Edge SBDC.
  - After FY25-26, this will be reduced to \$75k total, split as \$50k ongoing for MBO and \$25k ongoing for Leading Edge.

# Question 2: Continued

- **R-03 Aerospace Ecosystem Development. Ongoing.** R-03 is an ongoing request of \$100,000. This request is ongoing because of the long-term planning required in company relocation, research and development, and other key pieces of the aerospace industry.
- **BA-01 Continue Funding the Cannabis Business Office. Ongoing.** BA-01 is an ongoing request of \$1.5M from the Marijuana Tax Cash Fund for the Cannabis Business Office. This request is ongoing because business owners rely on our programming for technical support and grants. The technical support provided by this office has proven to be highly successful, with the rate of business operations much higher than the national average.
- **R-04 Administrative Funds: Ongoing.** This ongoing request reflects the long-standing practice of utilizing program funds to help support central office needs such as shared technology and system administration costs, and financial and human resources staff.

# Question 2: Continued

- **R-05 Reductions to Skill Advance Appropriation: Ongoing.** OEDIT has identified the Skill Advance program as an opportunity where the state could scale back funding in order to support budget balancing needs and key priorities statewide, while still meeting program goals and objectives.
- **R-06 1% General Fund Reduction: Ongoing.** OEDIT has identified this trim to program budgets as an option for General Fund savings which can support budget balancing needs and key priorities statewide.
- **R-07 Universal High School Scholarship Program Cash Fund (Opportunity Next) Transfer: One-time.** This is a one-time program which will not utilize all of the funding made available. OEDIT was able to identify this amount of funding is available to be reverted sooner in order to support budget balancing needs and key priorities statewide.
- **R-08 Advanced Industries Transfers Reductions: One-time.** OEDIT has identified the Advanced Industries program as an opportunity where the state could *temporarily* scale back funding in order to support budget balancing needs and key priorities statewide, while still meeting program goals and objectives. However, this program presents a significant return on investment and OEDIT does not recommend ongoing funding reductions.

# *Question 3: Please describe the Leading Edge Program and what it would accomplish*

- The Colorado SBDC Lead Center will use these federal funds to evaluate and update the Leading Edge delivery format and curriculum to meet the increased demand. However, state funds are needed to increase the number of courses offered to Colorado business owners.
- Over the past 10 years, the Colorado SBDC Network has run 6,353 Leading Edge training sessions. From 2014-2023, the Leading Edge program has supported the creation and retention of over 200 jobs, 49 business starts, \$4.6 million in sales increase, and \$5.3 million in capital formation.

# *Question 4: Can you explain OEDIT's R4 request, the source, intended use, and program impact?*

- OEDIT proposes a 2.5% rate applied to all incoming Cash and General Fund dollars that can legally contribute to central overhead costs. This is much lower than the Federal de minimis indirect rate of 15%, and far lower than OEDIT's negotiated federal indirect rate of 26.8%.
- There will be no negative program impact and this will not replace federal funds.

# *Question 5: Please explain current use of Skill Advance appropriation, the reduction, and geographic distribution.*

- The appropriation is being spent, but OEDIT believes this program could be better utilized and there is currently a cash fund balance that has accumulated in the post COVID years. We are working with Colorado Community College System to improve program practices.
- We could implement a funding reduction this year and next year, but if we extend it to three consecutive years, including FY26 and FY27, it would be challenging to run the program due to insufficient cash balance.
- The Skill Advance Program includes 6 technical colleges that are not part of the CO Community College System such as Aims Community College, CO Mesa University with its CMU Tech, Colorado Mountain College, Emily Griffith Technical College, Pickens Technical College (PTC) and Technical College of the Rockies.

# *Question 6: Why has Opportunity Next been underutilized?*

- There are a number of reasons why the Opportunity Next program has realized less enrollment than initially anticipated. Primarily, last year's FAFSA resulted in an 8% YOY completion decrease in CO. This program required FAFSA to be complete for eligibility. As a result, we had fewer eligible students than initially expected.
- The dollars proposed to return to the General Fund were initially available in case we had additional demand for high priority pathway learners, as prioritized in statute. However, demand in alignment with the scholarship's intent did not materialize, so we are able to return the remaining scholarship funds to the state.

# *Question 7: Is the limited gaming revenue to the Advanced Industries Cash Fund local gaming revenue? What is the income tax withholding transfer?*

- All of the Gaming Revenue received by OEDIT is a portion of the State's share and does not impact Local Limited Gaming Revenue.
- The income tax withholding funding source was created in statute and automatically transfers income tax withholding from the Bioscience and Cleantech industries into the Advanced Industries Cash Fund, plus \$5.5M/yr of Gaming Revenue. This revenue does not pass through the General Fund.



# *Responses to Additional Proposed Reductions*

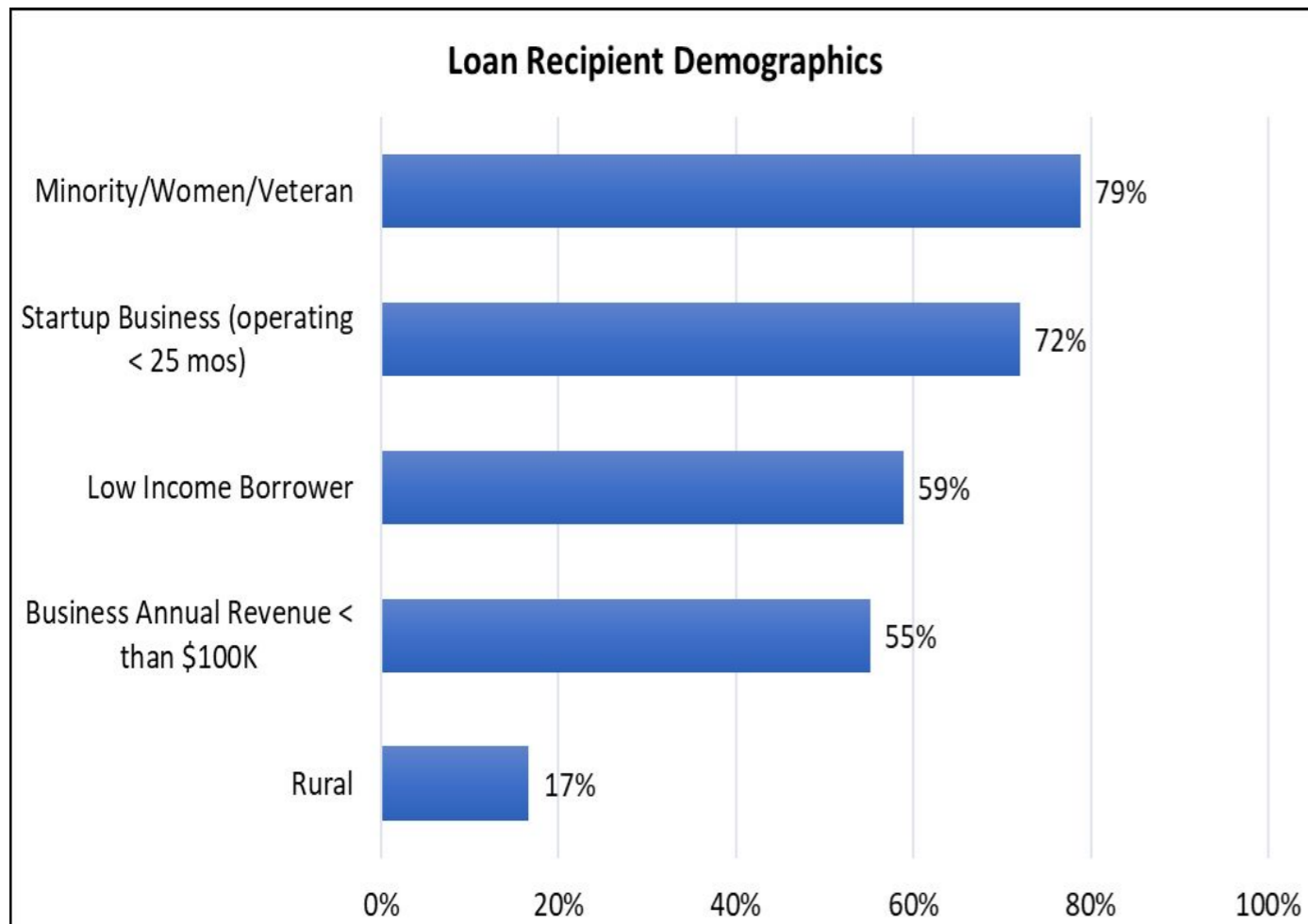


**COLORADO**

Office of Economic Development  
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# Proposed Reduction 1: Eliminate Colorado Startup Loan Fund

- Created to support underrepresented startup small business with loan capital. Startups struggle to secure loans for less than \$100,000 due to strict requirements and lengthy approval processes.
- The only state lending program focused on startups
- Received \$42.35 million General Fund and \$9.31 million remains unspent in the fund.
- 1,200 small businesses received loans totalling \$25.1M; 52% of applicants received technical assistance.
- A lender RFP to deploy an additional \$9M in program funds is underway for 2025.



CO Startup Loan Fund Budget	Amount	Notes
Funds to Deploy	\$9,000,000	fund balance
OEDIT Admin Costs	\$540,000	3-yrs Admin
<b>CO Startup Loan Fund 2.0</b>	<b>\$8,460,000</b>	<b>RFP as early as Q2 2025</b>
Loan Capital	\$7,275,600	86% allocation
Technical Assistance	\$1,015,200	12% allocation
Lender Administrative Costs	\$169,200	2% allocation

# Proposal 2: Cut Economic Development Fund

- Proposal: \$19,800,000 be taken from the Economic Development Commission. The proposed reduction was broken down by cash fund and is responded to in the same format:
  - \$7.5 million from the Strategic Reserve
    - This Strategic Reserve is critical for the EDC to respond to future Economic Development projects that are transformational for the state. Due to long term budget constraints, the EDC is not capable of competing for projects that could happen in other states or countries that have much larger funds without a strategic reserve.
  - \$4.6 million for CHIPS Act funding
    - Due to this funding, the State has had key wins in this national and global competition. Microchip and Entegris, bringing 1,000 new jobs, \$1.6 billion in private capital investment, and \$160 million in federal funding to the state.
    - This program draws in federal funding and capture private investment spurred by the CHIPS Act. Funds have been used exhibit at SEMICON Taiwan, a promotion event in Singapore, and for national ad publications in Trade and Industry Development, Site Selector, and Forbes.

# Proposal 2: Cut Economic Development Fund, Continued

- \$2.3 million in approved incentives
  - These funds should be considered encumbered.
- \$2.8 million for Just Transition from Coal
  - In 2022, OEDIT received an allocation of \$5M to support economic development activities in coal transition communities. This funding is used by OEDIT, the EDC, and local communities to grow specific industries, increase access to capital for small businesses, support entrepreneurs, and recruit primary employers.
- \$1.0 million for Re-Compete Rural programming
  - This funding is planned for additional rural economic development programming.
- \$0.8 million for Global Business Development
  - There are over 40 projects currently in the pipeline for evaluation.
- \$0.8 million in unobligated funds
  - Without these funds the EDC will not be able to provide GBD and OEDIT incentives or initiatives projects for the rest of FY25. This is all that is left for Economic Development projects out of the \$5M Long Bill appropriation for FY25. Even the commissioners are concerned. However, we reminded them at the December EDC meeting that we have the Strategic Reserve available.

# *Colorado Office of Film, Television, and Media*

- Proposal: Remove \$1,000,000 from COFTM
  - If we lose any of the funds proposed, it will have a severely negative impact to this office's long term sustainability.
  - This would jeopardize projects at a variety of levels.
  - Over the past 2 years, we've realigned and redeveloped almost all of our programs, including work with the Tribal Nations, rural communities, underserved urban communities, local film festivals across the state, and the new Film Production Incentive Tax Credit, anticipated to generate almost \$47.9M in economic impact this year.

# *Innovative Housing Incentive Program*

- Proposal: Remove \$10,000,000 from the Innovative Housing Incentive Grant & Loan Program
  - Response: OEDIT has a pipeline of 15 to 20 potential applicants ready to leverage these funds. Based on previous grant contracts, \$10 million could incentivize approximately 2,000 additional units over the next three years.
  - Furthermore, the Governor's November 1 Budget Request proposes to transfer funds to DOLA for a capital project. Without these funds available, that would not be possible.

# *Opportunity Now*

- Proposal: Remove \$60,000,000 from the Opportunity Now Program
- Response:
  - The \$60 million is fully obligated and encumbered through grant agreements with 89 grantees who are serving all areas of Colorado
  - 55% of grant recipients serve rural counties
  - On-track to serve 20,000 Coloradans with focus on hiring into good jobs.

# Questions





# Colorado Energy Office

FY 2025-26 Joint Budget Committee Hearing

January 7, 2025

Will Toor, Executive Director



**COLORADO**  
Energy Office

# CEO Mission & Vision



## Mission

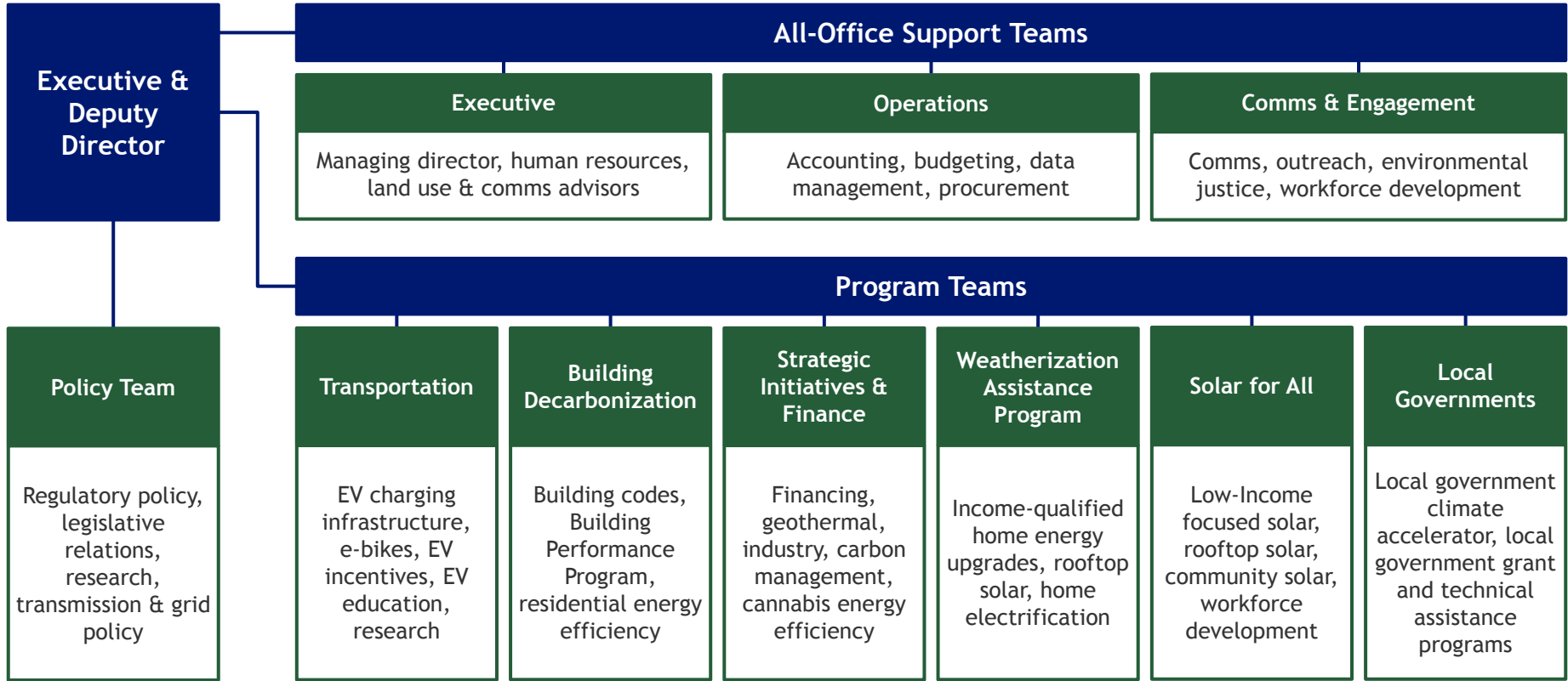
Reduce greenhouse gas emissions and consumer energy costs by advancing clean energy, energy efficiency and zero emission vehicles to benefit all Coloradans.



## Vision

A prosperous, clean energy future for Colorado.

# CEO Organizational Chart



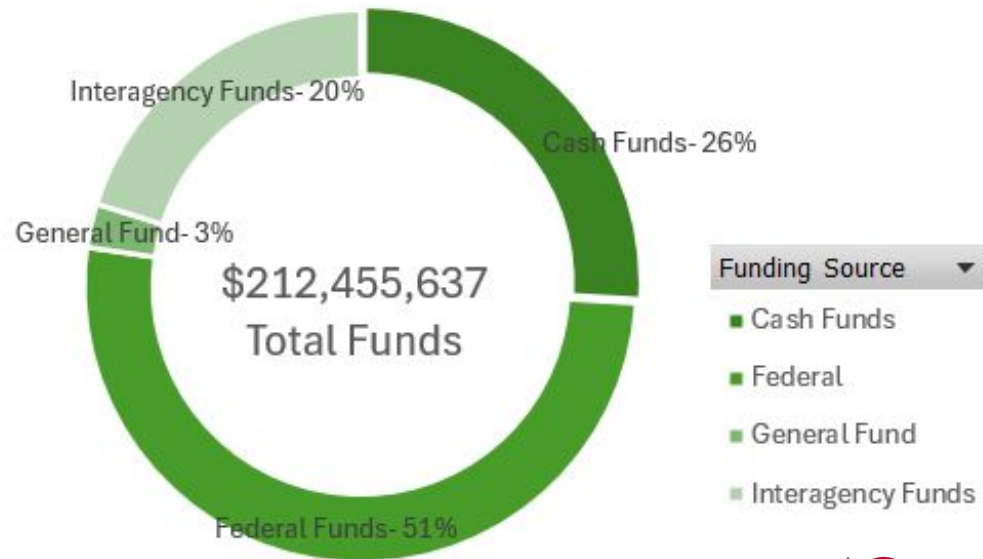
# CEO FY 2025-26 Budget Request

## FY 2025-26 Budget Snapshot

FY 2025-26 Total Funds: \$212,455,637<sup>1</sup>

FY 2025-26 General Fund: \$5,442,708

<sup>1</sup> This includes non-appropriated funds for transparency



# Discussion Question 1

Please describe any budget requests that replace one-time General Fund or ARPA funded programs with ongoing appropriations:

CEO did not receive any ARPA funds.

While CEO did receive one-time state stimulus funds with SB21-230 and SB21-231, none of CEO's requests are to replace those one-time funds with ongoing appropriations.

## Discussion Question 2

What is driving the General Fund increases in the Department?

CEO's General Fund program administration allocation has increased \$618k over the last two years due to fiscal notes and annualizations. Other increases to the General Fund have been entirely driven by the Department of Law (DOL), which flows through CEO and can only be used directly on the DOL.

# Discussion Question 3

Please respond to all of the budget reduction options suggested by JBC staff. Please provide fund balances, amounts encumbered, amounts obligated, and dollars available to transfer to the General Fund.

The budget reduction options suggested by JBC staff would impact one-time appropriations. In the case of the first three funds, long planned final grant rounds will award/encumber most of the remaining funds in early 2025. Small amounts not awarded are required to pay for the ongoing administration and monitoring of the grant implementation.

# Discussion Question 4

Can you explain which of your requests are one-time and which are ongoing, and what was the reasoning for requesting either one-time or ongoing?

CEO's on-going request is to: move the growth of the EV Fund to an enterprise as outlined above to free up funds under the TABOR cap (starting at a little over \$1 million and growing to \$17 million by 2030); requesting a move of the annual CROP General Fund to CEO's program administration Long Bill line item to provide funding for work needed to fulfill its statutory obligations.



# Discussion Question 4

Can you explain which of your requests are one-time and which are ongoing, and what was the reasoning for requesting either one-time or ongoing?

CEO's one-time requests are to: return unencumbered funds from the CROP cash funds (in the amount of \$900k).

# Discussion Question 5

How much of the federal funds that would be replaced by General Fund in CEO's R1 are ARPA funds?

None. CEO did not receive any ARPA funds.

# Discussion Question 6

Please provide all of the programs and FTE that were funded with ARPA funds or any one-time funds. Are they being eliminated? If not, which ones are not being eliminated?

CEO did not receive any ARPA funds.

When CEO fully expends its cash funds related to specific programs (Industrial Clean Air Grants, Geothermal Grants, Clean Air Building Grants, E-bike Grants) those programs/dedicated FTE will be eliminated.

# CEO Informational Budget Detail

- The Office has a number of new cash funds created through legislation in the last two fiscal years to fund a variety of programs. These cash funds have continuous spending authority, which all sunset in various years.
- CEO receives a number of types of non-appropriated funding (such as funding through other agencies) that is not included in the budget packet submission per guidelines. Some of that funding includes CMAQ and VW Settlement funding through CDOT for electric vehicle charging.

# Legislative Agenda - Budget Related

A Budget Positive legislative proposal to support state climate priorities, while alleviating budget concerns.

## **Part 1 - Enterprising Future Revenue from EV Cash Fund**

This will free up significant room in the general fund long term - anticipating about \$1.5 million in year one, growing to \$17-20 million by end of decade.

## **Part 2 - Funds Transfer to Sustainably Fund CEO**

Transfers \$ 1.4 M to the General fund from CROP, and creates an appropriation to the Energy Fund of \$655k beginning in FY25-26 and another \$560k beginning in FY26-27 for a total of \$1.2 million ongoing funding.

# Legislative Agenda Overview - continued

- **Updating Clean Energy Planning for 2040** – Setting a 2040 emissions target of near 100% emissions free electricity
- **Implementing Building Decarbonization** – Updates to Building Performance Standards program, and supporting long term technical and financial assistance to buildings
- **On-Bill Finance** – support financing of building decarbonization via low interest rate loans for repayment on utility bills
- **Measures to Support Local Govt Climate Action** – Solar App Grant Fix & enabling local EV incentives



# Questions?



**COLORADO**  
Energy Office



# Appendix



# Federal Funds Applied For/Received

## CEO Formula Funds from IIJA:

Title	Description	CO \$	Timeline
<b>State Energy Program</b>	Flexible funding to enhance energy security, advance state-led energy initiatives, and increase energy affordability.	\$6.9M	<b>AWARDED</b>
<b>Weatherization Assistance Prgm</b>	Funding to support existing weatherization assistance programs for income qualified households	\$50.1M	<b>AWARDED</b>
<b>Grid Resilience Funding (GRID)</b>	(1) Microgrids for Community Resilience with DOLA and (2) grid hardening, advanced monitoring and TA	\$17.2M	<b>AWARDED</b>
<b>Energy Efficiency Conservation Block Grant (EECBG)</b>	60% regranted to support local governments with staff to support or pursue climate action strategies and policies	\$2.1M	<b>AWARDED</b>
<b>Energy Efficiency Revolving Loan Fund</b>	Funding to provide loans and grants for energy efficiency audits, upgrades, and retrofits	\$1.6M	<b>AWARDED</b>



# Federal Funds Applied For/Received

## CEO Formula Funds from IIJA continued:

Title	Description	CO \$	Timeline
<b>National Electric Vehicle Infrastructure (NEVI) - supporting CDOT</b>	Subrecipient of CDOT. Funding to states to strategically deploy electric vehicle (EV) charging stations and to establish an interconnected network to facilitate data collection, access, and reliability.	\$57M	<b>Colorado was one of the first 35 states to have its NEVI Plan approved by the FHA in September 2022.</b>

# Federal Funds Applied For/Received

**Competitive** funds CEO was awarded from IIJA:

Title	Description	National \$	Timeline
<b>Building Codes Implementation for Efficiency and Resilience</b>	Program to enable sustained, cost-effective implementation of updated building energy codes to save customers money on their energy bills.	\$225M	<b>\$2.5M to support Advanced Energy Code Adoption</b>
			<b>\$2.5M to support the Building Performance Standards program</b>

# Federal Funds Applied For/Received

Funds CEO will receive from IRA funding:

Title	Description	CO \$	Timeline
<b>High Efficiency Electric Home Rebate Program</b>	Electrification of efficient appliances	\$70.3M	<b>AWARDED</b>
<b>Home Energy Performance-Based, Whole Home Rebates (HOMES)</b>	Energy efficiency retrofits with savings based on energy saved, either modeled or measured	\$69.9M	<b>AWARDED</b>
<b>Training for Residential Energy Contractors (TREC) - FORMULA</b>	Training for contractors involved in installation of heat pumps	\$2.5M	<b>AWARDED</b>
<b>Training for Residential Energy Contractors (TREC) - COMPETITIVE</b>	Training for contractors involved in installation of energy efficient equipment	\$2M	Preparing Application



# Federal Funds Applied For/Received

Funds CEO will receive from IRA funding:

Title	Description	CO \$	Timeline
<b>Assistance for Latest and Zero Building Energy Code Adoption - FORMULA</b>	To provide grants to states or units of local government to adopt updated building energy codes, including the zero energy code.	\$12.2M	<b>AWARDED</b>
<b>Assistance for Latest and Zero Building Energy Code Adoption - COMPETITIVE</b>	Collaborative Solutions to Scale Building Performance Standards for Under-resourced Bldgs	\$20M	<b>AWARDED</b>

# Federal Funds Applied For/Received

**Formula / Competitive** funds CEO will pursue from IRA (not comprehensive):

Title	Description	Nat. Total \$	Timeline
<b>Climate Pollution Reduction Grants</b>	<p>Program to develop and implement plans for reducing greenhouse gas emissions.</p> <ul style="list-style-type: none"> <li>• \$250 million for planning grants (\$3M/state)</li> <li>• \$4.6 billion for competitive implementation grants up to \$500M per award</li> </ul>	\$5B	<b>AWARDED</b> <b>\$3M Planning</b> <b>\$129M Implementation</b>
<b>Greenhouse Gas Reduction Fund</b>	<p>\$20B for grants to mobilize financing and leverage private capital for clean energy and climate projects that reduce greenhouse gas emissions, with an emphasis on projects that benefit low-income and disadvantaged communities and <b>\$7B for low-income solar (Solar for All)</b>.</p>	\$27B	<b>AWARDED</b> <b>\$156M Solar for All</b>

# Legislative Reports from CEO 2025

Microgrid Roadmap	2024 EV Plan Report
Community Access Enterprise Annual Report	Public Building Electrification Grant Program Report
Sustainable Rebuilding Program Fund Report	High Efficiency Energy Heating and Appliances Grant Program Report
Clean Air Grant Program Progress Report	Geothermal Energy Grant Program Report
E-Bike Rebate Program Progress Report	Clean Hydrogen Tax Credit Standards
Standards Adopted for Decarbonization Tax Credits -- Industrial Clean Energy Tax Credit, Geothermal, Heat Pump, E-bike, Sustainable Aviation Fuel	Low-Income Utility Payment Assistance Report
Streamlined Solar Permitting/Inspection Grant Report	Statewide Resource Adequacy Aggregate Annual Report
Ozone Season Transit Grant Program and Youth Free Fare Program	Local Govs Renewable Energy Projects
CEO Report on Grants from SB21- 230	Buildings Energy Performance Benchmarking
SMART Act (note this includes WAP Grants report)	Carbon Management Roadmap
EV Charger Permitting Model Code	Accelerated Adoption of Heat Pump Technology Study
Biannual GHG Report	Windows and Doors Standard Review



**COLORADO**  
Governor's Office of  
Information Technology

# Joint Budget Committee Hearing

January 7, 2025





# Agenda

- About OIT & Current Leadership
- Stakeholder Engagement Survey
- Real Time Billing
- Budget Reductions
- Technology Risk Prevention and Response Fund (TRPR)
- IT Lifecycle Planning Status
- Colorado Digital Service
- Top 7 List
- Questions

# OIT Executive Staff



**Chief Information Officer & Executive Director, David Edinger**



**Chief Operations  
Officer  
Sri Ramaswamy**



**Chief Financial  
Officer  
Alex Monts**



**Broadband Office  
Executive  
Director  
Brandy Reitter**



**Chief Customer  
Officer  
William  
Chumley**



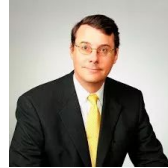
**Chief People  
Officer  
Bob Nogueira**



**Chief  
Communications  
Officer  
Brandi Wildfang**



**Chief Information  
Security Officer  
Jill Fraser**



**Chief Technology  
Officer  
Alex Pettit**



**Director Colorado  
Digital Service  
Sarah Tuneberg**



**Chief Data Officer  
Amy Bhikha**

FY25 – FY27



# WILDLY IMPORTANT GOALS

**WIG 1**



Improve  
Technology  
Resilience  
& Reliability

**WIG 2**



Strengthen  
Agency  
Partnership  
& Satisfaction

**WIG 3**



Expand  
Broadband  
Internet  
Access

**WIG 4**



Build  
State  
Digital Service  
Capacity

**WIG 5**



Improve  
Technology  
Accessibility



# Customer Satisfaction

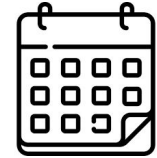
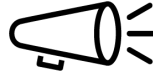
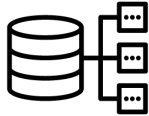
William Chumley  
*Chief Customer Officer*



# Customer Engagement

Now

Looking Ahead



## Collect Feedback

- Annual Customer Survey
- Customer User Group (CUG) Meetings
- Quarterly Business Reviews (QBR)

## Manage Feedback

- Customer feedback tracker
- Quarterly feedback tracker

## Connect Work to Feedback

- Map feedback to current and planned work.
- Share results with agencies.

## Develop Plan

- Map feedback to OIT resources and services.

## Report on Progress

- Establish regular progress check-ins



# 2024 Annual Survey Trends

Overall  
Satisfaction

**67%**



7% increase over 2023

Service Desk

**76%**



8% increase over 2023

Security

**73%**



6% increase over 2023

Deskside Support

**73%**



7% increase over 2023





# Successful Partnerships

## DNR

Release of “Hiring IT Roles in Consolidated Agencies” leads to shared understanding between OIT and Agencies.

## CDEC

Increased use of OIT services to deliver on mission.

Successful Implementation of Unified Family Application and Early Childhood Integrated Data System through OIT Partnership.

## DOR

Real-time Billing provides visibility and accountability for more agile project management and quality of service.

## CDPHE

Active Directory clean-up resulting in *saving \$200K* in costs per year.

Embarking on data modernization through OIT partnerships.

Improved strategic planning with OIT using Solution, Business, and Data Architects.

## OeHI Highlights:

Colorado Health IT strategic roadmap is refreshed every 3 years.



# Real Time Billing

Alex Monts  
*Chief Financial Officer*





# Foundation for Real-Time Billing

HB17-1361 commissioned the [BerryDunn report](#). The report evaluated State agency information technology (IT) resources and made [recommendations](#) in several operational areas including IT billing practices. The report made the following recommendations in the area of IT billing practices.

## Summary of Recommendations:

### A. Purchase all capital IT assets and bill

- i. Bill those assets to agencies on a depreciation basis.
- ii. Develop a method to clearly identify and control refresh dollars.

### B. Simplifying OIT billing process

- i. Evaluate and reduce the number of units of measure used to compute bills
- ii. Improve reports by minimizing changes to billing codes
- iii. Create new reports that are consistent and comparable from year to year
- iv. Provide agencies with a clear lists of their IT assets



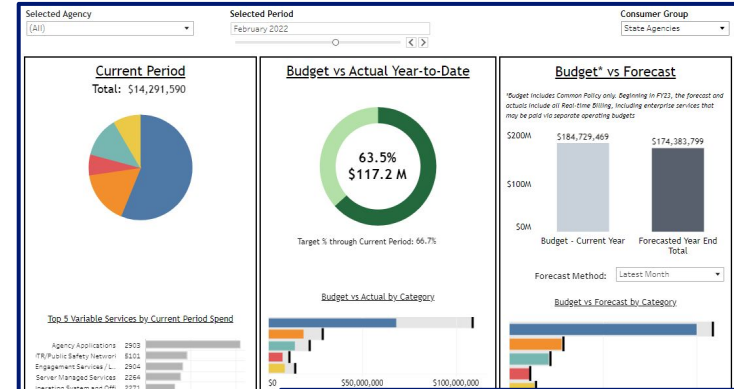
# Transition to Real-Time Billing

Beginning with FY 2021-22, OIT transitioned to Real-time Billing (RtB) for OIT services. This transition was part of the overall statewide IT Transformation vision to:

- Build increased IT **accountability** and **ownership**
- Ensure collaborative IT **governance** and **oversight**
- Provide additional **transparency** into OIT's service offerings
- Create a more **nimble** and **process-oriented** IT organization

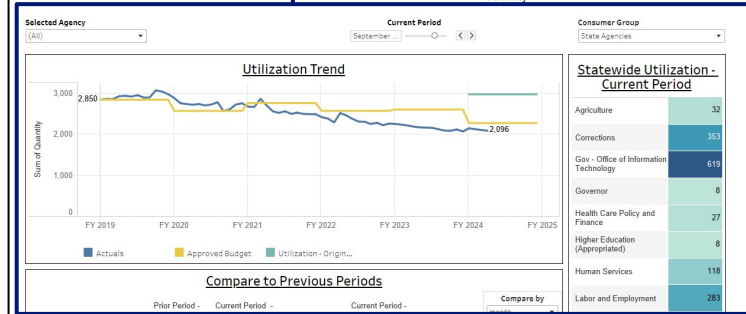
RtB include service related to:

- IT Infrastructure
- Applications & Platforms
- Data Management & Governance
- Project & Portfolio Management
- Consulting & Business Services



**Summary of Charges:**

Consumer	Service Category	Charges
DOA - Agriculture (BAAA)	Applications & Platforms	\$73,158.27
	Consulting and Business Services	\$52,590.89
	Data Mgmt / Governance	\$1,796.17
	IT Infrastructure	\$41,377.37
	Project & Portfolio Mgmt	\$17,022.20
	Security	\$16,067.70





# Real-Time Billing Outcomes

## Improved Collaboration via the Rates & Service Board

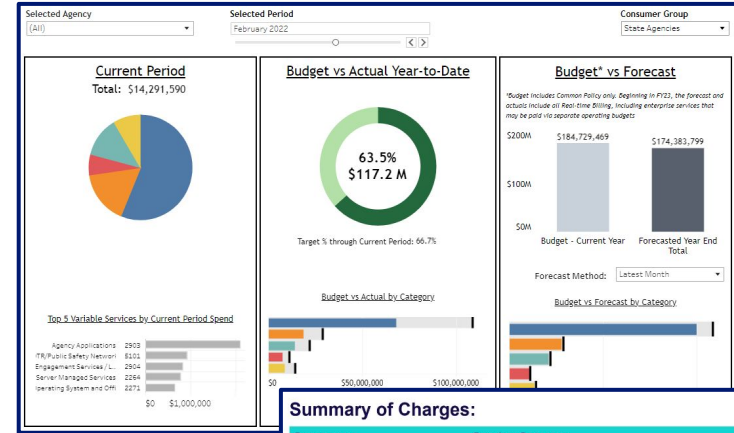
- Rate Setting
- Service Demand
- Service Delivery

## Enabling a Cost-Conscious Culture

- Monthly review of service usage and billing
- Annual RtB supplemental
- 2 of 3 RtB supplementals led to a reduction in OIT's Common Policy allotment

## Transparent & Simplified Billing

- Multi-year usage dashboards
- Budget to Actual dashboards
- Central repository for monthly invoices



### Summary of Charges:

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# Budget Reductions

Alex Monts  
*Chief Financial Officer*



# FY 2025-26 Budget Reduction Requests

**R-01**

Technology Accessibility Program (TAP) Operating Reduction FY26

- (\$45k) or 1% reduction to OIT's General Fund
- Reduction in TAP operating line
- Reduction will not result in a material operational change or negative programmatic impacts

**R-02**

Technology Risk Prevention and Response (TRPR) One-time Transfer FY26

- (\$5M) transfer from TRPR fund to the General Fund
- Will require legislation; potential impact on current projects extending into FY26 and reduces opportunities to mitigate security and operational risks.

**S-01**

Real-time Billing (RtB) Statewide Supplemental FY25

- (\$1.5M) statewide reduction in Payments to OIT
- Updates OIT common policy service rates and update utilization estimates for the year
- Includes agency specific initiated adjustments

**BA-01  
/S-02**

1% FTE Reduction and Net Zero Long Bill Realignment FY25-26

- (\$1.37M) or 1% FTE reduction to OIT's FY25 long bill
- 10 FTE Reduction within OIT's Enterprise Solutions program line

**(\$8.3M) = Total budget reduction to OIT**

- OIT's total proposed budget reduction of (\$8.3M) will help close the funding gap for the state in FY 2025-26



# TRPR Fund & IT Lifecycle Planning Status

**Michael McReynolds**  
*Senior Manager Government Affairs*

**William Chumley**  
*Chief Customer Officer*



# TRPR: Strategic Purpose & Intent

The Technology Risk Prevention and Response Fund (TRPR) was created by SB21-287 and modified by SB22-191. This fund is an improved version of a prior fund that was swept/eliminated during the FY 2020-21 budget cuts. SB21-287 and SB22-191 were passed with bipartisan support and with the full support of the JBC, JTC, and Senate and House Leadership.

Key Purpose(s) of the fund:

1. Information Technology Emergency
2. Preventing Risk from Information Technology Debt
  - a. anticipating failure
  - b. no longer supported or maintained by manufacturers or vendors
  - c. out of security compliance or creating a security risk
  - d. part of an outstanding state audit recommendation
  - e. keeping the state from recognizing efficiencies or advances in information technology or information technology financing



# TRPR: Key components to the Fund

- Controls

- Clearly defined uses of funding
- One time costs ONLY
- Only 50% is continuously appropriated
  - Ensures emergency reserve is maintained while funding risk prevention projects
  - All TRPR funded projects must be approved by OIT's Chief Information Officer
- Fund has a 50m total cap limit
- Quarterly reporting to JBC and JTC
  - [Q1 Fiscal Year 2025-26 TRPR Quarterly Report](#)

- Strategy and Design

- One time GF appropriation - 2m
- OIT can contribute to the fund with its operations model
- Unexpended or unencumbered General funds derived from IT resource or project savings
  - Incentivizes OIT and agencies to create efficiencies by creating “circular funding”





# TRPR Creates an Efficiency Incentive

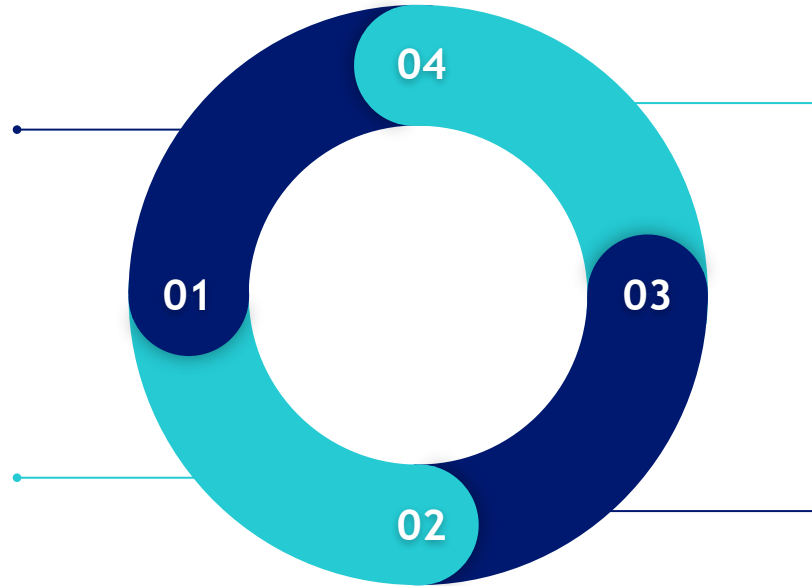
## TRPR Available Fund Balance FY 2024-25

\*\$1.5M Reserved for IT Emergencies

\*\$3.5M for Risk Prevention Projects

## OIT/Agency TRPR Project Funding Need

Agency specific projects are identified, prioritized, and timeline for completion are finalized by Agency Product Directors, IT Directors, and OIT's executives



## Reversions From Project Savings/Efficiencies

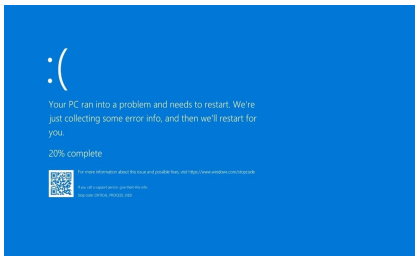
Verified savings and efficiencies are documented and those funds then revert back into the TRPR Fund to be reallocated towards other prioritized risk prevention projects

## OIT/Agency Project Completed

Not all, but once completed, many projects create cost avoidance or savings for the state



# TRPR: When is it a Use Case, Incident, or Emergency?



On 19 July 2024, American cybersecurity company CrowdStrike distributed a faulty update to its Falcon Sensor security software that caused widespread problems with Microsoft Windows computers running the software. As a result, roughly 8.5 million systems crashed and were unable to properly restart in what many have now call the largest outage and emergency ever.

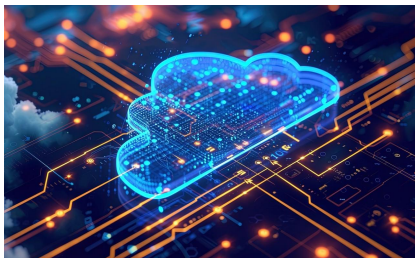
Fund Used

NO



5 total claims in 2024 where OIT and DPA teams leveraged the states cyber insurance for cyber incidents such as ransomware events and compromised applications.

NO



\$1.5m encumbered TRPR funds are moving ACSES's lower environments: (dev, test, etc...) migration paths and then to the state's native vendor environments. The helps the state reduce expense obligations and continues to address a key IT migration goal.

YES





# IT Lifecycle Strategy

SB24-224 directed OIT to establish an IT lifecycle management plan, created a depreciation mechanism for new IT capital assets, and designated OIT as the entity to define technical debt. It also directed OIT to report information for all state agencies in the legislative, judicial and executive branches in order to allow the state to take a strategic approach to funding, acquisition, deployment, maintenance, and replacement of IT.

- **Bill Components and Intent:**

- OIT to submit annually a fiscal impact statement to the Office of State Planning and Budgeting, and an annual report on technical debt to the Joint Budget Committee and Joint Technology Committee.

- **Timeline:**

- Promulgate rules by December 31, 2024
- Tech Debt Reporting begins November 1, 2025



# IT Lifecycle Planning: Rules Update

The [rules](#) have been reviewed by the Attorney General's Office and were published by the Secretary of State on **Dec. 25**.

## Key Takeaways:

- Tech Debt is defined in rule!
- Non-consolidated agencies report to OIT solely about IT assets that receive an appropriation through the IT capital request process
- The annual tech debt report will be limited to IT assets at consolidated agencies
- Phased approach to build IT asset inventory for consolidated agencies over time



# Rules Enable Further Action

Feature	Rules	Implementation Projects	Processes and Guidance
<b>Purpose</b>	Define requirements and standards  “What”	Guide execution, coordination, and implementation  “How” Big Picture	Provide step-by-step instructions  “How” Day-to-Day
<b>Relationship</b>	Rules drive the project plans	Project plans guide SOP creation	SOPs enact the rules
<b>Scope</b>	Broad, overarching	Strategic, focused on roll-out	Specific, task-oriented
<b>Nature</b>	Static (until revised)	Dynamic, adapting to challenges and progress	Iterative & refinable
<b>Output</b>	Overall framework for how things should work.	Steps, timelines, resources to make rules a reality.	Translate rules into specific instructions.



# IT Lifecycle Support Efforts

Developing processes, guidance, and documentation

## IT Lifecycle Rules

## IT Asset Inventory

## As-Is Data Center Architecture

## Enterprise Architecture Workspace

## First OIT Report Due

Define scope of action, define tech debt and lay the foundation for lifecycle planning.

Ensure OIT-tracked assets are in CMDB. Attach dollar figures and other necessary data points.

Where are our assets in our data centers?

Define connections and make a translation from OIT speak to agency speak.

First tech debt report due to JBC and JTC by Nov. 1, 2025.

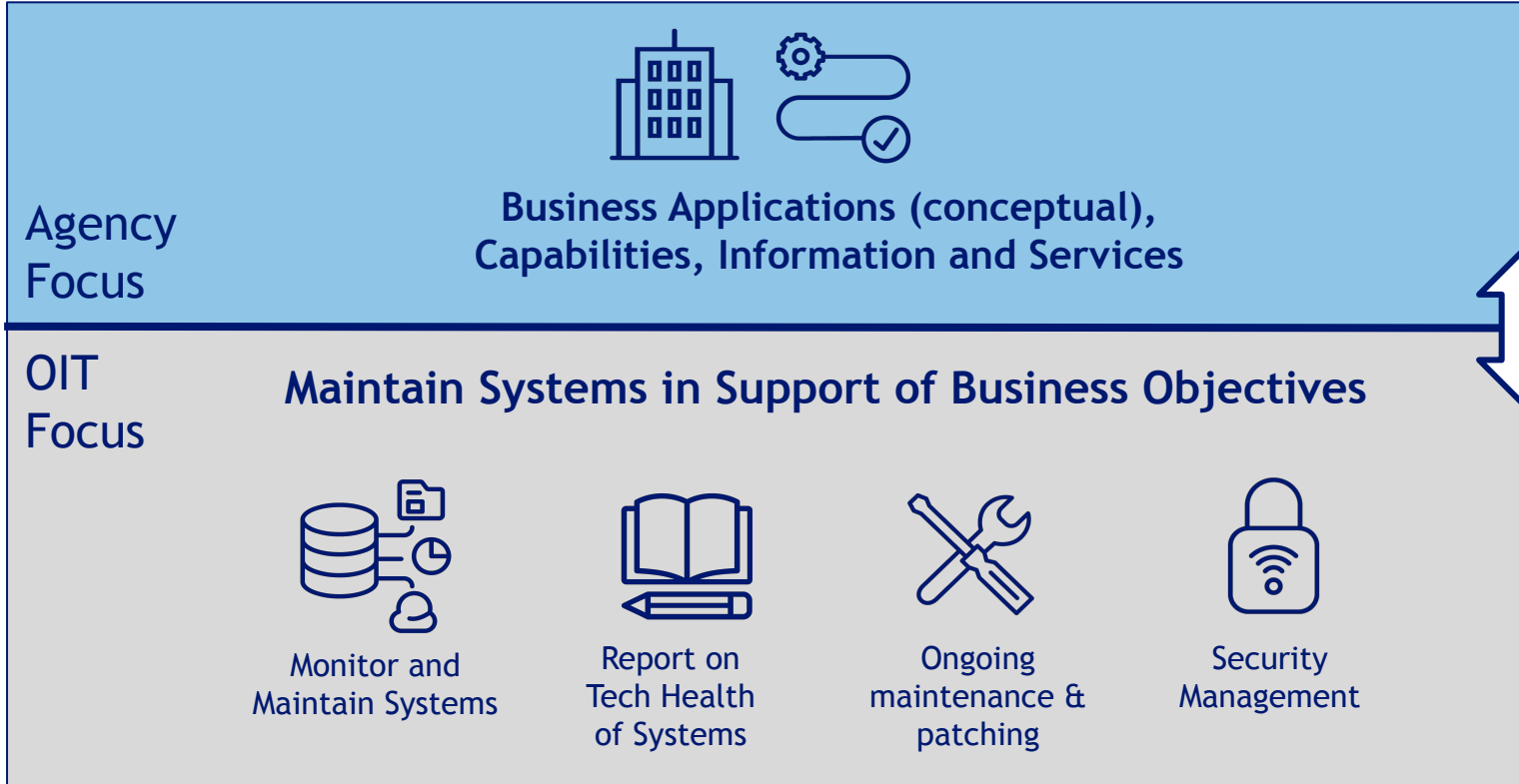
Focus on setting standards and defining requirements.

Focus on application portfolio and developing enterprise architecture understanding and maturity.



# IT Lifecycle Strategy Vision

## Ideal Future State





# Driving better outcomes while delivering cost efficiency

Sarah Tuneberg

*Director, Colorado Digital Service (CDS)*



Colorado Digital Service



# Our Practices

Seeking and Solving  
the Root Problem

Outcome-oriented  
Product Management

Co-design with  
Community Members

Agile Procurement  
and Modular  
Contracts

Iterative, Incremental  
Development

Building Technology  
that Delivers for the  
Users





OIT WIG #4  
Build State Digital Service Capacity

## Mission Statement

**Meet people where they are to  
deliver fast, secure, and  
personalized digital interactions  
that enable a thriving Colorado.**





# Colorado Digital Services Update



Pillar 1

## Digital Government

We envision a State government which...

**Provides best-in-class digital services to all Coloradans, quickly and seamlessly, and serves as a leader in Digital Government.**

- Prioritize High impact products & services
- Test with users early and often
- Use agile procurement & quality driven contracts management
- Increase accountability
- Build cross-functional product management as practice across State of Colorado



Pillar 2

## Customer Experience Call Centers

We envision a State government which...

**Delivers personalized and efficient one-to-one customer support to all Coloradans (call centers, chat)**

- Omni-channel mapping and data collection
- Center on the customer
- Target highest friction, lowest cost interventions first
- Build communities of practice



# Building Technology that Delivers for the Users

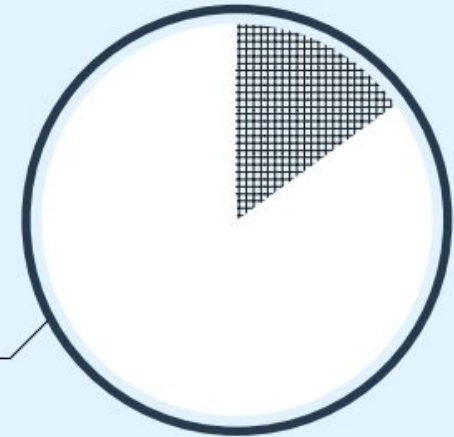
User testing allows us to evaluate an idea's value to our end users before a single dollar is spent

## \$150 billion lost due to abandoned projects

Projects abandoned because they do not meet the original purpose.

**\$1 trillion**

Global IT expenditures.



DR SUSAN WEINSCHENK - [HTTPS://WWW.YOUTUBE.COM/WATCH?V=D94KYYZQVTC](https://www.youtube.com/watch?v=D94KYYZQVTC)





# Avoiding Costly Mistakes

CDS's test of a GenAI IVR avoided \$1M+ of tech spending that would have missed the mark for users





# Champion Use of Free and Open-Source Software

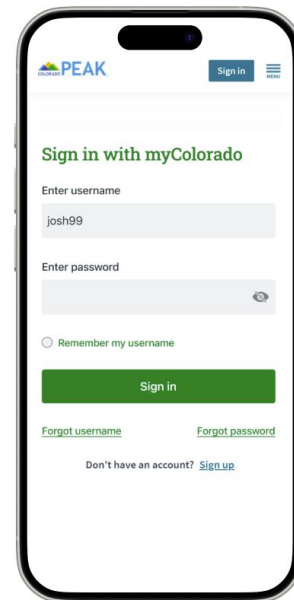
- Cost savings, flexible usage, reusability, community involvement, increased security
- 18F default to use FOSS
- The work we do is paid for by Coloradan's, FOSS increases the value to them
- Working to scale FOSS across the State of Colorado





# myColorado As Single Account to Access State Services

- Recognized, trusted brand
- Significant cost savings, \$500k+ in year 1
- Reduced fraud losses
- Agency partner effort and time savings







# Vendors Paid When Quality Work Is Delivered

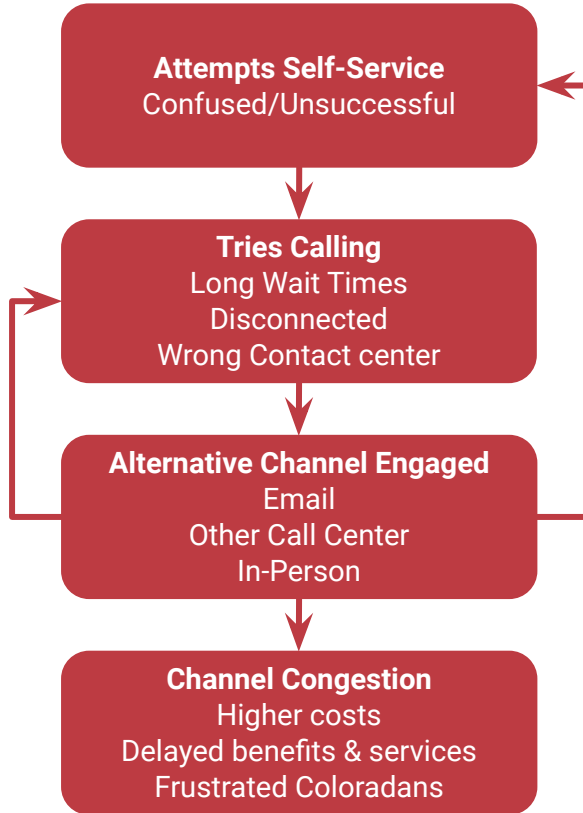
- Promoting a vendor contracting approach that protects the State, by only paying vendors when quality work is delivered
- We create clear deliverables and measure the quality of work through rigorous quality assurance testing
- For one CDS project the vendor has only been paid 17% of expected cost-to-date



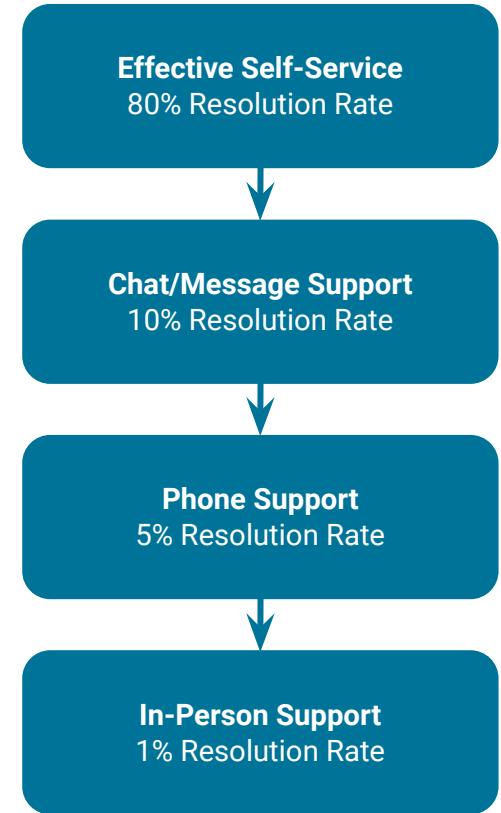


# Customer Experience Improvement

Current State:  
Fractured & Frustrated



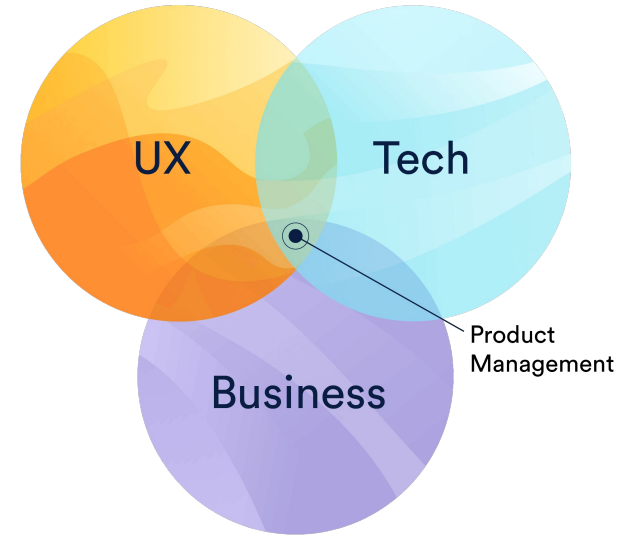
Future State:  
Tiered Support





# Wrap-Around Product Support for CBMS

- Cross-functional product teams unlock the value of complex technology, ensure tech meets the needs of users
- CDS is supporting CBMS Head of Product
- CMS encouraging in-house cross-functional product teams to ensure value and quality
- CBMS FTE request aligns with CMS, CDS, and evidence-based technology practice





# Wrap-Around Product Support for CBMS

01

## Short Term Consulting

- Funded via OIT operations
- Ensures value creation as #1 priority
- Increases agility, reduces bureaucracy,

02

## Real Time Billing

- CDS bills at rates within OIT Service Catalog
- Hourly, under market rates
- Adding services coming

03

## Grant Funding

- Leveraging SIPA GovGrants
- New to CDS
- Seeking additional GovGrants, Fed Grants, philanthropic sources of funding



# Top 7 List

**David Edinger**  
*Chief Information Officer*

## 01 Created a more inviting workplace

- This included the TechBar grand opening at 1575 Sherman Street, which offers state employees in-person tech support.

## 02 Relocation of Leased eFORT data center

- The move to the state-owned facility is now 99.9% complete, helping to reduce technical debt and save the state millions of dollars.

## 03 Recovering from CrowdStrike Global IT Outage

- Our Security team, with the support of many teams across OIT, helped the State of Colorado recover in under a week.

## 04 Continuing to Close Colorado's Broadband Gaps

- Broadband Office awarded grants, including \$113.5 million in federal funding that helped Coloradans in Elizabeth and Kiowa gain access to reliable high-speed internet.

## 05 Celebrated 1 year in ServiceHub Customer Portal

- OIT teams worked to resolve 97.5% of the 186,272 "Get Help" tickets submitted by state employees.

## 06 Progress on Technology Accessibility CO #1

- An independent evaluation in the 2024 Web Almanac gave sites using the Colorado.gov platform an accessibility score of 96%, higher than all other states.

## 07 myColorado™ Milestone

- 1.6M user accounts were created, and the app's UI/UX was completely overhauled.

# Questions?