

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING
OFFICE OF THE GOVERNOR**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
Kevin Neimond, JBC Staff
December 10, 2012**

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

TABLE OF CONTENTS

Department Overview 1

Department Budget: Recent Appropriations..... 1

Department Budget: Graphic Overview 2

General Factors Driving the Budget 4

Summary: FY 2012-13 Appropriation & FY 2013-14 Request 7

Issues:

Continuation of Process Improvement Program..... 11

Limited Gaming Tax Revenue Overview 15

Implementation of S.B. 11-047 (Bioscience and Clean Technology) 18

Overview of Economic Development Request 22

Statewide IT Budget Request Overview..... 27

Consolidated Communications System Authority..... 33

Medicaid Management Information System Reprocurement..... 39

Appendices:

A – Numbers Pages

B – Recent Legislation Affecting Department Budget

C – Update on Long Bill Footnotes & Requests for Information

D – Change Requests' Relationship to Performance Measures

E – OSPB-Resourced Projects and Improvements (*provided by OSPB*)

OFFICE OF THE GOVERNOR

Department Overview

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

- The Office of the Governor oversees operation of the executive branch of State government including coordination, direction, and planning of agency operations. The Office represents the State, and serves as a liaison with local and federal governments. Includes the core functions of a traditional executive director's office and the Colorado Energy Office;
- The Office of the Lieutenant Governor directly oversees the Colorado Commission of Indian Affairs, Commission on Community Service, and other initiatives. The Lieutenant Governor temporarily takes the Governor's place if the Governor is out of Colorado or is unable to perform his/her duties. Note, the passage of H.B. 11-1155 (McNulty & Pace/Shaffer & Kopp) permitted the Lieutenant Governor to serve as the Executive Director of the Department of Higher Education in addition to his elected role as Lieutenant Governor;
- The Office of State Planning and Budgeting develops executive branch budget requests, and reviews and analyzes departmental expenditures. Additionally, the Office prepares quarterly revenue and economic estimates for the state;
- The Office of Economic Development and International Trade assists in strengthening Colorado's prospects for long-term economic growth by providing broad-based support to businesses; and
- The Office of Information Technology oversees technology initiatives at the State level, and recommends the implementation of strategies to maximize efficiencies in service delivery through the application of enterprise technology solutions.

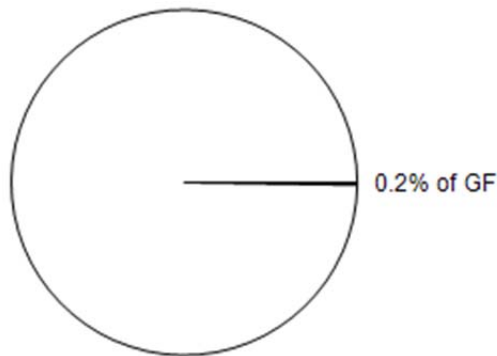
Department Budget: Recent Appropriations

Funding Source	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 *
General Fund	\$11,930,349	\$8,450,595	\$18,320,081	\$23,855,802
Cash Funds	26,204,006	23,692,996	33,747,087	37,729,963
Reappropriated Funds	131,373,119	136,698,315	141,242,425	138,708,713
Federal Funds	<u>33,496,112</u>	<u>23,791,753</u>	<u>6,497,635</u>	<u>6,755,717</u>
Total Funds	\$203,003,586	\$192,633,659	\$199,807,228	\$207,050,195
Full Time Equiv. Staff	1,048.9	1,014.4	1,037.4	1,064.4

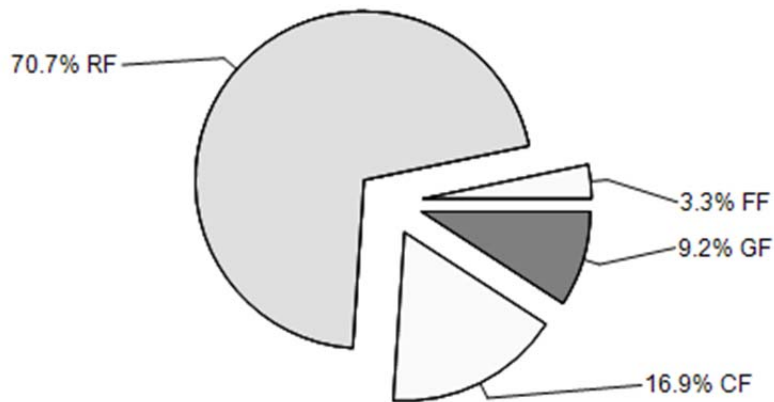
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

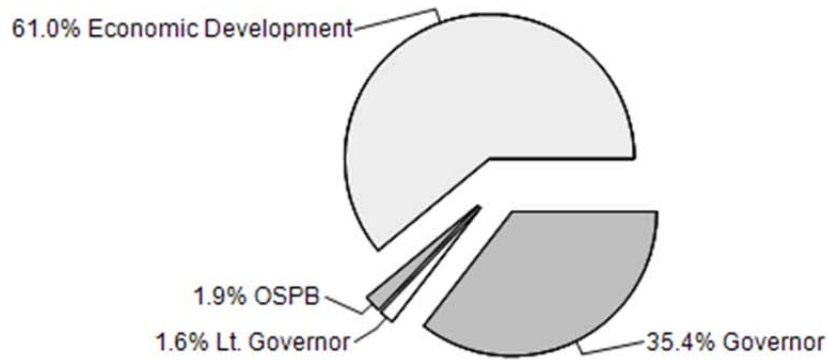


Department Funding Sources

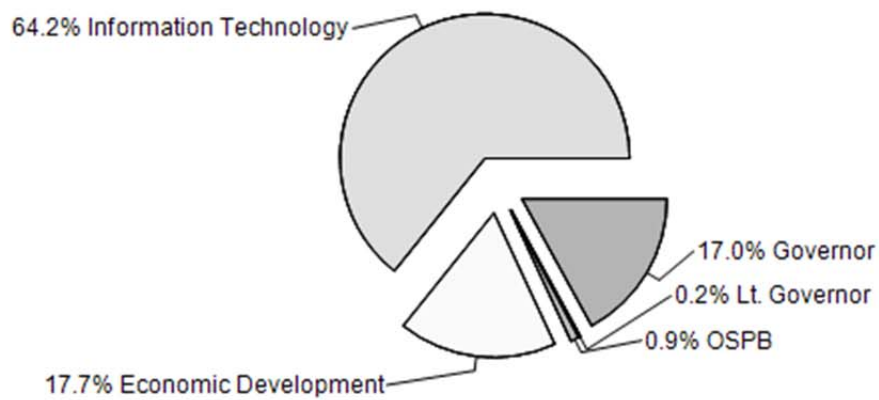


All charts are based on the FY 2012-13 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2012-13 appropriation.

General Factors Driving the Budget

Energy Efficiency and Renewable Energy Resource Development Initiatives

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

To address the future of the Office, H.B. 12-1315 (Becker/Steadman) changed the statutory mission of CEO from promoting renewable energy and energy efficiency to encouraging all sources of energy development. Additionally, it created the Clean and Renewable Energy Cash Fund and the Innovative Energy Fund. The Clean and Renewable Energy Cash Fund receives a transfer of \$1.6 million from the General Fund from FY 2012-13 through FY 2016-17, while the Innovative Energy Fund receives a transfer of \$1.5 million from the Severance Tax Trust Fund from FY 2012-13 through FY 2016-17.

Economic Development Programs

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

Revenues available for transfer to the Limited Gaming Fund can vary considerably from year to year. The September 2012 Legislative Council Economic and Revenue Forecast indicates funds administered by OEDIT are slated to receive \$17.3 million in limited gaming tax revenue at the end of FY 2012-13 for use in FY 2013-14.

The legislature opted to provide OEDIT with an additional \$5.0 million General Fund for FY 2012-13 to provide new job creation incentives for companies relocating to Colorado and expanding in Colorado. The Office has requested that 80.0 percent of the one-time increase of funds for this purpose be extended for an additional year through FY 2013-14.

Consolidation of Statewide Information Technology Resources

In May of 2007, the Governor issued Executive Order D 016 067 to begin centralizing the management of executive branch information technology resources in the Governor's Office of Information Technology (OIT). The purpose was to address infrastructure, purchasing, project planning and delivery, asset management, and strategic leadership needs. During the 2008 legislative session, the General Assembly passed and the Governor signed S.B. 08-155

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

(Cadman/Kerr, A.) that consolidated the responsibility for information technology oversight of most of the State's executive branch agencies in OIT.

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

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

Funding historically dedicated to the associated information technology staff in specific State agencies and programs continues to be appropriated to those agencies in order for them to maintain consistency of program, state, and federal funding streams and reporting standards. Agencies make payments to OIT for their share of information technology staff payroll costs, including centrally appropriated items and personal services expenses. With the exception of expenses associated with the operation of the Colorado Benefits Management System (CBMS), the payments are made from information technology common policy allocations based on the information technology common policy function that each position transferred most appropriately aligns (Purchases of Services from Computer Center, Multiuse Network Payments, Communications Services, or Management and Administration of OIT). Expenses associated with CBMS are billed directly to the Department of Human Services outside of the information technology common policy structure.

The table on the following page summarizes appropriation levels for OIT for the past five years through the Governor's FY 2013-14 budget request.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Office of Information Technology - Appropriation Change from FY 2008-09 through FY 2013-14						
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	(Appropriation)	(Appropriation)	(Appropriation)	(Appropriation)	(Appropriation)	(Request)
FTE	227.3	218.8	898.8	902.8	898.8	920.8
Change	1648.5%	-3.7%	310.8%	0.4%	-0.4%	2.4%
<hr/>						
Appropriation	\$46,808,750	\$44,974,711	\$121,981,006	\$114,620,717	\$128,370,881	\$120,844,303
Change	3371.8%	(3.9%)	171.2%	(6.0%)	12.0%	(5.9%)

*JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision*

Summary: FY 2012-13 Appropriation & FY 2013-14 Request

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1335 (Long Bill)	\$186,267,091	\$17,968,186	\$23,086,596	\$128,513,469	\$16,698,840	1,022.7
Other legislation	<u>13,540,137</u>	<u>351,895</u>	<u>10,660,491</u>	<u>12,728,956</u>	<u>(10,201,205)</u>	<u>14.7</u>
TOTAL	\$199,807,228	\$18,320,081	\$33,747,087	\$141,242,425	\$6,497,635	1,037.4
FY 2013-14 Requested Appropriation:						
FY 2012-13 Appropriation	\$199,807,228	\$18,320,081	\$33,747,087	\$141,242,425	\$6,497,635	1,037.4
R-1: Lean program	975,868	975,868	0	0	0	0.0
R-2: Prospect pipeline and branding	603,232	603,232	0	0	0	3.6
R-3: EDC General Fund increase	2,986,236	2,986,236	0	0	0	0.9
R-4: Leased space increase	129,322	129,322	0	0	0	0.0
R-5: Tourism promotion and branding	2,000,000	2,000,000	0	0	0	0.0
R-6: Film incentives	1,000,000	1,000,000	0	0	0	0.0
R-7: OIT operating transfer	518,003	518,003	0	0	0	0.0
R-8: OIT enterprise management	437,600	0	0	437,600	0	0.0
R-9: Microwave assessment	300,000	0	300,000	0	0	0.0
NPI-1: Capitol Complex upgrades	34,494	20,404	0	14,090	0	0.0
NPI-2: Employee engagement survey	3,802	1,141	0	2,661	0	0.0
NPI-3: OIT enterprise management	18,031	0	0	18,031	0	0.0
NPI-4: Childcare licensing system	131,620	0	0	131,620	0	0.0
NPI-5: Behavioral health data system	480,000	0	0	480,000	0	0.0
NPI-6: Adult Protective Services system	250,000	0	0	250,000	0	0.0
NPI-7: Revenue infrastructure	3,208,201	0	0	3,208,201	0	22.0
Gaming revenue adjustment	5,122,245	0	5,122,245	0	0	0.0
Centrally appropriated line items	4,736,770	(371,474)	249,620	4,600,542	258,082	0.0
Indirect cost assessment	188,679	0	171,502	17,177	0	0.0
Annualize prior year legislation	(14,854,854)	(351,895)	(1,860,491)	(12,642,468)	0	0.5
IT common policy adjustments	<u>(1,026,282)</u>	<u>(1,975,116)</u>	<u>0</u>	<u>948,834</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$207,050,195	\$23,855,802	\$37,729,963	\$138,708,713	\$6,755,717	1,064.4

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$7,242,967	\$5,535,721	\$3,982,876	(\$2,533,712)	\$258,082	27.0
Percentage Change	3.6%	30.2%	11.8%	(1.8%)	4.0%	2.6%

R-1: Lean program: The request includes an increase of \$975,868 General Fund to support the continuation of the implementation of the Lean operational process improvement methodology in State agencies. *For more information on this budget request, see staff’s issue briefing in this document entitled “Continuation of Process Improvement Program.”*

R-2: Prospect pipeline and branding: The request includes an increase of \$603,232 General Fund and 3.6 FTE for FY 2013-14 to drive proactive business retention, prospecting activities, and branding initiatives.

R-3: EDC General Fund increase: The request includes \$2,986,236 General Fund for FY 2013-14 to provide new job creation incentives for companies relocating to Colorado and expanding in Colorado. *For more information on this budget request, see staff’s issue briefing in this document entitled “Overview of Economic Development Request.”*

R-4: Leased space increase: The request includes an increase of \$129,322 General Fund for FY 2013-14 to cover the Office of Economic Development and International Trade’s projected leased space costs for its office space. The Office leases 14,337 square feet at 1625 Broadway in Denver at a rate of \$18.60 per square feet. The current lease for the space expires on June 30, 2013. The Office indicates that the square footage market rate for the building has increased since the contract was executed in 2005, requiring an additional \$6.57 per square foot.

R-5: Tourism promotion and branding: The request seeks an increase of \$2,000,000 General Fund to support tourism promotional activities and develop a branding platform for the state. *For more information on this budget request, see staff’s issue briefing in this document entitled “Overview of Economic Development Request.”*

R-6: Film incentives: The request includes \$1,000,000 General Fund for FY 2013-14 to provide performance-based production incentives for companies hiring Colorado employees and spending money in Colorado during the production feature films, television commercials, and digital games. *For more information on this budget request, see staff’s issue briefing in this document entitled “Overview of Economic Development Request.”*

R-7: OIT operating transfer: The request includes an increase of \$518,003 General Fund for FY 2013-14 for operating costs associated with the FTE transferred to the Governor’s Office of Information Technology (OIT) as part of the consolidation of information technology personnel resources in OIT.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

R-8: OIT enterprise management: The request seeks an increase of \$437,600 reappropriated funds transferred from State agencies to the Governor’s Office of Information Technology to implement a system to track the IT assets currently in stock, including the condition, usage, and future refresh requirements. The requested funds would be used to license asset tracking software, maintain the software license, and host and maintain the system environment.

R-9: Microwave assessment: The request includes an increase of \$300,000 cash funds from the reserve of the Public Safety Trust Fund to assess the scope and strategy for necessary upgrades to the microwave backbone that serves the statewide public safety communications system (Digital Trunked Radio System). *For more information on this budget request, see staff’s issue briefing in this document entitled “Consolidated Communications System Authority.”*

NPI-1: Capitol Complex upgrades: The request includes an increase of \$34,494 total funds (including \$20,404 General Fund) for FY 2013-14 to fund the Department’s share of building maintenance and upgrades in the State’s Capitol Complex. *This request item will be addressed in a separate staff briefing for the Department of Personnel and Administration scheduled for December 10, 2012.*

NPI-2: Employee engagement survey: The request includes an increase of \$3,802 total funds (including \$1,141 General Fund) for FY 2013-14 to fund the Department’s share of a survey to gauge employees’ attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce. *This request item will be addressed in a separate staff briefing for the Department of Personnel and Administration scheduled for December 10, 2012.*

NPI-3: OIT enterprise management: The request includes an increase of \$18,031 reappropriated funds for FY 2013-14 to fund the Department’s share of an executive branch information technology asset management program and corresponding data system. *This request item will be addressed in the description of “R-8: OIT Enterprise Management.”*

NPI-4: Childcare licensing system: The request seeks an increase of \$131,620 reappropriated funds transferred from the Department of Human Services to the Office of Information Technology for FY 2013-14 to add an incident reporting module to the Colorado Child Care Licensing System (CCCLS). *This request item will be addressed in a separate staff briefing for the Department of Human Services’ Division of Child Care scheduled for December 17, 2012.*

NPI-5: Behavioral health data system: The request seeks an increase of \$480,000 reappropriated funds transferred from the Department of Human Services to the Office of Information Technology for FY 2013-14 to implement the Integrated Behavioral Health Services Data Collection System (IBHS). Currently, the State’s mental health and substance use disorder data for clients are housed in separate databases that are unable to effectively communicate and yield information suitable for analysis. Since many clients participate in co-occurring (mental health and substance use disorder) treatment services, the providers that the Department of Human Services enters into contracts with for the provision of the services would be able to better develop integrated behavioral health treatment plans for clients if pertinent information was easily accessible. *This request item is addressed in a separate staff briefing for the*

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department of Human Services' Mental Health and Alcohol and Drug Abuse Services on November 15, 2012.

NPI-6: Adult Protective Services system: The request seeks an increase of \$250,000 reappropriated funds transferred from the Department of Human Services to the Office of Information Technology for FY 2013-14 to purchase, implement, and maintain a new data system to manage protection and advocacy services for at-risk adults. *This request item is addressed in a separate staff briefing for the Department of Human Services' Adult Assistance programs on December 2, 2012.*

NPI-7: Revenue infrastructure: The request seeks an increase of \$3,208,201 reappropriated funds and 22.0 FTE transferred from the Department of Revenue to the Office of Information Technology for FY 2013-14 for operational support services, including service desk staff, desk side support, network support, server support, security support, and project management functions. *This request item will be addressed in a separate staff briefing for the Department of Revenue scheduled for December 17, 2012.*

Gaming revenue adjustment: The request seeks \$5.1 million to align the request with current law governing the distribution of limited gaming tax revenue.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; and payments to risk management and property funds. In addition, the request includes \$1.3 million total funds (including \$66,127 General Fund) for salary survey and \$1.2 million total funds for merit pay (including \$71,319 General Fund). *This request item is addressed in a series of separate staff briefings for the Department of Personnel and Administration.*

Indirect cost assessment: The request includes a net increase of \$188,679 total funds in Statewide indirect cost assessments.

Annualize prior year legislation: The request includes adjustments related to prior year legislation. The reduction in funding is primarily driven by the anticipated conclusion of the Colorado Benefits Management System (CBMS) modernization project authorized and funded for FY 2011-12 and FY 2013-14 by H.B. 12-1339 (Becker/Lambert).

IT common policy adjustments: The request includes adjustments to line items appropriated for the purchase of services from the computer center and multiuse network payments. *For more information on this budget request, see staff's issue briefing in this document entitled "Statewide IT Budget Request Overview."*

Issue: Continuation of Process Improvement Program

The Office of State Planning and Budgeting (OSPB) initiated a program using the Lean operational process improvement methodology to assist State agencies providing services to customers in the most efficient and effective manner possible by eliminating waste. OSPB requests \$1.0 million General Fund for FY 2013-14 to support the continuation of the program.

SUMMARY:

- The Office of State Planning and Budgeting (OSPB) began implementing a program to enhance the efficiency of Colorado’s State government operations in 2011 using federal moneys from the American Recovery and Reinvestment Act of 2009 (ARRA);
- Using the Lean operational process improvement methodology, OSPB has implemented process improvements through 55 different projects in State agencies; and
- The FY 2013-14 budget request includes an increase of \$975,868 General Fund to support the continuation of the process improvement program.

RECOMMENDATION:

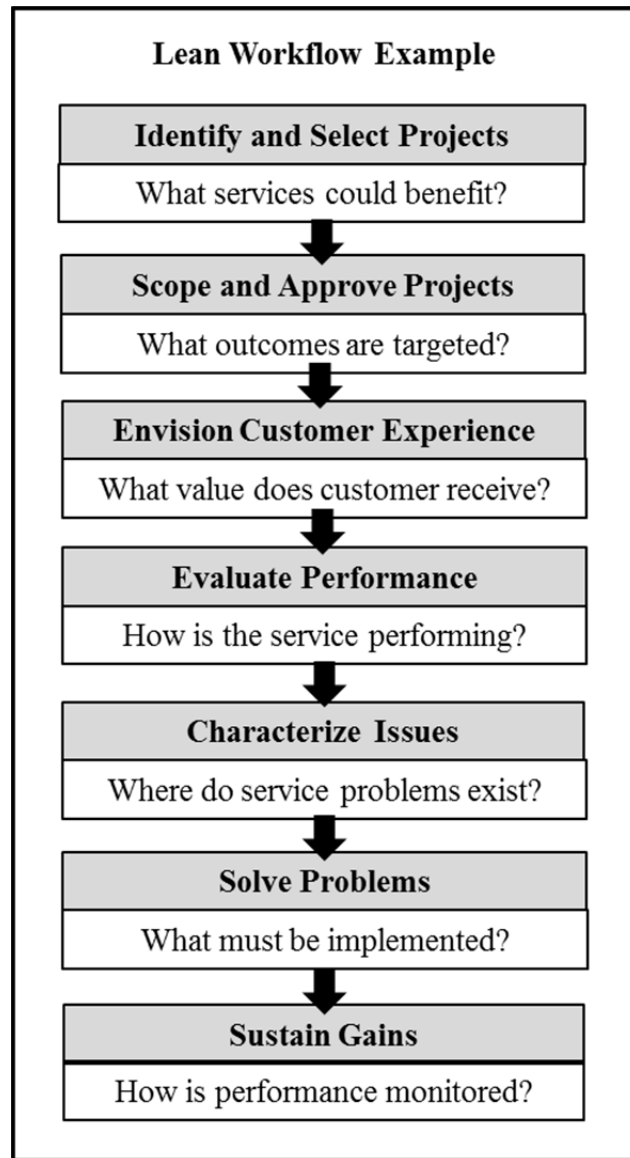
While deliberating on funding the continuation of process improvement projects, staff recommends that the Committee work with OSPB to identify potential standards for reporting cost savings and cost avoidance to the legislature.

DISCUSSION:

Background

OSPB began implementing a program to enhance the efficiency of Colorado’s State government operations in 2011 using federal moneys from the American Recovery and Reinvestment Act of 2009’s (ARRA) State Fiscal Stabilization Fund. The program, administered and coordinated by a small team in the Office, works with most State departments to design projects, deploy contracted resources, develop and administer training, and implement performance measures using the Lean operational process improvement methodology.

The Lean operational process improvement methodology is a systematic approach focused on providing services to customers in the most efficient and effective manner possible by eliminating waste (waste in this context refers to activity that consumes resources, but does not create value for the customer). As applied by the State, OSPB and its contractors work directly with State agencies to identify, select, scope, and approve projects for agency services that could benefit from process improvement. Once the project is selected, the focus turns to the customer experience interacting with the agency service and how it can be improved through problem solving and continual performance measurement. The chart below provides a basic flowchart of the State’s Lean model.



To date, the Office has partnered with the private sector firms of Optimal Performance and Strategy, North Highland, and BMGI to begin implementing Lean methodologies through 55 different projects (See “Appendix E: OSPB-Resourced Projects and Improvements” for a summary of projects and targeted improvements). Note, over 40 additional Lean projects are in progress or completed by agencies independent of OSPB’s resources.

Proposal

OSPB has used the 55 projects to explore what works well and what does not work well in State agencies in regard to the implementation of Lean methodologies. The expertise gained has given the Office confidence to apply the methods and tools to larger and more complex processes that frequently experience deficiencies. As a result, OSPB proposes to conduct 20 to 30 new process improvement projects and develop and implement five to seven training sessions for State employees.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Proposed Budget

The State has expended all ARRA moneys available for process improvement. The FY 2013-14 budget request includes an increase of \$975,868 General Fund to backfill the expended federal funds and provide resources for OSPB to implement additional process improvement projects. The table below summarizes the budget proposal by function.

Statewide Process Improvement FY 2013-14 Budget Request		
Description	Requested Appropriation	Notes
Personal Services	\$102,288	Lean Project Manager salary and benefits
Process Improvement Projects	632,780	20 to 30 projects contracted at \$170 per hour
Training Program	107,800	5 to 7 training sessions for 25-30 employees
Professional Services	133,000	Contracted subject matter expertise
Total Requested Appropriation	\$975,868	

Recommendation

One potential benefit of implementing Lean methodologies is cost savings. For example, the Departments of Revenue and Personnel and Administration coordinated with OSPB on a project to streamline the tax document and remittance pipeline. As a result of the Lean process, the Department of Revenue submitted a budget request to the Joint Budget Committee for a reduction of \$1.0 million General Fund and 10.7 FTE for FY 2013-14 and a reduction of \$1.7 million General Fund and 24.3 FTE FY 2014-15 (*this budget reduction request item will be addressed in a separate staff briefing for the Department of Revenue scheduled for December 17, 2012*). It is not prudent to assume that each Lean project conducted by OSPB will yield similar savings, but the example set forth by the Departments of Revenue and Personnel and Administration highlights the potential costs savings associated with taking a structured approach to analyzing processes and implementing measurable solutions.

Before the Committee makes a determination on OSPB's funding request to continue the process improvement program, it must first determine what procedures are in place to ensure that the costs savings generated through the program are captured in budget requests. The example above illustrates that it is feasible to translate process efficiency gains into formal funding reduction requests. It is also feasible, however, that State agencies could implement Lean process improvements, achieve a cost savings, and reinvest the savings without consulting the legislative branch. Additionally, an agency could implement a process improvement that avoids a future funding need and categorize it as a cost savings. In short, opportunity exists for disconnects to occur between costs being saved and/or avoided and actual budgetary dollars and cents. While the Committee deliberates on funding the continuation of process improvement projects, staff recommends that the Committee work with OSPB to identify potential standards for reporting cost savings and cost avoidance to the legislature.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

Each agency in State government maintains a strategic plan that contains performance measures and goals. OSPB's funding request to continue implementing process improvement tools

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

represents an opportunity for agencies to further define and measure performance goals and take programmatic steps to reach the goals.

Issue: Limited Gaming Tax Revenue Overview

Current law dictates the distribution of the statutorily-available share of limited gaming tax revenue to the General Fund and a series of programs. The September 2012 Legislative Council Staff Economic Forecast projects that \$42.9 million will be available for transfer to the General Fund and programs at the end of FY 2012-13 for use in FY 2013-14.

SUMMARY:

- Limited stakes gambling is legal in the towns of Cripple Creek (Teller County), Black Hawk (Gilpin County), and Central City (Gilpin County);
- A portion of the tax revenue generated from limited gaming, known as the State share, is distributed to the General Fund or other statutorily-defined programs; and
- Statute mandates that \$19.2 million of the State share is transferred to the General Fund and the remaining funds in the State share are transferred to various programs on a percentage-based formula.

RECOMMENDATION:

Staff recommends that the Joint Budget Committee make no statutory changes to the distribution of the State's share of limited gaming tax revenue during the 2013 legislative session.

DISCUSSION:

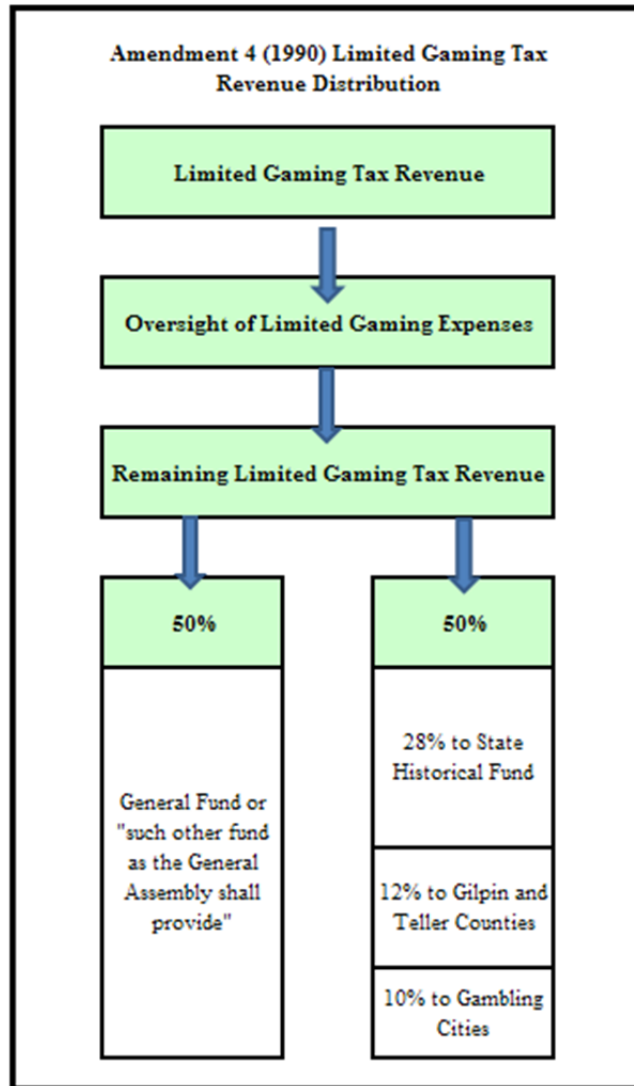
Background

Colorado voters approved Amendment 4 in the 1990 election, allowing limited stakes gambling in the towns of Cripple Creek (Teller County), Black Hawk (Gilpin County), and Central City (Gilpin County). The initiative created the Limited Gaming Fund to accept tax revenue payments from licensed limited gaming establishments. Moneys in the Fund are first used to pay all ongoing expenses incurred by gaming oversight agencies and commissions. The Department of Revenue and Department of Public Safety provide gaming oversight from the executive branch, while the named oversight commission is known as the "Limited Gaming Control Commission."

Amendment 4 called for the remaining moneys to be split evenly between the General Fund or other funds as the General Assembly determines (often referred to as the State share) and the State Historical Fund, Teller and Gilpin Counties, and the Cities of Cripple Creek, Central, and Black Hawk. The moneys slated for transfer to the General Fund or "such other fund as the General Assembly shall provide" represent the majority of limited gaming tax revenue that the legislature has the ability to influence on a year-to-year basis. Since nearly the inception of the Limited Gaming Fund in 1991, the General Assembly has created "such other funds" to provide

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

moneys for specific, targeted programs. The chart below depicts the flow of moneys from the gaming cities, as articulated by Amendment 4.



The statutory distribution of limited gaming tax revenue is done in the following manner:

- Transfers the first \$19.2 million of the State share to the General Fund;
- The remaining amount in the State share, between \$19.2 million and \$48.5 million, is transferred to various programs based on percentages:

Amount for Statutory Programs
Travel and Tourism Promotion (50%)
Bioscience Discovery (18%)
Local Gov't Limited Gaming Impact (15%)
Innovative Higher Ed Research (7%)
New Jobs Incentives (repealed) (5%)
Council on the Arts (4%)
Film Incentives (1%)

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Any amount of the State share that is greater than \$48.5 million is transferred to the General Fund; and
- If a specified percentage transfer is slated to go to a program that has been statutorily repealed, the moneys instead go to the General Fund.

Revenue Forecast

The September 20, 2012 Legislative Council Staff Economic and Revenue Forecast projects that \$42.9 million will be available for the State share at the end of FY 2012-13 for use in FY 2013-14. The forecast for the transfer to the State share is slightly larger at the end of FY 2013-14 for use in FY 2014-15, rising to \$43.2 million.

Forecasted “State Share” Distributions of Limited Gaming Tax Revenue			
	FY 2011-12*	FY 2012-13	FY 2013-14
Total LCS September 20, 2012 Forecast	\$39,943,481	\$42,936,681	\$43,176,015
General Fund	\$19,200,000	\$19,200,000	\$19,200,000
General Fund from Excess of \$48.5 million	0	0	0
General Fund from Repealed Programs	<u>1,037,174</u>	<u>1,186,834</u>	<u>1,198,801</u>
Total General Fund	\$20,237,174	\$20,386,834	\$20,398,801
Total Amount for Statutory Programs	<u>\$20,743,481</u>	<u>\$23,736,681</u>	<u>\$23,976,015</u>
Travel and Tourism Promotion (50%)	10,371,741	11,868,341	11,988,008
Bioscience Discovery (18%)	3,733,827	4,272,603	4,315,683
Local Gov't Limited Gaming Impact (15%)	3,111,522	3,560,502	3,596,402
Innovative Higher Ed Research (7%)	1,452,044	1,661,568	1,678,321
New Jobs Incentives (repealed) (5%)	n/a	n/a	n/a
Council on Creative Industries (4%)	829,739	949,467	959,041
Film Incentives (1%)	207,435	237,367	239,760

*Actual distributions.

Recommendation

Staff recommends that the Committee not put forth any statutory changes to the distribution of the State’s share of limited gaming tax revenue during the 2013 legislative session.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Office of the Governor’s Strategic Plan includes an objective to create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies. Limited gaming tax revenue is statutorily allocated to fund job growth programs in the industries of tourism, film, bioscience, and creative arts.

Issue: Implementation of S.B. 11-047 (Bioscience and Clean Technology)

The Office of Economic Development and International Trade is tasked with administering the Bioscience Discovery Evaluation Grant Program and the Clean Technology Discovery Evaluation Grant Program to foster business development in Colorado in the two industries. For FY 2013-14, S.B. 11-047 transfers an estimated \$5.2 million to the programs that would otherwise be deposited in the General Fund.

SUMMARY:

- The Bioscience Discovery Evaluation Grant Program provides funding support for new business development in the bioscience industry in Colorado;
- The Clean Technology Discovery Evaluation Grant Program provides funding support to aid in the commercialization of renewable energy technologies, or technologies and products that aid in energy efficiency, conservation, or environmental mitigation;
- The Bioscience Discovery Evaluation Grant Program has a dedicated revenue stream of limited gaming tax revenue each year, while the Clean Technology Discovery Evaluation Grant Program has not been funded since its inception; and
- Senate Bill 11-047 transfers an estimated \$5.2 million to the programs that would otherwise be deposited in the General Fund.

RECOMMENDATION:

Staff recommends that the Committee determine the appropriate funding levels and funding vehicles for the Bioscience Discovery Evaluation Grant Program and the Clean Technology Discovery Evaluation Grant Program.

DISCUSSION:

Background - Bioscience Discovery Evaluation Grant Program

The Bioscience Discovery Evaluation Grant Program is a legislatively-created (24-48.5-108, C.R.S.) initiative designed to provide funding support for new business development in the bioscience industry in Colorado. Specifically, the Program, administered by the Office of Economic Development and International Trade, advances new technologies from the labs at the state's non-profit research institutions toward commercial products and services. Three types of grants are offered to the institutions to achieve this goal:

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Proof of Concept – Funds are used to enhance the commercial potential of research projects that focus on life sciences, engineering, material sciences, computer sciences, photonics, or nanotechnology;
- Early Stage Company – Funds are used to support the commercialization of therapeutic or diagnostic products, devices, or instruments that improve human health, bioscience technologies that improve agriculture, or biofuels; and
- Commercialization Infrastructure – Funds are used to support partnerships between the bioscience industry and research institutions to build infrastructure that supports the commercialization of bioscience technologies.

According to the Bioscience Discovery Evaluation Grant Program Update report, issued in April 2012 to the House and Senate Finance Committees, 130 grants have been awarded to researchers at Colorado research institutions to bring their cutting-edge technologies closer to market, 44 grants have been awarded to help companies further these technologies as they complete studies, secure intellectual property, and develop their approach to bring their products to market, and four new bioscience technology organizations that identify and manage technologies, and support collaboration to bring necessary expertise together to advance novel Colorado biotechnologies to commercialization, have received funding.

Funding for the program is generated from limited gaming tax revenue. For FY 2012-13, the Program received an appropriation of \$3.5 million cash funds.

Background – Clean Technology Discovery Evaluation Grant Program

The Clean Technology Discovery Evaluation Grant Program is a legislatively-created (24-48.5-111, C.R.S.) initiative designed to provide grant assistance to aid in the commercialization of renewable energy technologies, or technologies and products that aid in energy efficiency, conservation, or environmental mitigation. Specifically, the Program, administered by the Office of Economic Development and International Trade, permits grants to technology transfer offices at institutions of higher education and to early-stage clean technology companies. The Clean Technology Discovery Evaluation Grant Program, however, was never funded with a dedicated stream of revenue, and thus has never been implemented.

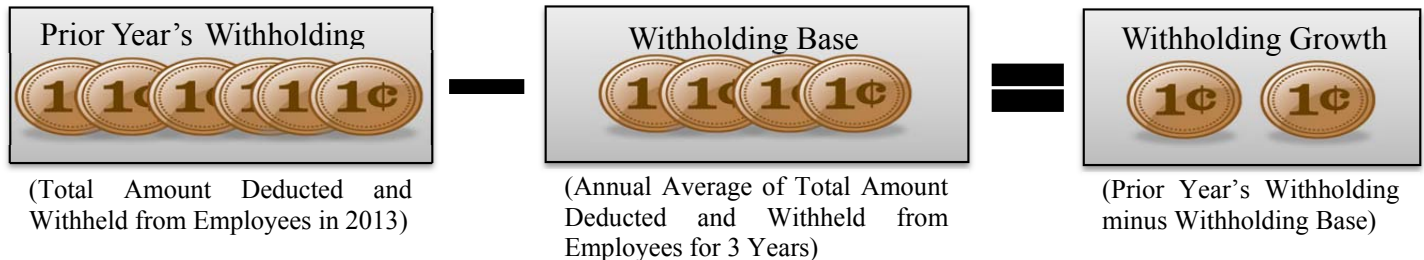
Additional Funding Support to the Bioscience and Clean Technology Industries

Beginning in FY 2013-14 and running through 2024, S.B. 11-047 (Heath/Gerou & Riesberg) redirects 50.0 percent of the growth of State income tax withholdings from specific Colorado businesses toward two cash funds dedicated to the bioscience and clean technology industries. The transferred amount will be allocated equally to the Bioscience Discovery Evaluation Cash Fund and the Clean Technology Discovery Evaluation Cash Fund. The effect of this transfer is a reduction in the amount of moneys that would otherwise be credited to the General Fund.

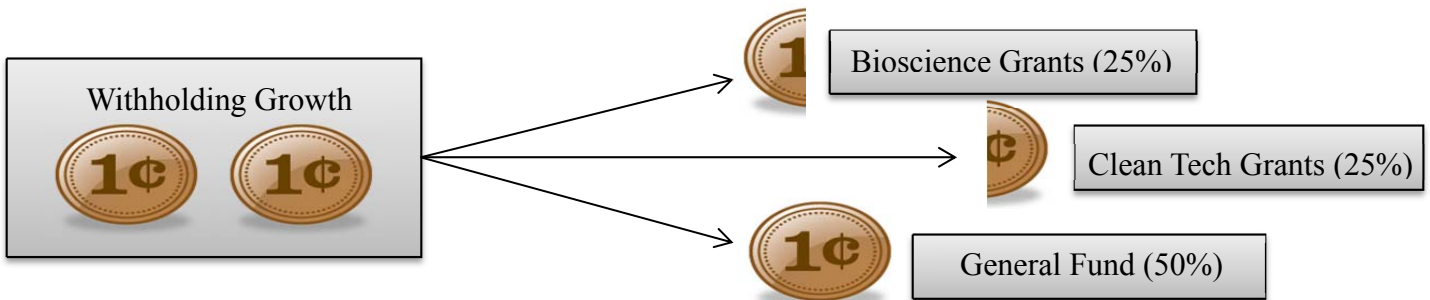
Specifically, the bill indicates that employers with an industry code classified as bioscience or clean technology (based on the North American Industry Classification System “NAICS”) will have a portion of their employees’ deducted and withheld wages deposited in the Bioscience

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Discovery Evaluation Cash Fund and the Clean Technology Discovery Evaluation Cash Fund rather than the General Fund. The amount deposited in the Discovery Evaluation Cash Fund and the Clean Technology Discovery Evaluation Cash Fund is based on the growth of State income tax withholdings over the annual average withholding amount from three prior years. The example below illustrates this concept in action.



An amount equal to 50.0 percent of the withholding growth is allocated to the Bioscience Discovery Evaluation Cash Fund and the Clean Technology Discovery Evaluation Cash Fund. The remaining 50.0 is allocated to the General Fund.



For FY 2013-14, the Legislative Council Fiscal Note for S.B. 11-047 estimates that \$5.2 million will be diverted from the General Fund to the Bioscience Discovery Evaluation Cash Fund (\$2.6 million) and the Clean Technology Discovery Evaluation Cash Fund (\$2.6 million).

Recommendation

The Committee has several actions (or lack thereof) that it can choose to pursue during the 2013 legislative session if it chooses to adjust the current statutory distribution of moneys to the Bioscience Discovery Evaluation Cash Fund and the Clean Technology Discovery Evaluation Cash Fund. Staff recommends the following four options as discussion starters:

- *Take No Action* – The Bioscience Discovery Evaluation Cash Fund will receive \$6.9 million (\$4.3 million from limited gaming tax revenue and \$2.6 million from S.B. 11-047) for grants if the Committee does not take any action. This represents an increase of 97.1 percent over its FY 2012-13 appropriation. Additionally, the previously unfunded Clean Technology Discovery Evaluation Cash Fund will receive \$2.6 million for grants from S.B. 11-047. *This option does NOT require statutory action.*

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- *Repeal S.B. 11-047 Funding Section* – The Bioscience Discovery Evaluation Cash Fund will receive \$4.3 million from limited gaming tax revenue for grants if the Committee repeals the statutory section that provides moneys from State income tax diversions. This represents an increase of 22.1 percent over its FY 2012-13 appropriation due to an increase in gaming revenue. Additionally, the previously unfunded Clean Technology Discovery Evaluation Cash Fund will remain unfunded under this option. If the Committee chooses to fund either of the programs above the FY 2012-13 appropriation levels, General Fund appropriations can be considered during the figure setting process for the FY 2013-14 Long Bill. *This option requires statutory action.*
- *Repeal S.B. 11-047 Funding Section for Bioscience Grants Only* – The Bioscience Discovery Evaluation Cash Fund will receive \$4.3 million from limited gaming tax revenue for grants if the Committee repeals the statutory section that provides moneys from State income tax diversions. This represents an increase of 22.1 percent over its FY 2012-13 appropriation due to an increase in gaming revenue. Additionally, the previously unfunded Clean Technology Discovery Evaluation Cash Fund will receive \$2.6 million for grants from S.B. 11-047. *This option requires statutory action.*
- *Adjust S.B. 11-047 Funding Formula* – The Bioscience Discovery Evaluation Cash Fund and Clean Technology Discovery Evaluation Cash Fund will receive funding from State income tax diversions at levels determined by the Committee. *This option requires statutory action.*

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Office of the Governor's Strategic Plan includes an objective to create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies. The implementation of S.B. 11-047 provides funding for business recruitment and retention and workforce development in the bioscience and clean technology industries.

Issue: Economic Development Funding Requests

The FY 2013-14 budget request seeks an increase of \$6.0 million General Fund for new jobs incentives, film incentives, tourism promotion, and brand marketing.

SUMMARY:

- The Colorado Office of Economic Development and International Trade (OEDIT) is tasked with assisting in creating a positive business climate, encouraging economic development, and building sustainable job growth across the state; and
- OEDIT's FY 2013-14 budget request seeks an increase of \$3.0 million General Fund for new jobs incentives, \$1.0 million General Fund for film incentives, \$1.3 million General Fund to increase television and web-based advertising of the state as a tourism destination, \$500,000 to launch a brand platform for the state, and \$200,000 General Fund to identify new international markets to invest in tourism promotion.

DISCUSSION:

Background

The Colorado Office of Economic Development and International Trade (OEDIT) is tasked with assisting in creating a positive business climate, encouraging economic development, and building sustainable job growth across the state. The Office offers a wide variety of programs and services to support business growth at every level including business recruitment, retention, and expansion services.

OEDIT is focused on retention and growth in 14 key industries that represent almost 60 percent of the state's jobs and an equivalent percentage of the state's economic output. The key industries were identified using feedback received from the agency's strategic planning process (published in the Colorado Blueprint), an inventory of existing industry initiatives, and analysis developed independently by PricewaterhouseCoopers. The industries include advanced manufacturing, information and technology, electronics, energy, and natural resources, bioscience, food, and agriculture, aerospace, defense and homeland security, health and wellness, creative industries, tourism and outdoor recreation, transportation and logistics, infrastructure engineering and construction, and financial and business services.

Proposal One – Economic Development Commission General Fund Increase

The Colorado Economic Development Commission (EDC) was created in 1987 by the legislature to promote economic development in Colorado. The Commission includes four members appointed by the governor (at least one person from west of the continental divide and one person from the eastern slope predominately from the rural area), two members appointed by the Speaker of the House of Representatives, and two members appointed by the President of the Senate. The EDC is responsible for developing incentive packages (in the form of financial assistance such as loans, grants, and local match requirements) and package operating guidelines

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

to assist with existing business expansions and new company relocations in order to promote job creation and retention in all regions of the state.

The legislature appropriates moneys each year to the EDC for its Strategic Fund. Moneys in the strategic fund provide financial incentives to businesses that create and maintain net new jobs. The incentive amount is based on a cost per job calculation that considers annual average wage rate (county level), as well as whether the business is located in an enterprise zone.

For FY 2012-13, the Strategic Fund received an appropriation of \$2.0 million General Fund in the Long Bill and a one-time appropriation of \$4.0 million cash funds transferred from the General Fund via H.B. 12-1360 (Gerou & Levy/Steadman & Lambert). The Office’s FY 2013-14 request seeks a continuation appropriation of \$2.0 million General Fund and an additional appropriation of \$3.0 million General Fund to backfill 75.0 percent of the one-time moneys provided via H.B. 12-1360.

The funding request indicates that 1,230 new jobs in Colorado will be created if the \$3.0 million General Fund appropriation request is included in the enacted FY 2013-14 budget. This job creation figure is based on return on investment data for prior years. The proposal estimates that the investment of \$3.0 million General will be fully offset by tax revenue in one to three years from the hire date of employees. The table below summarizes the funding incentives provided to companies in 2011 and 2012 (to date).

2011 Economic Development Commission Funding Incentives				
Company Receiving Incentive	Incentives Provided	Jobs Created	Average Wage	% of County Average Wage
Parelli	\$125,000	25	\$37,180	130%
SMA	\$1,000,000	500	\$30,749	55%
Vestas	\$1,000,000	1,750	\$37,131	101%
Siemens Energy	\$250,000	60	\$98,553	188%
PrimeStar Solar	\$168,000	84	\$72,012	149%
Entegris	\$109,266	63	\$36,098	86%
The Coleman Company	\$370,000	74	\$118,000	244%
Bach Composite	\$164,000	100	\$31,700	82%
JBS USA Holdings, Inc.	\$1,000,000	200	\$70,682	183%
	\$4,186,266	2,856	\$42,563	103%

2012 Economic Development Commission Funding Incentives				
Company Receiving Incentive	Incentives Provided	Jobs Created	Average Wage	% of County Average Wage
Niagra	\$38,000	38	\$44,559	106%
Avago	\$230,000	92	\$49,783	124%
Cooper Lighting	\$321,000	320	\$41,272	99%
DaVita	\$119,209	58	\$58,257	121%
Sisters of Charity Health	\$937,500	750	\$65,000	111%
	\$1,645,709	1,258	\$56,923	110%

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Colorado is not known as a state that provides rich incentives to businesses located in the state or businesses contemplating a move to the state. Colorado is known as a state that uses its funding to target industries that are attracted to Colorado based on a number of factors including transportation networks, educational institutions, climate, and skilled labor. Other states, like Texas and Arizona, rely on large financial incentives to attract business. OEDIT does not request moneys for the Strategic Fund in hopes of being able to compete with other states solely on a dollar-for-dollar basis. It requests funding to showcase to prospective companies looking to relocate to or expand in Colorado that the State is committed to and invested in creating a positive business environment.

Proposal Two – Film Incentives Increase

The Colorado Office of Film, Television, and Media is legislatively tasked with promoting Colorado as a location for making feature films, television shows, television commercials, still photography, music videos, and emerging mass media projects. To accomplish this, the Office provides performance-based financial incentives to companies for a percentage of their local expenditures for approved productions if they meet the 50.0 percent local hire requirement and offers a gap loan program to provide up to 20 percent of a production's costs in the form of a low-interest bank loan that is guaranteed by the State.

For FY 2012-13, the Office of Film, Television, and Media received a Long Bill appropriation of \$195,541 cash funds from limited gaming tax revenue and a one-time appropriation of \$3.0 million cash funds transferred from the General Fund via H.B. 12-1286 (Massey & Ferrandino/ Newell & White). The agency has used a portion of the funds for incentives to Rocky Mountain PBS for a television series entitled "Colorado Experience," High Noon Production, LLC for a television series on The Weather Channel entitled "Prospectors," Clean Guys Entertainment, LLC for the "Clean Guys Comedy" production, Gartner to produce a Coors commercial, and Universal Sports (a division of NBC Universal) to move its production facilities from Los Angeles to Denver along with a projection of 44 jobs.

The Office's FY 2013-14 request seeks a continuation appropriation of \$300,000 cash funds from limited gaming tax revenue (adjusted for current revenue estimates) and an additional appropriation of \$1.0 million General Fund to backfill 33.3 percent of the one-time moneys provided via H.B. 12-1286.

Based on the University of Colorado Leeds School of Business' 2011 report "Economic and Fiscal Impact Analysis of Actual Film Budget Scenario in Colorado," the funding request estimates that a \$1.0 million General Fund investment will generate \$5.0 million in direct local production expenditures for the state. In turn, the production expenditures are projected to generate \$9.6 million in economic benefits, including 67 direct jobs and 36 indirect jobs with average wages of \$47,696.

Proposal Three – Tourism Promotion and Branding

The Colorado Tourism Office (CTO) promotes Colorado as a tourism destination to potential tourists through domestic and international advertising, a marketing and public relations campaign, the Official State Vacation Guide and Official State Map, www.Colorado.com and by providing traveler services at state Welcome Centers. The agency is steered by a 15-member

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

board of directors from hotel, restaurant, attraction, and other tourism related businesses, as well as several members of the General Assembly. State funding appropriated to the agency is derived from General Fund and cash funds from limited gaming tax revenue. The FY 2012-13 appropriation to the CTO equaled \$13.5 million total funds (\$9.8 million cash funds and \$3.7 million General Fund).

The Office’s FY 2013-14 request seeks a continuation appropriation of \$12.7 million from limited gaming tax revenue (adjusted for current revenue estimates), \$3.7 million General Fund, and an increase of \$2.0 million General Fund. The requested increase of \$2.0 million would be used to support tourism promotional activities and the development of a branding platform for the state as a whole.

FY 2013-14 Colorado Tourism Office Funding Increase Request		
Purpose	Amount	Description
Support International Flights	\$200,000	Identify new international markets to invest in travel promotion. The United States is experiencing an increase in travel into the country from Brazil, Russia, India, and China. Moneys would be used to determine if these markets are a wise investment for Colorado.
Increase Advertising in Spring/ Summer Campaigns	975,000	Allocate moneys to tv advertising in two new Tier 2 markets (Houston, Minneapolis, Austin, Kansas City, and/or Albuquerque) and national interactive cable/satellite tv to generate additional visitors guide requests.
Increase Advertising in Winter Campaigns	325,000	Allocate moneys to strengthen tv advertising in current Tier 1 markets (Chicago, Dallas, and Minneapolis) and add two new out-of-state markets (Albuquerque, Kansas City, Austin, Houston, and/or Phoenix) to generate additional visitors guide requests.
Branding Platform	500,000	Provide moneys for the State's Chief Marketing Officer to launch a Colorado brand identity platform to increase the brand power of the state. The goal of the program is to make Colorado more competitive in attracting visitors, talent, businesses, and capital.
	\$2,000,000	

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Office of the Governor’s Strategic Plan includes an objective to create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies. The funding requests

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

analyzed in this briefing issue are projected to impact business recruitment, business retention, and tourism.

Issue: Statewide IT Budget Request Overview

The Governor’s Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis with OIT acting as a vendor to State agencies. The agency’s FY 2013-14 budget request includes \$92.8 million in billable costs, a decrease of 2.6 percent compared to FY 2012-13.

SUMMARY:

- Services offered by the Governor’s Office of Information Technology (OIT) to State agencies have a mixture of costs (e.g. personal services, operating expenses, and contract expenses) associated with the service delivery. The costs are allocated to agencies based on level of service consumed; and
- For FY 2013-14, OIT requests \$92.8 million from State agencies for services provided. This is a decrease of 2.6 percent compared to the recoverable costs allowed in FY 2012-13.

DISCUSSION:

Background

The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis with OIT acting as a vendor to State agencies. Each service offered by OIT to agencies has a mixture of costs (e.g. personal services, operating expenses, and contract expenses) associated with its delivery. The costs are allocated to agencies based on level of consumption. To illustrate this concept, assume that OIT has the following costs to deliver email services to State agencies. Note, all figures are for sample purposes only.

OIT Costs Associated with Providing Email Service	
Cost Category	Dollar Amount
Employee Salaries	\$150,000
Contractor Services	100,000
Software	25,000
Hardware	24,000
Overhead	1,000
Total Costs	\$300,000

Once the costs are established a metric is chosen to measure usage. In this example, assume that the usage criteria is the number of mailboxes on the email system.

Mailboxes Per Agency	
Agency	Number of Mailboxes
Agriculture	100
Education	200
Human Services	400
Transportation	300
Total Mailboxes	1,000

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Thus, the cost to OIT to provide email services to 1,000 mailboxes is \$300 per mailbox. The costs are billed to agencies based on the number of mailboxes they consume.

Costs Allocated by Agency		
Agency	Number of Mailboxes	Billed Amount
Agriculture	100	\$30,000
Education	200	60,000
Human Services	400	120,000
Transportation	300	90,000
Total	1,000	\$300,000

From year to year, however, the total number of mailboxes, as well as the number of mailboxes in each agency, fluctuates. Assuming that OIT's costs (employee salaries, contractor services, software, hardware, and overhead) remain fixed in year two, the allocation of costs to agencies would change.

Year 2 Costs Allocated by Agency		
Agency	Number of Mailboxes	Billed Amount
Agriculture	100	\$15,000
Education	200	30,000
Higher Education	1,000	150,000
Human Services	400	60,000
Transportation	300	45,000
Total	2,000	\$300,000

In practice, the mixture of costs (e.g. personal services, operating expenses, and contract expenses) associated with its delivery of OIT services routinely fluctuates, as does the usage of services in total and within agencies. Therefore, the annual appropriations bill (Long Bill) aggregates OIT services into four budgetary categories (Management and Administration of OIT, Purchase of Services from Computer Center, Multiuse Network Payments, and Communication Services Payments) to provide flexibility to OIT in managing its appropriation. The allocation of costs to agencies is based on historic usage of services (FY 2011-12 is used as the baseline for the FY 2013-14 budget request) and anticipated increases or decreases in agency usage of services.

Management and Administration of OIT

Senate Bill 08-155 (Cadman/Kerr, A.) required billing methodologies to be developed to allocate costs for central OIT administrative services, including a "back office" business services staff for financial and human resource services to the consolidated office. Beginning with FY 2008-09, allocation appropriations were made to executive branch agencies for this function. OIT requests collections totaling \$2,472,417 for Management and Administration of OIT for FY 2013-14. This represents a decrease of 27.4 percent (\$932,500) compared to the FY 2012-13 appropriation.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Management and Administration of OIT FY 2013-14 Requested Appropriation					
	Total	GF	CF	RF	FF
Total	\$2,472,417	\$658,103	\$1,056,120	\$572,034	\$186,160
Percentage Change from Prior Year	(27.4%)	(47.5%)	(11.9%)	(0.9%)	(50.4%)

Management and Administration of OIT FY 2013-14 Requested Appropriation Change from FY 2012-13 Appropriation					
Department	Total	GF	CF	RF	FF
Agriculture	(\$17,784)	(\$13,767)	(\$4,017)	\$0	\$0
Corrections	(244,001)	(244,001)	0	0	0
Governor	0	0	0	0	0
Health Care Policy and Financing	48,307	24,154	0	0	24,153
Higher Education	(65,636)	0	(65,636)	0	0
Human Services	(30,301)	(23,052)	(482)	(2,454)	(4,313)
Labor and Employment	(278,636)	0	(129,397)	0	(149,239)
Local Affairs	21,627	15,174	0	6,453	0
Military and Veterans Affairs	0	0	0	0	0
Natural Resources	(107,538)	(17,671)	(29,477)	(58,156)	(2,234)
Personnel	(35,884)	(9,829)	(3,094)	(22,961)	0
Public Health and Environment	(229,645)	0	(146,440)	(25,631)	(57,574)
Public Safety	16,822	0	(97,225)	114,047	0
Regulatory Agencies	(40,171)	(1,621)	(38,550)	0	0
Revenue	(141,069)	(325,414)	200,567	(16,222)	0
Transportation	171,409	0	171,409	0	0
TOTAL	(\$932,500)	(\$596,027)	(\$142,342)	(\$4,924)	(\$189,207)

Purchase of Services from Computer Center

OIT provides management and operational services for numerous functions, including the State's data center, mainframe computing environment, agency mainframe support, enterprise service desk, enterprise deskside support, electronic data warehouse, enterprise email, and server hosting. OIT requests collections totaling \$69,531,107 for Purchase of Services from Computer Center for FY 2013-14. This represents an increase of 2.5 percent (\$1,171,570) compared to the FY 2012-13 appropriation.

Purchase of Services from Computer Center FY 2013-14 Requested Appropriation					
	Total	GF	CF	RF	FF
Total	\$69,531,107	\$26,128,844	\$21,874,388	\$7,692,177	\$13,835,698
Percentage Change from Prior Year	2.5%	(0.8%)	1.7%	57.8%	(8.3%)

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Purchase of Services from Computer Center					
FY 2013-14 Requested Appropriation Change from FY 2012-13 Appropriation					
Department	Total	GF	CF	RF	FF
Agriculture	\$200,341	\$151,066	\$49,275	\$0	\$0
Corrections	2,020,442	2,020,442	0	0	0
Education	(20,536)	(20,536)	0	0	0
Governor	(1,148,509)	(1,865,193)	0	716,684	0
Health Care Policy and Financing	(155,900)	(81,237)	0	0	(74,663)
Higher Education	(43,190)	0	(33,150)	(10,040)	0
Human Services	(2,219,319)	(1,134,444)	(27,906)	(39,672)	(1,017,297)
Judicial	(78,013)	(78,013)	0	0	0
Labor and Employment	199,309	0	101,648	0	97,661
Law	(53,733)	0	0	(53,733)	0
Legislative Department	20,109	20,109	0	0	0
Local Affairs	114,324	(178,066)	0	292,390	0
Military and Veterans Affairs	80,558	80,558	0	0	0
Natural Resources	537,440	(55,549)	133,199	511,849	(52,059)
Personnel	1,498,374	349,202	47,657	1,101,515	0
Public Health and Environment	(317,102)	(75,287)	(239,477)	187,128	(189,466)
Public Safety	959,711	481,729	(25,379)	513,476	(10,115)
Regulatory Agencies	(224,343)	(9,459)	(214,884)	0	0
Revenue	100,403	130,690	372,131	(402,418)	0
State	56,789	0	56,789	0	0
Transportation	143,029	0	143,029	0	0
Treasury	41,386	41,386	0	0	0
TOTAL	\$1,711,570	(\$222,602)	\$362,932	\$2,817,179	(\$1,245,939)

Multiuse Network Payments

The multiuse network (MNT) is a service providing secure, high-speed broadband access to State agencies, schools, colleges, libraries, hospitals, and local governments. The MNT is essentially the state's wide area network, providing network connectivity to every county in the state. Payments represent the cost to the State for administering its share of the MNT build-out with the private consortium. Reimbursements for this functional area are expended for contracts with CenturyLink, and are based on a circuit inventory conducted department by department and the number of FTE in each agency. OIT requests collections totaling \$15,853,165 for Communication Services Payments for FY 2013-14. This represents a decrease of 14.0 percent (\$2,579,555) compared to the FY 2012-13 appropriation. Additionally, OIT requests that the line items associated with the payments change from “Multiuse Network Payments” to “Colorado State Network Payments” to clearly articulate the purpose of the appropriations in each agency.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Multiuse Network Payments FY 2013-14 Requested Appropriation					
	Total	GF	CF	RF	FF
Total	\$15,853,165	\$7,569,069	\$5,862,125	\$1,479,740	\$942,231
Percentage Change from Prior Year	(14.0%)	(12.9%)	(15.4%)	0.1%	(29.3%)

Multiuse Network Payments FY 2013-14 Requested Appropriation Change from FY 2012-13 Appropriation					
Department	Total	GF	CF	RF	FF
Agriculture	(\$95,958)	(\$37,505)	(\$58,453)	\$0	\$0
Corrections	(206,802)	(200,561)	(6,241)	0	0
Education	98,595	98,595	0	0	0
Governor	122,227	(109,923)	0	232,150	0
Health Care Policy and Financing	(146,281)	(73,141)	0	0	(73,140)
Higher Education	0	0	0	0	0
Human Services	316,844	208,391	2,740	27,722	77,991
Judicial	609,427	609,427	0	0	0
Labor and Employment	(428,196)	0	(200,609)	0	(227,587)
Law	118,313	0	0	118,313	0
Local Affairs	48,419	18,254	3,442	26,723	0
Military and Veterans Affairs	(30,605)	(30,605)	0	0	0
Natural Resources	(704,791)	(121,546)	(367,956)	(208,583)	(6,706)
Personnel	(216,415)	(61,115)	(17,655)	(137,645)	0
Public Health and Environment	(186,204)	0	0	(24,522)	(161,682)
Public Safety	(1,307,066)	(823,150)	(483,916)	0	0
Regulatory Agencies	(193,672)	(7,692)	(185,980)	0	0
Revenue	(1,377,121)	(599,155)	(745,122)	(32,844)	0
State	75,116	0	75,116	0	0
Transportation	917,743	0	917,743	0	0
Treasury	6,872	6,872	0	0	0
TOTAL	(\$2,579,555)	(\$1,122,854)	(\$1,066,891)	\$1,314	(\$391,124)

Communication Services Payments

The state microwave radio infrastructure and the Digital Trunked Radio System (DTRS) provides interoperability between public safety agencies and emergency responders to over 200 sites on 95 percent of the State’s roadways, and serves more than 1,000 State, local, federal, and tribal agencies. OIT charges user agencies of the State for the operations and maintenance of the state's public safety communications infrastructure. The cost allocation methodology for this functional area establishes department appropriations based upon the total inventory of legacy mobile and portable VHF radio units, as well as digital trunked radios (DTR) in use by departments. OIT requests collections totaling \$4,921,986 for Communication Services

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Payments for FY 2013-14. This represents a decrease of 12.3 percent (\$689,623) compared to the FY 2012-13 appropriation.

Communication Services Payments FY 2013-14 Requested Appropriation					
	Total	GF	CF	RF	FF
Total	\$4,921,986	\$2,055,673	\$2,717,222	\$109,298	\$39,793
Percentage Change from Prior Year	(12.3%)	2.1%	(21.1%)	(5.8%)	4.3%

Communication Services Payments FY 2013-14 Requested Appropriation Change from FY 2012-13 Appropriation					
Department	Total	GF	CF	RF	FF
Agriculture	\$2,146	\$536	\$1,610	\$0	\$0
Corrections	67,296	67,296	0	0	0
Human Services	(13,467)	(11,545)	0	(1,922)	0
Judicial	(8,022)	(8,022)	0	0	0
Labor and Employment	0	0	0	0	0
Law	(2,409)	(480)	(1,025)	(329)	(575)
Local Affairs	2,185	2,185	0	0	0
Military and Veterans Affairs	(8,067)	(8,067)	0	0	0
Natural Resources	17,657	0	17,657	0	0
Personnel	(345)	(172)	0	(173)	0
Public Health and Environment	(13,036)	0	0	(13,036)	0
Public Safety	105,538	0	94,552	8,783	2,203
Revenue	5,871	1,005	4,866	0	0
Transportation	(844,970)	0	(844,970)	0	0
TOTAL	(\$689,623)	\$42,736	(\$727,310)	(\$6,677)	\$1,628

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Office of the Governor's Strategic Plan includes an objective to improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies. Information technology services provided by OIT assist agencies in meeting this objective.

Issue: Consolidated Communications System Authority

The Colorado Statewide Digital Trunked Radio System (DTRS) provides interoperable radio communications between State, regional, federal, and tribal agencies. The system represents a cross-agency collaboration funded by a variety of State Capital Construction Fund moneys, user fees, local government General Fund, and federal grants. A report from the Consolidated Communications System Authority indicates that the system's infrastructure must be upgraded to maintain short-term and long-term system viability.

SUMMARY:

- Interoperable radio communications are a critical technology for search and rescue, emergency response, disaster management, and other public safety functions, allowing personnel from multiple agencies to rapidly share information and coordinate efforts. The current technology in Colorado is the Digital Trunked Radio System (DTRS);
- The Consolidated Communications Systems Authority, created via the Joint Budget Committee-sponsored H.B. 12-1224, represents entities that use DTRS as a primary means of public safety communication, and is tasked with providing a report to the Committee concerning the DTRS's operational and capital needs and funding options to meet those needs; and
- The Authority's 2012 Annual Report indicates that reliability, security, and maintenance concerns must be addressed in the near future to maintain system viability.

RECOMMENDATION:

Staff recommends that the Committee work with the Office of the Governor to develop a funding strategy to begin the process of upgrading the software platform of the master controller sites as a mid-year adjustment (supplemental) to the current FY 2012-13 budget.

DISCUSSION:

Background

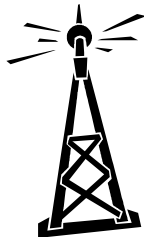
In the 1990s, State, local, and federal government entities across the state were using multiple communications systems. The systems were not interoperable in all instances, meaning communication during an emergency incident was hampered by the technical inability for one response team (a county sheriff's office, for example) to speak to a second response team (State Patrol, for example). Officials from local, State, federal, and tribal government agencies partnered together and crafted a phased project plan to develop a communications system that would be available to all public safety, public service, and governmental agencies to use as either their primary radio system or for interoperable communications only. The communications system was named the Colorado Statewide Digital Trunked Radio System (DTRS). The graphic on the following page details the core components of DTRS.

Digital Trunked Radio System Example Scenario

"The fire has crossed Highway 14"



Federal Fire Crew



Radio Site 1



Microwave 1



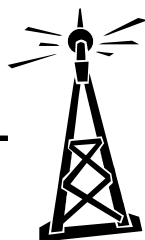
Zone Controller Microwave



Zone Controller



County Sheriff



Radio Site 4



Microwave 2



Microwave 1



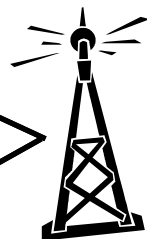
Zone Controller Microwave



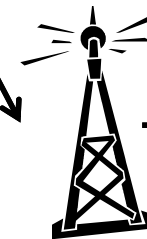
Local Fire Department 1



Local Fire Department 2



Radio Site 3



Radio Site 2



State Patrol

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Two groups own DTRS. The first group, known as the "core infrastructure partners," is made up of agencies engaged in the beginning stages of the development of DTRS, who have made significant infrastructure investments, and/or have made investments benefitting the statewide system as a whole. The "core infrastructure partners" include:

- Adams County;
- Arapahoe County;
- Douglas County;
- Jefferson County;
- Weld County;
- Northern Colorado Regional Communications Network (City of Fort Collins, City of Loveland, Northern Colorado Water Conservancy District, and others);
- Pike's Peak Regional Communications Network (City of Colorado Springs and El Paso County); and
- Governor's Office of Information Technology.

The second group includes CCNC infrastructure owners (other than the "core infrastructure partners") that possess any element or equipment defined as part of the DTRS network infrastructure including master switches, transport links, radio sites, or communications centers. This group adds infrastructure within their own jurisdictional system, but does not make investments to support the statewide system as a whole.

Consolidated Communications System Authority

The Committee sponsored H.B. 12-1224 (Becker/Lambert) establishing the Consolidated Communications Systems Authority (CCSA), a statutory public entity representing the interests of various members that use DTRS as a primary means of public safety communication. Members of the CCSA include local governments, law enforcement agencies, school districts, State and federal agencies, and other entities authorized to use public safety radio communications.

The Authority represents its membership in strategic, technical, and regulatory matters and advises the Governor and General Assembly regarding the present status and future needs of the DTRS. On an annual basis, the CCSA must present a written report to the Committee concerning the DTRS's operational and capital needs and funding options to meet those needs.

2012 CCSA Annual Report – System Needs

The private sector firm CDX Wireless, Inc. was contracted by OIT to draft the first annual report for the CCSA. The company surveyed over 75 different government agencies and vendors on ten key DTRS areas: coverage, capacity, reliability, capabilities, interoperability, security, maintenance, monitoring/reporting, training, and exercises. The results gathered from system owners, system users, system partners, and vendors indicate that the DTRS' reliability, security, and maintenance are key areas of budgetary focus in both the short-term and long-term. The report identified the following:

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Reliability – the microwave infrastructure that connects radio sites to each other and to zone controller sites uses very old equipment that has failed repeatedly, requiring a disproportionate amount of maintenance resources. Additionally, the power systems that provide power to the equipment at some radio sites are aging and have failed. It is estimated that the cost to replace the aging infrastructure is between \$20.0 million to \$25.0 million. The report recommends that OIT first hire outside engineering assistance to assess the infrastructure and develop an implementation plan.
- Security – the software used in the core of the master controller sites is outdated and as a result has support for current/updated antivirus protection only through the end of the 2012 calendar year. In 2013, antivirus updates will not be available, leaving the network’s core exposed to newly-developed cyber threats. It is estimated that the cost for upgrading the software is \$13.9 million.
- Maintenance – the outdated software used in the core of the master controller sites is negatively impacting the stability, supportability, and expandability of the entire network (see Security description for cost estimate). Additionally, 15 to 18 of the towers must be replaced to avoid violating code and to support new physical infrastructure (e.g. microwave equipment). It is estimated that replacement cost is \$300,000 per tower.

Two of the three areas of concern identify software as key area of focus to maintain system viability. Motorola Solutions, Inc. (DTRS’ platform) recommends that master controller sites be upgraded with new revisions of software at least every two years to maintain full support for bug fixes and compatibility with the radio site software and dispatch center equipment. The master controller sites have not been updated since 2008 when version 7.5 was installed (Motorola will release version 7.14 in 2013).

In addition to security concerns associated with version 7.5, it only supports a dispatch-center interface that has been cancelled and for which repair parts are unavailable, limits the number of channels available to DTRS users, and hampers the system’s ability to interface to non-DTRS systems (such as the City/County of Denver) in a manner offering a variety of functions above basic interoperability.

2012 CCSA Annual Report – Funding Options

A variety of funding sources have been used to build out DTRS over the years.

- The legislature created the Public Safety Communications Trust Fund in 1998 via H.B. 08-1068 (Anderson/Ament). House Bill 08-1068 transferred \$50 million General Fund to the Capital Construction Fund where it was appropriated to the Public Safety Communications Trust Fund. Finally, the legislation appropriated \$50 million to DPA for the acquisition and maintenance of DTRS. The bill also contained a provision that allows for all unexpended and unencumbered moneys in the Public Safety Communications Trust Fund to remain in the Fund and not revert to the General Fund. DTRS received an additional \$7.95 million in Capital Construction Fund moneys in FY 2008-09. As of today, approximately \$600,000 remains in the Public Safety Communications Trust Fund.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- The Department of Local Affairs (DOLA) provided significant funding for local governments to participate in and build-out the DTRS in their jurisdictions. Through the Colorado Wireless Interoperability Network (CWIN) Initiative, DOLA provided \$35 million in 2005 and 2006 as part of the State’s Energy and Mineral Impact Grants program (funded by a portion of the State's severance tax revenue and revenue from federal mineral leases) to local governments to purchase infrastructure for DTRS. CWIN added 58 new sites and additional infrastructure at four other sites. The CWIN program required that the owners (counties and cities) hold the DTRS equipment for a period of five years. At the end of the five year period it allows them to either keep or return the equipment to the State, requiring the State to take ownership and incur related expenses. Many of the transfer periods occur between 2010 and 2015.
- OIT currently uses a fee-for-service model to collect funds from DTRS-participating State agencies for operation and maintenance of the system. For FY 2013-14, OIT anticipates collecting \$4.9 million.
- DTRS received substantial federal funding through the U.S. Department of Homeland Security's State Homeland Security Grant program and Interoperable Emergency Communications Grant program, the U.S. Department of Commerce's Public Safety Interoperable Communications Grant program, and various other federal program moneys. The funds, totaling approximately \$78.5 million between FY 1998-99 through FY 2008-09, were provided to State and local government entities.
- Local governments and regional entities have funded the construction, operation, and maintenance of DTRS through General Fund, user fees and taxes, and other revenue generating strategies.

Available funds have been adequate to build out the network and “keep the lights on,” but have not been adequate to stay ahead of the physical infrastructure, hardware, and software requirements of the system. Other states have used a variety of funding streams to maintain their systems properly. Texas directs a portion of court costs to an “Emergency Radio Infrastructure Account,” Minnesota uses 911 fees, Wyoming and Virginia appropriate General Fund moneys, while Michigan and South Carolina institute user fees.

Options available to the Committee to fund all or a portion of needed system upgrades are limited to direct appropriations (via the operating budget or capital construction budget processes) or repurposing an existing fund, such as the Colorado High Cost Support Mechanism.

Funding Request

OIT’s FY 2013-14 budget request includes an increase of \$300,000 cash funds from the Public Safety Trust Fund to contract for an assessment of the current microwave infrastructure in DTRS, as suggested by the CCSA report. The budget request did not, however, include increased funding to upgrade the outdated software used in the core of the master controller sites, replace the aging microwave equipment, or replace old towers that support the physical infrastructure of the system.

Recommendation

The state relies on the public safety services provided by countless police departments, fire departments, sheriffs, and emergency management agencies each day. Unfortunately, some emergency incidents in the state require communications to occur in real-time across political and geographic boundaries. During these incidents, responders depend on the complex system of hardware and software of DTRS to function reliably.

Staff analyzed DTRS' needs identified in the CCSA Annual Report to the Committee to determine what must be done to maintain the system so that it functions as intended. It is staff's recommendation that upgrading the core software platform of the master controller sites would address the highest vulnerability in the system. It is not in the best interest of the State to assume the risks associated with an essential public safety tool that is open to system-impairing viruses. It is recommended that the Committee work with the Office of the Governor to develop a funding strategy to begin the process of upgrading the software platform of the master controller sites as a mid-year adjustment (supplemental) to the current FY 2012-13 budget.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Office of the Governor's Strategic Plan includes an objective to improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies. DTRS represents a core system supporting the public safety needs of citizens.

Issue: Medicaid Management Information System Reprocurement

The State of Colorado is required by federal regulations to have a mechanized claim processing system in order to participate in the Medicaid program. The State's current system, the Medicaid Management Information System (MMIS), is based on technology that is not cost effective. The Department of Health Care Policy and Financing requests \$15.6 million total funds (including \$1.4 million General Fund) for FY 2013-14 to acquire a new MMIS.

SUMMARY:

- The Department of Health Care Policy and Financing (HCPF) administers the Medicaid Management Information System (MMIS) to process Medicaid claims;
- MMIS is a 20+ year old system and is based on outdated mainframe technology which creates impediments to successfully implementing updates for policy and administrative changes; and
- HCPF analyzed strategies for the future of MMIS and indicates that a new MMIS should be procured. The Department's FY 2013-14 budget request includes an increase of \$15.6 million (including \$1.4 General Fund) for this purpose.

RECOMMENDATION:

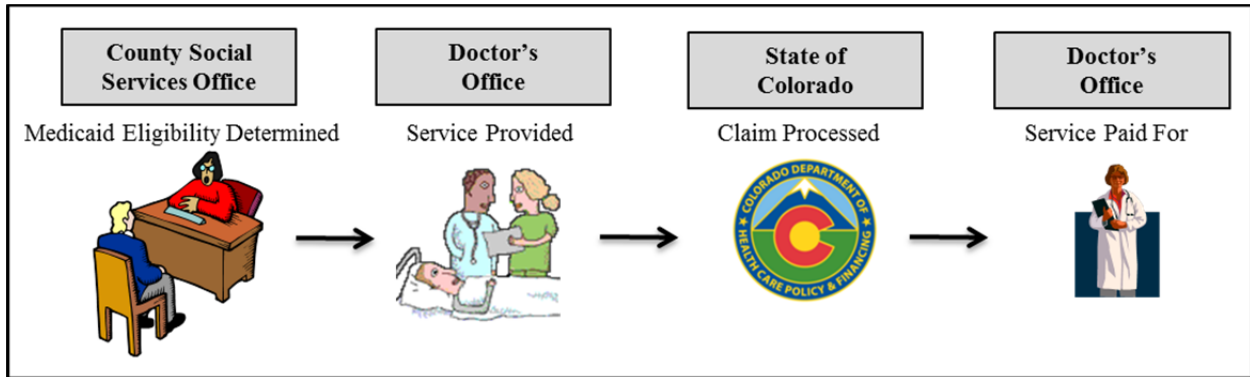
Staff recommends that the Committee work with HCPF and the Governor's Office of Information Technology to ensure that proposed MMIS technologies are able to communicate effectively with other State IT systems, including the Colorado Benefits Management System (CBMS).

DISCUSSION:

Background

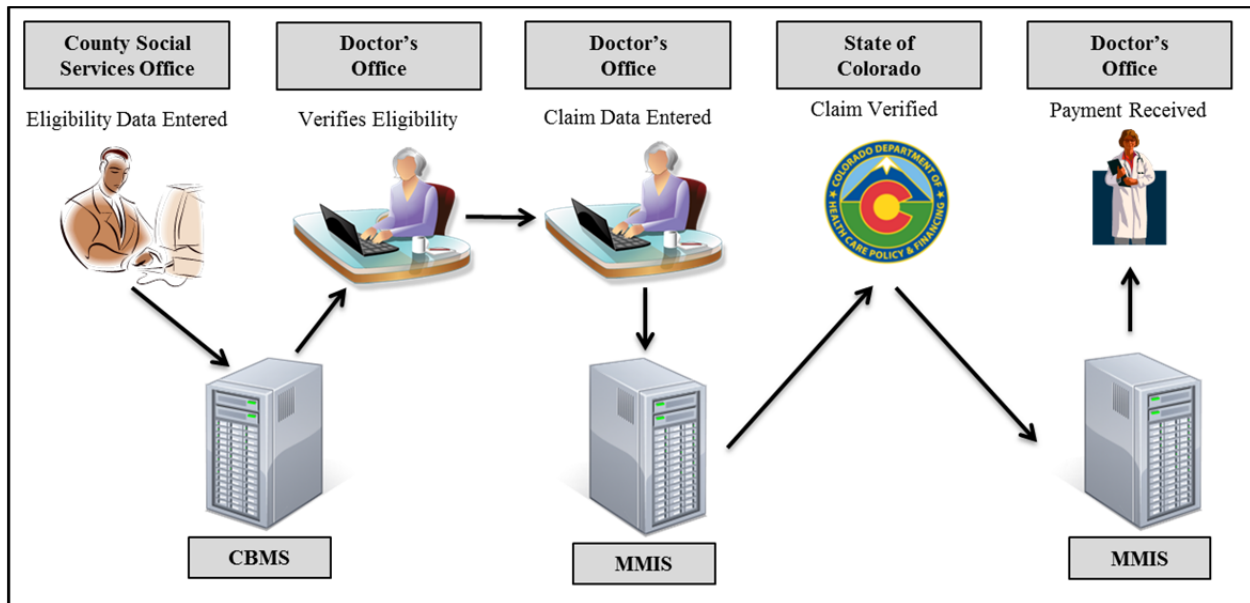
In the State of Colorado, eligibility to enroll in the Medicaid is typically determined at a county social services agency. The applicant, if eligible, is then enrolled in Medicaid and is authorized to seek services from a participating health services provider. The health services provider treats the patient and sends a claim to HCPF. HCPF and its contractor review the claim and issue funds to the health services provider. The graphic on the following page illustrates the process from eligibility determination through payment to the provider.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision



Technology

The State is required by federal law to have a mechanized claim processing and information retrieval system in order to participate in the Medicaid program. The Medicaid Management Information System (MMIS), administered by HCPF, fulfills this requirement. MMIS is a 20+ year old system and is based on mainframe technology that performs Medicaid-enrollee management functions (e.g. eligibility verification in conjunction with CBMS) and provider and operations management functions (e.g. billing codes and rate structures by service and by provider). The graphic below illustrates the relationship of the business processes associated with treating a patient enrolled in Medicaid to the underlying technology.



The business processes associated with treating an individual enrolled in Medicaid are negatively impacted due to the rigidity of the MMIS technology platform in several ways:

- An inconsistent communication loop between CBMS and MMIS causes eligibility verification delays and errors that require time-intensive manual fixes that have the potential to interrupt care and introduce further data integrity issues;
-

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Implementing policy and administrative changes associated with service codes and provider rates is unnecessarily labor intensive. For example, implementing the changes associated the implementation of the Adults without Dependent Children benefit required almost two full years to complete at a price of \$1.0 million;
- The ability to recover moneys paid for services to ineligible individuals is hampered by the system’s inability to retain historical eligibility data; and
- Retrieving data from the system to track patient health outcomes, provider performance, and comply with federal reporting requirements is cumbersome at best, impossible at worst;

Proposal

The federal Centers for Medicare and Medicaid (CMS) has historically required states to competitively bid and reprocure mechanized claim processing and information retrieval systems and fiscal agent services (claims processing) contracts at the eight year mark following the previous procurement. The current MMIS contract has been with Affiliated Computer Services, Inc. (acquired by Xerox in 2009) since 1998. The firm was successful in maintaining the contract through the 2006 reprocurement of MMIS related services. Due to the upcoming eight year mark of the current contract with Affiliated Computer Services, Inc., the Department received funding in FY 2010-11 (\$439,153 total funds) and FY 2011-12 (\$546,400 total funds) to hire a management consulting firm to determine the most effective strategy to address the technology issues associated with the existing MMIS that are negatively impacting business processes.

The Department’s contracted management consulting firm, Public Knowledge, LLC, conducted an assessment of MMIS and fiscal agent services procurements in 35 states. The organization’s “MMIS Procurement Analysis Report” prepared for the Department indicates that the MMIS market is quite active as states seek more robust technology tools to meet state and federal goals and mandates for linking patient outcomes to moneys invested. The report highlights that the quest for improved MMIS’ provides valuable lessons for Colorado in what to avoid and what to embrace in its next MMIS contract. The Report proposed three broad alternatives as procurement strategies.

- Acquire a new MMIS;
- Broker claims processing and administrator services through competitive procurement process or an existing Department relationship; or
- Participate in a multi-state consortium for MMIS.

Additionally, the Department has the option to keep the existing MMIS technology and include its usage as a provision in the reprocurement contract. This option mirrors the approach taken by the Department in its prior reprocurement contracts with Affiliated Computer Services, Inc.

The Department proposes the acquisition of a new MMIS as its strategy for reprocurement because it eliminates cost ineffective technologies, provides greater flexibility to make system changes, and ensures compliance with federal regulations. The Department’s contractor has

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

helped HPCF create a series of RFPs (released in early 2013) soliciting bids for the core MMIS and fiscal agent services, a pharmacy benefits management system, and business intelligence functions. The proposed timeline has work beginning in September 2013 and concluding in July 2015.

Proposed Budget

Funding for the proposal assumes that CMS will support a federal matching rate of 90.0 percent federal funds and 10.0 percent State funds (General Fund, Hospital Provider Fee, and Children’s Basic Health Plan Trust) on design, development, and implementation, a federal matching rate of 75.0 percent federal funds and 25.0 percent State funds on off-the-shelf software products, and a federal matching rate of 50.0 percent federal funds and 50.0 percent State funds on training. From FY 2013-14 through FY 2016-17, HPCF proposes a total appropriation of \$104.9 million (including \$9.5 million General Fund).

MMIS Reprocurement Proposed Budget								
Item	FY 2013-14		FY 2014-15		FY 2015-16		FY 2016-17	
	Total Funds	GF	Total Funds	GF	Total Funds	GF	Total Funds	GF
Core MMIS	\$9,294,000	\$830,118	\$25,588,000	\$2,285,459	\$25,588,000	\$2,285,459	\$20,000,000	\$1,786,352
Business Intelligence	973,333	86,936	1,946,667	173,872	1,000,000	89,318	0	0
Pharmacy Benefits	1,322,727	118,142	1,587,273	141,772	1,500,000	133,976	0	0
Verification and Validation	750,000	66,988	750,000	66,988	750,000	66,988	750,000	66,988
Off-the-shelf Products	284,972	63,633	305,201	68,149	305,202	68,150	244,625	54,623
Contracted Staff	2,984,372	266,557	2,984,372	266,557	2,984,372	266,557	2,984,372	266,557
Staff Training	14,999	6,698	16,063	7,173	16,063	7,173	12,875	5,750
Total	\$15,624,403	\$1,439,072	\$33,177,576	\$3,009,970	\$32,143,637	\$2,917,621	\$23,991,872	\$2,180,270

Recommendation

The Governor’s Office of Information Technology (OIT) has been engaged in the process of defining the RFP specifications needed to achieve interoperability between CBMS and MMIS. This level of project integration and communication between the State’s chief IT agency and HPCF must be developed and maintained with as much emphasis as the technologies that drive CBMS and MMIS. Staff recommends that the Committee work with HPCF and OIT to clearly define the roles and responsibilities of each entity as it relates to MMIS, CBMS, and other State IT systems that interface with MMIS and/or CBMS.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

HPCF’s Strategic Plan includes objectives to increase the number of insured Coloradans, improve health outcomes, increase access to health care, contain health care costs, and improve the long-term care service delivery system. The Department’s budget proposal to acquire a new MMIS through the scheduled reprocurement process represents an improvement in the tools that providers and administrators use to deliver and measure services related to each of the agency’s objectives.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	--------------------------------------

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

John Hickenlooper, Governor

(1) OFFICE OF THE GOVERNOR

As the chief executive of the State of Colorado, the Governor is responsible for the overall operation of the executive branch. This office provides for coordination, direction, and planning of agency operations, as well as maintaining a liaison with local governments and the federal government.

(A) Governor's Office

Administration of Governor's Office and Residence	<u>2,147,420</u>	<u>2,126,636</u>	<u>2,138,027</u>	<u>2,136,132</u>	
FTE	32.4	32.4	31.4	31.4	
General Fund	1,589,599	2,108,931	2,118,898	2,117,003	
Cash Funds	544,368	0	0	0	
Reappropriated Funds	13,453	17,705	19,129	19,129	
Discretionary Fund	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	
General Fund	19,500	19,500	19,500	19,500	
Mansion Activity Fund	<u>179,786</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	179,786	200,000	200,000	200,000	
SUBTOTAL - (A) Governor's Office	2,346,706	2,346,136	2,357,527	2,355,632	(0.1%)
FTE	<u>32.4</u>	<u>32.4</u>	<u>31.4</u>	<u>31.4</u>	<u>0.0%</u>
General Fund	1,609,099	2,128,431	2,138,398	2,136,503	(0.1%)
Cash Funds	724,154	200,000	200,000	200,000	0.0%
Reappropriated Funds	13,453	17,705	19,129	19,129	0.0%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
(B) Special Purpose					
Health, Life, and Dental	<u>5,114,698</u>	<u>5,568,139</u>	<u>7,127,199</u>	<u>7,753,339</u>	*
General Fund	730,835	376,769	503,387	422,033	
Cash Funds	0	0	222,374	318,016	
Reappropriated Funds	4,383,863	5,191,370	6,078,274	6,617,082	
Federal Funds	0	0	323,164	396,208	
Short-term Disability	<u>104,889</u>	<u>109,643</u>	<u>119,141</u>	<u>144,147</u>	*
General Fund	5,473	7,816	9,988	7,679	
Cash Funds	0	0	4,175	6,091	
Reappropriated Funds	99,416	101,827	99,896	123,752	
Federal Funds	0	0	5,082	6,625	
S.B. 04-257 Amortization Equalization Disbursement	<u>1,618,186</u>	<u>1,041,894</u>	<u>2,394,697</u>	<u>2,759,298</u>	*
General Fund	83,561	123,638	250,590	146,642	
Cash Funds	0	0	93,043	116,156	
Reappropriated Funds	1,534,625	918,256	1,959,187	2,370,130	
Federal Funds	0	0	91,877	126,370	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>1,182,942</u>	<u>1,421,752</u>	<u>2,057,090</u>	<u>2,491,033</u>	*
General Fund	60,317	99,352	397,745	132,385	
Cash Funds	0	0	79,961	104,863	
Reappropriated Funds	1,122,625	1,322,400	1,500,427	2,139,701	
Federal Funds	0	0	78,957	114,084	
Shift Differential	<u>75,022</u>	<u>107,879</u>	<u>75,981</u>	<u>72,915</u>	
Reappropriated Funds	75,022	107,879	75,981	72,915	

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,283,586</u>	
General Fund	0	0	0	66,127	
Cash Funds	0	0	0	52,454	
Reappropriated Funds	0	0	0	1,107,941	
Federal Funds	0	0	0	57,064	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,241,443</u>	
General Fund	0	0	0	71,319	
Cash Funds	0	0	0	51,593	
Reappropriated Funds	0	0	0	1,061,720	
Federal Funds	0	0	0	56,811	
Workers' Compensation	<u>142,719</u>	<u>238,235</u>	<u>372,433</u>	<u>441,923</u>	
General Fund	17,380	29,065	163,263	53,915	
Reappropriated Funds	125,339	209,170	209,170	388,008	
Legal Services	<u>958,783</u>	<u>611,852</u>	<u>390,190</u>	<u>390,190</u>	
General Fund	921,703	573,589	390,190	390,190	
Reappropriated Funds	37,080	38,263	0	0	
Lobato Litigation Expenses	<u>417,573</u>	<u>242,037</u>	<u>50,000</u>	<u>50,000</u>	
General Fund	417,573	242,037	50,000	50,000	
Purchase of Services from Computer Center	<u>234,346</u>	<u>0</u>	<u>2,070,805</u>	<u>940,327</u>	
General Fund	234,346	0	2,070,805	205,612	
Reappropriated Funds	0	0	0	734,715	

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Multiuse Network Payments	<u>51,951</u>	<u>44,999</u>	<u>162,880</u>	<u>285,107</u>	
General Fund	24,665	35,099	162,880	52,957	
Reappropriated Funds	27,286	9,900	0	232,150	
Management and Administration of OIT	<u>83,470</u>	<u>84,524</u>	<u>0</u>	<u>0</u>	
General Fund	70,400	71,195	0	0	
Cash Funds	3,617	3,704	0	0	
Reappropriated Funds	4,258	4,306	0	0	
Federal Funds	5,195	5,319	0	0	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>69,883</u>	<u>69,883</u>	
General Fund	0	0	22,407	22,407	
Cash Funds	0	0	23,019	23,019	
Federal Funds	0	0	24,457	24,457	
Payment to Risk Management and Property Funds	<u>85,800</u>	<u>116,359</u>	<u>157,246</u>	<u>215,241</u>	
General Fund	25,433	34,908	75,795	64,573	
Reappropriated Funds	60,367	81,451	81,451	150,668	
Vehicle Lease Payments	<u>104,363</u>	<u>98,494</u>	<u>91,010</u>	<u>91,010</u>	
General Fund	0	0	0	0	
Reappropriated Funds	104,363	98,494	91,010	91,010	
Leased Space	<u>923,660</u>	<u>1,290,813</u>	<u>2,371,521</u>	<u>3,148,018</u>	
Reappropriated Funds	923,660	1,290,813	2,371,521	3,148,018	
Capitol Complex Leased Space	<u>461,386</u>	<u>462,762</u>	<u>457,377</u>	<u>583,519</u>	
General Fund	262,014	266,406	258,997	345,163	
Reappropriated Funds	199,372	196,356	198,380	238,356	

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
SUBTOTAL - (B) Special Purpose	11,559,788	11,439,382	17,967,453	21,960,979	22.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	2,853,700	1,859,874	4,356,047	2,031,002	(53.4%)
Cash Funds	3,617	3,704	422,572	672,192	59.1%
Reappropriated Funds	8,697,276	9,570,485	12,665,297	18,476,166	45.9%
Federal Funds	5,195	5,319	523,537	781,619	49.3%

(C) Governor's Energy Office

Program Administration	<u>84,524</u>	<u>1,206,811</u>	<u>6,307,115</u>	<u>6,346,624</u>
FTE	26.0	31.0	32.3	32.3
General Fund	0	0	0	0
Cash Funds	0	1,206,811	2,807,115	2,846,624
Federal Funds	84,524	0	3,500,000	3,500,000
Low-Income Energy Assistance	<u>0</u>	<u>0</u>	<u>7,100,000</u>	<u>7,100,000</u>
Cash Funds	0	0	7,100,000	7,100,000
Clean Energy	<u>3,215,323</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	5.0	0.0	0.0	0.0
Cash Funds	3,215,323	0	0	0
School Energy Efficiency	<u>268,870</u>	<u>42,623</u>	<u>207,975</u>	<u>207,975</u>
FTE	2.0	2.0	1.4	1.4
Cash Funds	268,870	42,623	207,975	207,975
Legal Services	<u>0</u>	<u>0</u>	<u>84,976</u>	<u>84,976</u>
Cash Funds	0	0	67,208	67,208
Federal Funds	0	0	17,768	17,768

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>7,484</u>	<u>155,618</u>	
Cash Funds	0	0	7,484	155,618	
SUBTOTAL - (C) Governor's Energy Office	3,568,717	1,249,434	13,707,550	13,895,193	1.4%
<i>FTE</i>	<u>33.0</u>	<u>33.0</u>	<u>33.7</u>	<u>33.7</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	3,484,193	1,249,434	10,189,782	10,377,425	1.8%
Federal Funds	84,524	0	3,517,768	3,517,768	0.0%
(D) Other Programs and Grants					
Program Administration	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>	
<i>FTE</i>	0.0	0.0	0.0	0.0	
Cash Funds	0	0	1,000	1,000	
SUBTOTAL - (D) Other Programs and Grants	0	0	1,000	1,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	0	0	1,000	1,000	0.0%
TOTAL - (1) Office of the Governor	17,475,211	15,034,952	34,033,530	38,212,804	12.3%
<i>FTE</i>	<u>65.4</u>	<u>65.4</u>	<u>65.1</u>	<u>65.1</u>	<u>0.0%</u>
General Fund	4,462,799	3,988,305	6,494,445	4,167,505	(35.8%)
Cash Funds	4,211,964	1,453,138	10,813,354	11,250,617	4.0%
Reappropriated Funds	8,710,729	9,588,190	12,684,426	18,495,295	45.8%
Federal Funds	89,719	5,319	4,041,305	4,299,387	6.4%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(2) OFFICE OF THE LIEUTENANT GOVERNOR

Colorado's Constitution provides for the Lieutenant Governor to become Governor in the case of the death, impeachment, felony conviction, incapacitation, or resignation of the Governor. The Lieutenant Governor serves as chairperson of the Colorado Commission of Indian Affairs, and handles additional responsibilities assigned by the Governor.

Administration	<u>262,025</u>	<u>215,119</u>	<u>221,233</u>	<u>221,233</u>	
FTE	3.7	2.7	2.7	2.7	
General Fund	217,458	215,119	221,233	221,233	
Reappropriated Funds	0	0	0	0	
Federal Funds	44,567	0	0	0	
Discretionary Fund	<u>2,875</u>	<u>2,875</u>	<u>2,875</u>	<u>2,875</u>	
General Fund	2,875	2,875	2,875	2,875	
Commission of Indian Affairs	<u>73,383</u>	<u>74,855</u>	<u>78,086</u>	<u>78,086</u>	
FTE	2.3	2.3	2.3	2.3	
General Fund	73,383	74,855	76,902	76,902	
Cash Funds	0	0	1,184	1,184	

TOTAL - (2) Office of the Lieutenant Governor	338,283	292,849	302,194	302,194	0.0%
FTE	<u>6.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>0.0%</u>
General Fund	293,716	292,849	301,010	301,010	0.0%
Cash Funds	0	0	1,184	1,184	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	44,567	0	0	0	0.0%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(3) OFFICE OF STATE PLANNING AND BUDGETING

The Office of State Planning and Budgeting is responsible for the development of executive budget requests, the review and analysis of departmental expenditures, and preparation of revenue and economic forecasts for the state.

Personal Services	<u>1,339,732</u>	<u>1,366,313</u>	<u>1,403,975</u>	<u>2,379,843</u> *
FTE	19.5	13.2	19.5	19.5
General Fund	0	0	0	975,868
Cash Funds	88,615	0	0	0
Reappropriated Funds	1,251,117	1,366,313	1,403,975	1,403,975
Operating Expenses	<u>75,570</u>	<u>35,184</u>	<u>400,944</u>	<u>50,944</u>
General Fund	25,000	0	350,000	0
Reappropriated Funds	50,570	35,184	50,944	50,944
Economic Forecasting Subscriptions	<u>6,153</u>	<u>9,233</u>	<u>16,362</u>	<u>16,362</u>
Reappropriated Funds	6,153	9,233	16,362	16,362

TOTAL - (3) Office of State Planning and Budgeting	1,421,455	1,410,730	1,821,281	2,447,149	34.4%
FTE	<u>19.5</u>	<u>13.2</u>	<u>19.5</u>	<u>19.5</u>	0.0%
General Fund	25,000	0	350,000	975,868	178.8%
Cash Funds	88,615	0	0	0	0.0%
Reappropriated Funds	1,307,840	1,410,730	1,471,281	1,471,281	0.0%

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(4) ECONOMIC DEVELOPMENT PROGRAMS

The Office of Economic Development is the central coordination office for the state's business assistance, retention, expansion, and recruitment programs. The Division includes the Economic Development Commission, the Global Business Development Office, Small Business Development Centers, Colorado Welcome Centers, Colorado Tourism Office, Creative Industries Council, and the Colorado Office of Film, Television, and Media. The Division also coordinates programs related to Bioscience Discovery Evaluation.

Administration	<u>591,920</u>	<u>570,267</u>	<u>597,994</u>	<u>597,994</u>	
FTE	5.5	5.0	6.0	6.0	
General Fund	546,091	537,742	585,925	585,925	
Cash Funds	0	0	2,435	2,435	
Reappropriated Funds	45,829	32,525	7,484	7,484	
Federal Funds	0	0	2,150	2,150	
Vehicle Lease Payments	<u>15,161</u>	<u>14,286</u>	<u>15,161</u>	<u>15,161</u>	
General Fund	15,161	14,286	15,161	15,161	
Leased Space	<u>231,540</u>	<u>231,540</u>	<u>231,540</u>	<u>360,862</u>	*
General Fund	231,540	231,540	231,540	360,862	
Global Business Development	<u>1,484,521</u>	<u>1,526,203</u>	<u>2,065,853</u>	<u>2,669,085</u>	*
FTE	15.7	14.7	17.6	21.2	
General Fund	1,465,071	1,443,848	1,467,716	2,070,948	
Cash Funds	19,450	41,023	240,000	240,000	
Federal Funds	0	41,332	358,137	358,137	
Leading Edge Program Grants	<u>50,976</u>	<u>50,976</u>	<u>126,407</u>	<u>126,407</u>	
General Fund	50,976	50,976	50,976	50,976	
Cash Funds	0	0	75,431	75,431	

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Small Business Development Centers	<u>1,807,215</u>	<u>1,807,266</u>	<u>1,295,168</u>	<u>1,295,168</u>	
FTE	3.5	3.5	4.0	4.0	
General Fund	84,248	83,494	84,522	84,522	
Federal Funds	1,722,967	1,723,772	1,210,646	1,210,646	
Colorado Office of Film, Television, and Media	<u>401,615</u>	<u>521,261</u>	<u>3,195,541</u>	<u>1,300,000</u> *	
FTE	2.7	2.7	4.5	4.5	
General Fund	0	0	0	1,000,000	
Cash Funds	401,615	521,261	3,195,541	300,000	
Colorado Promotion - Colorado Welcome Centers	<u>488,925</u>	<u>500,292</u>	<u>500,000</u>	<u>500,000</u>	
FTE	3.3	3.3	3.3	3.3	
Cash Funds	488,925	500,292	500,000	500,000	
Colorado Promotion - Other Program Costs	<u>14,897,080</u>	<u>12,345,269</u>	<u>12,980,321</u>	<u>18,400,000</u> *	
FTE	4.0	4.0	4.0	4.0	
General Fund	0	0	3,700,000	5,700,000	
Cash Funds	14,897,080	12,345,269	9,280,321	12,700,000	
Economic Development Commission - General					
Economic Incentives and Marketing	<u>1,269,408</u>	<u>1,010,994</u>	<u>6,092,280</u>	<u>5,078,516</u> *	
FTE	2.6	0.0	4.0	4.9	
General Fund	850,726	967,876	2,013,764	5,000,000	
Cash Funds	418,682	43,118	4,078,516	78,516	
Colorado First Customized Job Training	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	
General Fund	2,725,022	2,725,022	2,725,022	2,725,022	

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
CAPCO Administration	<u>98,867</u>	<u>72,358</u>	<u>80,281</u>	<u>80,281</u>	
FTE	1.6	1.6	2.0	2.0	
Reappropriated Funds	98,867	72,358	80,281	80,281	
Council on Creative Industries	<u>1,910,360</u>	<u>745,100</u>	<u>1,846,559</u>	<u>2,164,397</u>	
FTE	3.0	1.6	3.0	3.0	
General Fund	0	0	300,000	300,000	
Cash Funds	1,910,360	0	782,162	1,100,000	
Federal Funds	0	745,100	764,397	764,397	
New Jobs Incentives	<u>1,440,724</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	1,440,724	0	0	0	
Bioscience Discovery Evaluation	<u>5,770,944</u>	<u>4,406,476</u>	<u>3,519,731</u>	<u>9,900,000</u>	
FTE	0.0	0.6	0.6	1.1	
Cash Funds	5,770,944	4,406,476	3,519,731	9,900,000	
Indirect Cost Assessment	<u>22,030</u>	<u>38,322</u>	<u>7,484</u>	<u>30,852</u>	
Cash Funds	22,030	38,322	7,484	30,852	
TOTAL - (4) Economic Development Programs	33,206,308	26,565,632	35,279,342	45,243,745	28.2%
FTE	41.9	37.0	49.0	54.0	10.2%
General Fund	5,968,835	6,054,784	11,174,626	17,893,416	60.1%
Cash Funds	25,369,810	17,895,761	21,681,621	24,927,234	15.0%
Reappropriated Funds	144,696	104,883	87,765	87,765	0.0%
Federal Funds	1,722,967	2,510,204	2,335,330	2,335,330	0.0%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

OFFICE OF INFORMATION TECHNOLOGY

The Governor's Office of Information Technology (OIT) oversees executive agency technology initiatives and recommends strategies to maximize service delivery efficiency in a cost-effective manner through the application of enterprise technology solutions.

(A) Management and Administration of OIT

Personal Services	<u>1,085,071</u>	<u>980,748</u>	<u>1,127,581</u>	<u>1,127,581</u>	
FTE	10.1	11.5	13.0	13.0	
Reappropriated Funds	1,085,071	980,748	1,127,581	1,127,581	
Operating Expenses	<u>148,093</u>	<u>150,268</u>	<u>558,817</u>	<u>558,817</u>	
Reappropriated Funds	148,093	150,268	558,817	558,817	
Statewide IT Management	<u>4,932,822</u>	<u>4,798,710</u>	<u>5,262,246</u>	<u>5,348,494</u>	
FTE	56.8	68.5	68.9	68.9	
General Fund	0	0	0	86,248	
Reappropriated Funds	4,932,822	4,798,710	5,262,246	5,262,246	
Legal Services	<u>1,908</u>	<u>1,968</u>	<u>37,775</u>	<u>37,775</u>	
Reappropriated Funds	1,908	1,968	37,775	37,775	
Indirect Cost Assessment	<u>34,041</u>	<u>9,383</u>	<u>80,935</u>	<u>72,650</u>	
Reappropriated Funds	34,041	9,383	80,935	72,650	
H.B. 10-1119 Feasability Study	<u>48,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Federal Funds	48,563	0	0	0	

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
SUBTOTAL - (A) Management and Administration of OIT	6,250,498	5,941,077	7,067,354	7,145,317	1.1%
<i>FTE</i>	<u>66.9</u>	<u>80.0</u>	<u>81.9</u>	<u>81.9</u>	<u>0.0%</u>
General Fund	0	0	0	86,248	0.0%
Reappropriated Funds	6,201,935	5,941,077	7,067,354	7,059,069	(0.1%)
Federal Funds	48,563	0	0	0	0.0%

(B) Computer Center Services

(I) Computer Services

Personal Services	<u>41,977,905</u>	<u>42,252,462</u>	<u>44,048,685</u>	<u>46,325,429</u> *
FTE	543.7	515.1	564.3	586.3
Reappropriated Funds	41,977,905	42,252,462	44,048,685	46,325,429
Operating Expenses	<u>5,456,156</u>	<u>6,044,629</u>	<u>6,254,871</u>	<u>8,241,638</u> *
General Fund	0	0	0	345,507
Cash Funds	2,328	2,328	2,328	2,328
Reappropriated Funds	5,453,828	6,042,301	6,252,543	7,893,803
Rental, Lease, or Lease/Purchase of Central Processing Unit	<u>336,035</u>	<u>336,034</u>	<u>336,034</u>	<u>336,034</u>
Reappropriated Funds	336,035	336,034	336,034	336,034
Indirect Cost Assessment	<u>986,044</u>	<u>831,698</u>	<u>165,321</u>	<u>151,894</u>
Reappropriated Funds	986,044	831,698	165,321	151,894

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
SUBTOTAL - (I) Computer Services	48,756,140	49,464,823	50,804,911	55,054,995	8.4%
<i>FTE</i>	<u>543.7</u>	<u>515.1</u>	<u>564.3</u>	<u>586.3</u>	<u>3.9%</u>
General Fund	0	0	0	345,507	0.0%
Cash Funds	2,328	2,328	2,328	2,328	0.0%
Reappropriated Funds	48,753,812	49,462,495	50,802,583	54,707,160	7.7%
(II) Statewide Information Technology Services Administration					
Personal Services	<u>430,963</u>	<u>434,227</u>	<u>444,303</u>	<u>444,303</u>	
<i>FTE</i>	6.7	6.9	5.0	5.0	
Reappropriated Funds	430,963	434,227	444,303	444,303	
Operating Expenses	<u>3,491</u>	<u>1,762</u>	<u>6,450</u>	<u>6,450</u>	
Reappropriated Funds	3,491	1,762	6,450	6,450	
SUBTOTAL - (II) Statewide Information Technology Services Administration	434,454	435,989	450,753	450,753	0.0%
<i>FTE</i>	<u>6.7</u>	<u>6.9</u>	<u>5.0</u>	<u>5.0</u>	<u>0.0%</u>
Reappropriated Funds	434,454	435,989	450,753	450,753	0.0%
(III) Customer Service					
Personal Services	<u>808,442</u>	<u>809,610</u>	<u>840,574</u>	<u>840,574</u>	
<i>FTE</i>	12.6	12.8	11.0	11.0	
Reappropriated Funds	808,442	809,610	840,574	840,574	
Operating Expenses	<u>13,398</u>	<u>6,831</u>	<u>14,625</u>	<u>14,625</u>	
Reappropriated Funds	13,398	6,831	14,625	14,625	
SUBTOTAL - (III) Customer Service	821,840	816,441	855,199	855,199	0.0%
<i>FTE</i>	<u>12.6</u>	<u>12.8</u>	<u>11.0</u>	<u>11.0</u>	<u>0.0%</u>
Reappropriated Funds	821,840	816,441	855,199	855,199	0.0%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
(IV) Technology Management Unit					
Personal Services	<u>2,738,332</u>	<u>2,695,098</u>	<u>2,859,102</u>	<u>2,859,102</u>	
FTE	30.3	32.7	32.5	32.5	
Reappropriated Funds	2,738,332	2,695,098	2,859,102	2,859,102	
Operating Expenses	<u>364,373</u>	<u>362,716</u>	<u>364,371</u>	<u>364,371</u>	
Reappropriated Funds	364,373	362,716	364,371	364,371	
SUBTOTAL - (IV) Technology Management Unit	3,102,705	3,057,814	3,223,473	3,223,473	0.0%
FTE	<u>30.3</u>	<u>32.7</u>	<u>32.5</u>	<u>32.5</u>	<u>0.0%</u>
Reappropriated Funds	3,102,705	3,057,814	3,223,473	3,223,473	0.0%
SUBTOTAL - (B) Computer Center Services	53,115,139	53,775,067	55,334,336	59,584,420	7.7%
FTE	<u>593.3</u>	<u>567.5</u>	<u>612.8</u>	<u>634.8</u>	<u>3.6%</u>
General Fund	0	0	0	345,507	0.0%
Cash Funds	2,328	2,328	2,328	2,328	0.0%
Reappropriated Funds	53,112,811	53,772,739	55,332,008	59,236,585	7.1%
(C) Network Services					
(I) Network Services					
Personal Services	<u>7,238,081</u>	<u>7,218,569</u>	<u>7,518,106</u>	<u>7,518,106</u>	
FTE	92.6	77.6	90.6	90.6	
Reappropriated Funds	7,238,081	7,218,569	7,518,106	7,518,106	
Operating Expenses	<u>17,014,513</u>	<u>17,450,504</u>	<u>16,166,621</u>	<u>16,252,869</u>	*
General Fund	0	0	0	86,248	
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	
Reappropriated Funds	15,814,513	16,250,504	14,966,621	14,966,621	

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Toll-free Telephone Access to Members of the General Assembly	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
Reappropriated Funds	25,000	25,000	25,000	25,000	
Indirect Cost Assessment	<u>166,355</u>	<u>202,655</u>	<u>15,637</u>	<u>39,295</u>	
Reappropriated Funds	166,355	202,655	15,637	39,295	
SUBTOTAL - (I) Network Services	24,443,949	24,896,728	23,725,364	23,835,270	0.5%
<i>FTE</i>	<u>92.6</u>	<u>77.6</u>	<u>90.6</u>	<u>90.6</u>	<u>0.0%</u>
General Fund	0	0	0	86,248	0.0%
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	0.0%
Reappropriated Funds	23,243,949	23,696,728	22,525,364	22,549,022	0.1%
(II) Order Billing					
Personal Services	<u>606,157</u>	<u>594,044</u>	<u>620,946</u>	<u>620,946</u>	
<i>FTE</i>	8.4	7.9	9.0	9.0	
Reappropriated Funds	606,157	594,044	620,946	620,946	
Operating Expenses	<u>3,871</u>	<u>10,713</u>	<u>10,750</u>	<u>10,750</u>	
Reappropriated Funds	3,871	10,713	10,750	10,750	
SUBTOTAL - (II) Order Billing	610,028	604,757	631,696	631,696	0.0%
<i>FTE</i>	<u>8.4</u>	<u>7.9</u>	<u>9.0</u>	<u>9.0</u>	<u>0.0%</u>
Reappropriated Funds	610,028	604,757	631,696	631,696	0.0%
SUBTOTAL - (C) Network Services	25,053,977	25,501,485	24,357,060	24,466,966	0.5%
<i>FTE</i>	<u>101.0</u>	<u>85.5</u>	<u>99.6</u>	<u>99.6</u>	<u>0.0%</u>
General Fund	0	0	0	86,248	0.0%
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	0.0%
Reappropriated Funds	23,853,977	24,301,485	23,157,060	23,180,718	0.1%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
(D) Communication Services					
Personal Services	<u>3,589,565</u>	<u>3,608,382</u>	<u>3,604,176</u>	<u>3,904,176</u> *	
FTE	41.4	40.5	46.0	46.0	
Cash Funds	721,134	0	0	300,000	
Reappropriated Funds	2,868,431	3,608,382	3,604,176	3,604,176	
Operating Expenses	<u>134,631</u>	<u>182,569</u>	<u>183,231</u>	<u>183,231</u>	
Cash Funds	0	48,600	48,600	48,600	
Reappropriated Funds	134,631	133,969	134,631	134,631	
Training	<u>17,910</u>	<u>21,853</u>	<u>22,000</u>	<u>22,000</u>	
Reappropriated Funds	17,910	21,853	22,000	22,000	
Utilities	<u>165,003</u>	<u>164,934</u>	<u>183,768</u>	<u>183,768</u>	
Reappropriated Funds	165,003	164,934	183,768	183,768	
Local Systems Development	<u>206,643</u>	<u>212,840</u>	<u>121,000</u>	<u>121,000</u>	
Federal Funds	206,643	212,840	121,000	121,000	
Indirect Cost Assessment	<u>369,791</u>	<u>542,208</u>	<u>52,596</u>	<u>67,827</u>	
Reappropriated Funds	369,791	542,208	52,596	67,827	
SUBTOTAL - (D) Communication Services	4,483,543	4,732,786	4,166,771	4,482,002	7.6%
FTE	41.4	40.5	46.0	46.0	0.0%
Cash Funds	721,134	48,600	48,600	348,600	617.3%
Reappropriated Funds	3,555,766	4,471,346	3,997,171	4,012,402	0.4%
Federal Funds	206,643	212,840	121,000	121,000	0.0%

*This line item contains a decision item.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
(E) Colorado Benefits Management System					
Colorado Benefits Management System	<u>25,482,457</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	53.2	0.0	0.0	0.0	
Reappropriated Funds	25,482,457	0	0	0	
Personal Services	<u>0</u>	<u>4,073,701</u>	<u>4,981,589</u>	<u>4,981,589</u>	
FTE	0.0	47.7	58.5	58.5	
Reappropriated Funds	0	4,073,701	4,981,589	4,981,589	
Operating Expenses - Contract Costs	<u>0</u>	<u>20,473,684</u>	<u>20,184,009</u>	<u>20,184,009</u>	
Reappropriated Funds	0	20,473,684	20,184,009	20,184,009	
H.B. 12-1339 CBMS Modernization	<u>0</u>	<u>733,392</u>	<u>12,279,762</u>	<u>0</u>	
Reappropriated Funds	0	733,392	12,279,762	0	
SUBTOTAL - (E) Colorado Benefits Management System					
	25,482,457	25,280,777	37,445,360	25,165,598	(32.8%)
FTE	<u>53.2</u>	<u>47.7</u>	<u>58.5</u>	<u>58.5</u>	0.0%
Reappropriated Funds	25,482,457	25,280,777	37,445,360	25,165,598	(32.8%)

(G) Miscellaneous Line Items Consolidated Into Other Subdivisions Per Statewide OIT Consolidation

Office of the Chief Information Security Officer Program

Costs	<u>276,565</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	2.4	0.0	0.0	0.0	
Reappropriated Funds	276,565	0	0	0	

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
SUBTOTAL - (G) Miscellaneous Line Items					
Consolidated Into Other Subdivisions Per Statewide					
OIT Consolidation	276,565	0	0	0	0.0%
<i>FTE</i>	<u>2.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	276,565	0	0	0	0.0%
TOTAL - Office of Information Technology					
<i>FTE</i>	<u>858.2</u>	<u>821.2</u>	<u>898.8</u>	<u>920.8</u>	<u>2.4%</u>
General Fund	0	0	0	518,003	0.0%
Cash Funds	1,923,462	1,250,928	1,250,928	1,550,928	24.0%
Reappropriated Funds	112,483,511	113,767,424	126,998,953	118,654,372	(6.6%)
Federal Funds	255,206	212,840	121,000	121,000	0.0%
TOTAL - Governor - Lieutenant Governor - State					
Planning and Budgeting	167,103,436	158,535,355	199,807,228	207,050,195	3.6%
<i>FTE</i>	<u>991.0</u>	<u>941.8</u>	<u>1,037.4</u>	<u>1,064.4</u>	<u>2.6%</u>
General Fund	10,750,350	10,335,938	18,320,081	23,855,802	30.2%
Cash Funds	31,593,851	20,599,827	33,747,087	37,729,963	11.8%
Reappropriated Funds	122,646,776	124,871,227	141,242,425	138,708,713	(1.8%)
Federal Funds	2,112,459	2,728,363	6,497,635	6,755,717	4.0%

Appendix B:

Recent Legislation Affecting Department Budget

S.B. 11-037 (World War II license plate): Creates the "Veteran of World War II" special license plate to identify that the owner of the motor vehicle is a veteran of World War II. For FY 2011-12, appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue for the implementation of the bill. These moneys are reappropriated to the Governor's Office of Information Technology for computer programming services. For more information on S.B. 11-037, please see the "Recent Legislation" section in the Department of Revenue section of this document.

S.B. 11-076 (PERA contribution rates): For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$1,785,283 total funds, of which \$100,336 is General Fund, \$4,054 is cash funds, \$1,601,444 is reappropriated funds, and \$79,449 is federal funds.

S.B. 11-102 (Mental health tax check off): Establishes a new voluntary donation line on income tax forms for the Families in Action for Mental Health Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services. For more information on S.B. 11-102, please see the "Recent Legislation" section in the Department of Revenue section of this document.

S.B. 11-109 (Public education tax check off): Establishes a new voluntary donation line on income tax forms for the Public Education Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services. For more information on S.B. 11-109, please see the "Recent Legislation" section in the Department of Revenue section of this document.

S.B. 11-159 (Limited gaming revenue): Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. Specifically, the bill places the following provisions in statute:

- The first \$19.2 million of the "State share" shall be transferred to the General Fund;

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Any amount of the "State share" that is greater than \$19.2 million, but less than \$48.5 million, will be transferred as follows:
 - 50.0 percent to the Colorado Travel and Tourism Promotion Fund;
 - 18.0 percent to the Bioscience Discovery Evaluation Cash Fund;
 - 15.0 percent to the Local Government Limited Gaming Impact Fund;
 - 7.0 percent to the Innovative Higher Education Research Fund;
 - 5.0 percent to the New Jobs Incentives Cash Fund;
 - 4.0 percent to the Creative Industries Cash Fund for the purposes of the Council on Creative Industries; and
 - 1.0 percent to the Creative Industries Cash Fund for performance-based film incentives.

- Any amount of the "State share" that is greater than \$48.5 million will be transferred to the General Fund;
- Any moneys slated for transfer to programs that have been repealed or discontinued statutorily shall instead be transferred to the General Fund; and
- Appropriates \$15.9 million cash funds and 13.8 FTE to the Governor's Office for FY 2011-12.

S.B. 11-164 (General Fund transfer): Transfers \$2.5 million from the Colorado Travel and Tourism Promotion Cash Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.

S.B. 11-169 (Physical therapy regulation): Continues a program in the Department of Regulatory Agencies that is set to repeal, effective July 1, 2011 that regulates individuals performing services within a physical therapist's scope of practice. Appropriates \$23,680 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-169, please see the "Recent Legislation" section in the Department of Regulatory Agencies section of this document.

S.B. 11-176 (Inmate earned time): Permits the accrual of earned time for inmates who have been housed in administrative segregation for at least 90 days, provided they meet the statutory criteria for doing so. Appropriates \$20,720 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-176, please see the "Recent Legislation" section in the Department of Corrections section of this document.

S.B. 11-184 (Tax amnesty): Establishes a tax amnesty program from October 1, 2011 to November 15, 2011 that allows taxpayers who owe taxes to the State to pay those taxes without penalty and at an interest rate set at one-half of the established rate. Appropriates \$23,680 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-184, please see the "Recent Legislation" section in the Department of Revenue section of this document.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

S.B. 11-197 (Girl Scout license plate): Establishes the "Girl Scout Centennial" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on S.B. 11-197, please see the "Recent Legislation" section in the Department of Revenue section of this document.

S.B. 11-209 (Long Bill): General appropriations act for FY 2011-12.

S.B. 11-247 (Repeal childhood council): Repeals the Colorado Early Childhood Council Advisory Team (ECCAT) in the Office of the Lieutenant Governor and makes conforming amendments, including an appropriations reduction of \$77,034 reappropriated funds received from the Department of Human Services and 1.0 FTE in FY 2011-12 and a reduction of \$27,538 reappropriated funds in FY 2010-11.

H.B. 11-1002 (Transportation data availability): Requires the Department of Transportation to develop and maintain a publicly accessible, searchable, online database of its revenue and expenditure data prior to July 1, 2012. Requires the new database to link to the state's existing Transparency Online Project (TOP) website and sets requirements for information to be included in the database. For FY 2011-12, appropriates \$54,538 reappropriated funds to the Governor's Office of Information Technology for computer programming services associated with this bill.

H.B. 11-1004 (Vehicle exemptions): Exempts a vehicle that is used primarily for agriculture on a farm or ranch classified as agricultural land for property tax purposes and repeals the farm truck and tractor exemption from having to pay the motorist insurance identification fee. Appropriates \$22,200 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation of bill. These moneys are reappropriated to the Governor's Office of Information Technology for computer programming services.

H.B. 11-1043 (Medical marijuana regulation): Revises statutes concerning medical marijuana. Appropriates \$7,696 cash funds from the Medical Marijuana License Cash Fund to the Department of Revenue, Information Technology Division for reprogramming the Department's computers systems, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming services. For more information on H.B. 11-1043, please see the "Recent Legislation" sections at the end of the Department of Revenue and the Department of Human Services.

H.B. 11-1045 (Innovation tax credit): Continues and expands the Colorado Innovation Investment Tax Credit Program and creates the framework for future expansion of the Program contingent on additional moneys being available to backfill lost income tax revenue and to pay related administrative expenses. For FY 2011-12, provides \$35,398 cash funds and 0.5 FTE to the Governor's Office of Economic Development and International Trade for program implementation.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

H.B. 11-1071 (Roundup River tax check off): Establishes a new voluntary donation line on income tax forms for the Roundup River Ranch Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates the moneys to the Governor's Office of Information Technology for such services.

H.B. 11-1097 (Goodwill tax check off): Establishes a new voluntary donation line on income tax forms for the Goodwill Industries Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services.

H.B. 11-1157 (Diesel vehicle emissions): Allows the owner of a diesel powered vehicle registered in a vehicle emissions program area, but primarily based outside of that area, to be exempt from the requirements of vehicles based in the program area. For FY 2011-12, appropriates \$6,000 cash funds from the Highway Users Tax Fund and \$592 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation. Of those amounts, \$592 is reappropriated to the Governor's Office of Information Technology for computer programming changes required for implementation.

H.B. 11-1163 (Super-load permits): Defines conditions under which the Department of Transportation may issue a "super-load" permit. Reappropriates \$740 to the Governor's Office of Information Technology in FY 2011-12 for programming services related to the implementation of the permit conditions. For more information on H.B. 11-1163, please see the "Recent Legislation" section in the Department of Transportation section of this document.

H.B. 11-1166 (Diabetes license plate): Establishes the "Type I Diabetes" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1166, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 11-1216 (License plate numbers): Authorizes public and private sales of unique combinations of letters and numbers on license plates by a license plate auction group created in the Governor's Office to raise money by auctioning off numbers and to create a market for the sale of registration numbers. The moneys raised are to be used to aid persons with disabilities in obtaining benefits and to augment the General Fund. For FY 2011-12, appropriates \$2,960 cash funds from the Colorado State Titling and Registration System to the Department of Revenue to implement the bill. Those moneys are reappropriated to the Governor's Office for implementation of the bill. For more information on H.B. 11-1216, please see the "Recent Legislation" section in the Department of Human Services section of this document.

H.B. 11-1234 (Taxicab license plates): Creates a taxicab license plate which will be required of all vehicles engaged in the taxicab business and only those vehicles authorized to provide taxicab service. Specifies that the taxicab license plate is to be used for vehicles that are used as both a taxicab and luxury limousine. Appropriates \$8,880 cash funds from the Colorado State Titling and Registration Account and \$2,072 cash funds from the Licensing Services Cash Fund to the Department of Revenue in FY 2011-12 for programming changes to the Department's computer systems. These moneys are reappropriated to the Governor's Office of Information Technology. For more information on H.B. 11-1234, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 11-1295 (MS tax check off): Establishes a new voluntary donation line on income tax forms for the Multiple Sclerosis Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services.

H.B. 11-1298 (Craig Hospital license plate): Establishes the "Craig Hospital" special license plate to be sold to vehicle owners. Purchasers of the license plate must donate to Craig Hospital. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1298, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 11-1316 (Nuggets and Avalanche license plates): Establishes the Denver Nuggets and Colorado Avalanche special license plates to be sold to vehicle owners. Purchasers of either license plate must contribute to Kroenke Sports Charities. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1316, please see the "Recent Legislation" section in the Department of Revenue section of this document.

2012 Session Bills

S.B. 12-044 (Public transit fines): Creates a Class B traffic infraction for persons who fail to pay the proper fare when riding on public transportation and abolishes criminal sanctions for the same offense. A person who has an outstanding judgment for the infraction is prohibited from obtaining or renewing a driver's license. Allows for the sealing of criminal records of persons previously convicted of the crime of theft of transit services by fare evasion. For FY 2011-12, reappropriates \$17,124 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support. For more information on S.B. 12-

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

044, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1023 (Fall Heroes license plate): Establishes the Fallen Heroes special license plate. In addition to paying the regular registration fees and special license plate fees, eligibility to purchase the license plate requires a \$50 donation to the Colorado Chapter of the Concerns of Police Survivors, Inc. Reappropriates \$20,720 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support. For more information on H.B. 12-1023, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1038 (Trailer registrations): Establishes multi-year registration for Class A vehicles (trailers). For FY 2011-12, reappropriates \$118,000 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support and \$32,000 in FY 2012-13 for the same purpose. For more information on H.B. 12-1038, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1041 (Death registration system): Creates an electronic death registration system to allow persons responsible for reporting death information to the Office of the State Registrar of Vital Statistics to do so electronically. For FY 2012-13, reappropriates \$78,940 from the Department of Public Health and Environment to the Governor's Office of Information Technology for information technology management costs. For more information on H.B. 12-1041, please see the "Recent Legislation" section in the Department of Public Health and Environment section of this document.

H.B. 12-1052 (Health workforce data): Requires the Department of Regulatory Agencies to request health care workforce data from certain health care professionals when receiving their initial or renewal license applications beginning on or before July 1, 2013. Reappropriates \$35,520 to the Governor's Office of Information Technology from the Department of Regulatory Agencies for the provision of programming services in FY 2012-13. For more information on H.B. 12-1052, please see the "Recent Legislation" section in the Department of Regulatory Agencies section of this document.

H.B. 12-1131 (Child loss license plate): Establishes the Child Loss Awareness special license plate. Requires the payment of the regular registration fees and special license plates fee. Reappropriates \$20,720 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support. For more information on H.B. 12-1131, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1153 (Flying Cross license plate): Establishes the Distinguished Flying Cross special license plate. Those eligible to purchase the license plate shall have been awarded the Distinguished Flying Cross by a branch of the United States Military. Reappropriates \$3,396 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support. For more information on H.B. 12-1153, please see the "Recent Legislation" section in the Department of Revenue section of this document.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

H.B. 12-1162 (Desert Storm license plate): Establishes the Desert Storm special license plate. Those eligible to purchase the license plate shall have served in the United States Military between the dates of August 2, 1990 and February 28, 1991. Reappropriates \$4,936 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support. For more information on H.B. 12-1162, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1183 (Supplemental bill): Supplemental appropriations to the Office for FY 2011-12.

H.B. 12-1223 (Inmate earned time): Allows offenders in the Department of Corrections to receive additional earned time while in prison, while on parole, and while temporarily reincarcerated for a parole violation. Reappropriates \$100,640 to the Governor's Office of Information Technology from the Department of Corrections for computer programming support. For more information on H.B. 12-1223, please see the "Recent Legislation" section in the Department of Corrections section of this document.

H.B. 12-1246 (Payroll date shift): Eliminates payroll date shift for certain General Fund employees. Increases appropriations to the Office of the Governor by \$1,895 General Fund.

H.B. 12-1275 (Wildlife sporting license plate): Establishes the Colorado Wildlife Sporting special license plate. In addition to paying the regular registration fees and special license plate fees, requires the payment of an annual \$25 fee which is credited to the Wildlife Cash Fund. Reappropriates \$85,840 to the Governor's Office of Information Technology from the Department of Revenue for computer programming support. For more information on H.B. 12-1275, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1283 (Homeland security consolidation): Consolidates Colorado's homeland security functions, personnel, and resources, enacted under Executive Order D 2011-030, into a new Division of Homeland Security and Emergency Management within the Department of Public Safety. For the Office of the Governor, eliminates the Governor's Office of Homeland Security and transfers the functions, personnel, and resources of the unit into the Division of Homeland Security and Emergency Management within the Department of Public Safety, effective July 1, 2012. Reduces the appropriation to the Office of the Governor by \$10.2 million federal funds and 6.0 FTE in FY 2012-13. For additional information on H.B. 12-1283, see the "Recent Legislation" section in the Department of Public Safety section of this document.

HB 12-1286 (Film incentives): Creates a loan guarantee program for film production activities, increases the amount of the existing performance-based film incentive from 10.0 percent to 20.0 percent of the total amount of the production company's qualified local expenditures, transfers \$3.0 million from the General Fund to the Colorado Office of Film, Television, and Media Operational Account for the performance-based film incentives program, and appropriates \$3.0 million cash funds from the Account to the Office for FY 2012-13.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

H.B. 12-1295 (Rockies license plate): Establishes the Colorado Rockies special license plate. In addition to paying the regular registration fees and special license plate fees, eligibility to purchase the license plate requires a \$52.80 donation to the Colorado Rockies Baseball Club Foundation. Reappropriates \$20,720 for FY 2012-13 to the Governor's Office of Information Technology from the Department of Revenue for computer programming services. For more information on H.B. 12-1295, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1302 (Flight for life license plate): Establishes the Flight for Life special license plate. In addition to paying the regular registration fees and special license plate fees, eligibility to purchase the license plate requires a \$25 donation to Flight for Life Colorado. Reappropriates \$20,720 for FY 2012-13 to the Governor's Office of Information Technology from the Department of Revenue for computer programming services. For more information on H.B. 12-1302, please see the "Recent Legislation" section in the Department of Revenue section of this document.

H.B. 12-1303 (Speech pathology act): Enacts the Speech-Language Pathology Practice Act and requires that the Division of Registrations in the Department of Regulatory Agencies create a certification program for speech-language pathologists. Reappropriates \$1,184 to the Governor's Office of Information Technology from the Department of Regulatory Agencies for the provision of technical assistance for FY 2012-13. For more information on H.B. 12-1303, please see the "Recent Legislation" section in the Department of Regulatory Agencies section of this document.

H.B. 12-1310 (Criminal justice omnibus): Addresses criminal justice matters in several areas including drug offenses, sentencing, court proceedings, sex offenses, probation, and parole. Reappropriates \$11,840 to the Governor's Office of Information Technology from the Department of Corrections for the provision of programming services for FY 2012-13. For more information on H.B. 12-1310, please see the "Recent Legislation" section in the Department of Corrections section of this document.

H.B. 12-1314 (Severance filing exemption): Provides an exemption to the filing requirements for oil and gas severance taxpayers for persons who had less than \$250 withheld for taxes by a unit operator during a tax year and the amount withheld is at least equal to or greater than the amount of severance tax owed by that person. Reappropriates \$14,800 to the Governor's Office of Information Technology from the Department of Revenue for the provision of programming services for FY 2012-13. For more information on H.B. 12-1314, please see the "Recent Legislation" section in the Department of Revenue section of this document.

HB 12-1315 (Colorado Energy Office): Renames the Governor's Energy Office as the Colorado Energy Office and redefines its mission from promoting renewable energy and energy efficiency to encouraging all sources of energy development. The bill makes the following transfers:

- \$1.6 million from the General Fund to the Clean and Renewable Energy Fund on July 1, 2012 and each July 1 through 2016; and

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- \$1.5 million from the total gross receipts realized from the severance taxes imposed on minerals and mineral fuels to the Innovative Energy Fund on July 1, 2012 and each July 1 through 2016.

Appropriates the following:

- \$1.6 million cash funds from the Clean and Renewable Energy Fund and 10.4 FTE for the expenses of the Colorado Energy Office;
- \$0.6 million cash funds from the Clean and Renewable Energy Fund for weatherization services; and
- \$1.5 million cash funds from the Innovative Energy Fund and 10.3 FTE for the expenses of the Colorado Energy Office.

H.B. 12-1327 (Tow truck regulations): Concerns the regulation of tow truck drivers by the Department of Regulatory Agencies. Appropriates \$12,210 cash funds for FY 2012-13 for the purchase of computer center services from OIT related to the implementation of this bill.

H.B. 12-1335 (Long Bill): General appropriations act for FY 2012-13.

H.B. 12-1336 (Corrections system analysis): Directs the Office of State Planning and Budgeting to contract for a Department of Corrections systemwide analysis by July 1, 2012. The Office is encouraged to convene an advisory group to assist in developing options based on the study. Using the results of the analysis, the Office and the Joint Budget Committee and any advisory group convened will identify, evaluate, and prioritize state and private contract prison-bed utilization options for five fiscal years beginning with fiscal year 2013-14. Appropriates \$350,000 General Fund to the Office of the Governor in FY 2012-13. For more information on H.B. 12-1336, please see the "Recent Legislation" section in the Department of Corrections section of this document.

HB 12-1339 (CBMS modernization project): Appropriates moneys for the Colorado Benefits Management System (CBMS) improvement and modernization project, and outlines the Governor's Office of Information Technology's reporting requirements for quarterly project status updates.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Requires the Governor's Office of Information Technology to monitor the project and provide quarterly reports to the Joint Budget Committee;
- Defines the required elements to be included in each quarterly report to the Joint Budget Committee;
- Appropriates \$9.0 million (including \$5.7 million General Fund) for contracting and equipment expenditures associated with the project in FY 2011-12 and FY 2012-13 for the Governor's Office of Information Technology, the Department of Health Care Policy and Financing, and the Department of Human Services; and

CBMS Improvement and Modernization Project FY 2011-12 Appropriation By Agency						
Agency/Expense	Total	GF	CF	RF	FF	FTE
<u>Governor's Office of Information Technology (OIT)</u>						
Contract/Equipment Costs	\$8,950,260	\$0	\$0	\$8,950,260	\$0	0.0
Health Care Policy and Financing (HCPF)						
Transfer to DHS	3,654,755	1,820,992	8,521	0	1,825,242	0.0
Human Services (DHS)						
Contract/Equipment Costs	8,950,260	3,845,866	199,942	3,654,755	1,249,697	0.0
Total FY 2011-12*	\$8,950,260	\$5,666,858	\$208,463	n/a	\$3,074,939	0.0

*Reappropriated funds are not included in the total to avoid double counting. All reappropriated funds shown in the DHS are derived from HCPF and all reappropriated funds shown in OIT are derived from the DHS.

- Appropriates \$13.3 million (including \$7.0 General Fund) and 22.0 FTE for use in FY 2012-13 for the Governor's Office of Information Technology, the Department of Health Care Policy and Financing, and the Department of Human Services for contracting, operating, and personnel costs associated with the project.

CBMS Improvement and Modernization Project FY 2012-13 Appropriation By Agency						
Agency/Expense	Total	GF	CF	RF	FF	FTE
<u>Governor's Office of Information Technology (OIT)</u>						
Contract/Equipment Costs	\$12,279,762	\$0	\$0	\$12,279,762	\$0	0.0
Total OIT	12,279,762	0	0	12,279,762	0	0.0
Health Care Policy and Financing (HCPF)						
Personal Services	825,119	0	0	825,119	0	11.0
Operating Expenses	64,796	0	0	64,796	0	
Centrally Appropriated	107,740	0	0	107,740	0	0.0
Transfer to DHS	7,630,836	3,307,395	10,708	0	4,312,733	0.0
Total HCPF	8,628,491	3,307,395	10,708	997,655	4,312,733	11.0

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

CBMS Improvement and Modernization Project FY 2012-13 Appropriation By Agency						
Agency/Expense	<u>Total</u>	<u>GF</u>	<u>CF</u>	<u>RF</u>	<u>FF</u>	<u>FTE</u>
Human Services (DHS)						
Personal Services	825,118	313,380	28,582	304,510	178,646	11.0
Operating Expenses	64,797	24,610	2,245	23,913	14,029	0.0
Centrally Appropriated	107,740	40,919	3,732	39,762	23,327	0.0
Contract/Equipment Costs	12,279,762	2,950,265	182,116	7,894,467	1,252,914	0.0
Transfer to HCPF	997,655	378,909	34,559	368,184	216,003	0.0
Total DHS	14,275,072	3,708,083	251,234	8,630,836	1,684,919	11.0
Total FY 2012-13*	\$13,275,072	\$7,015,478	\$261,942	n/a	\$5,997,652	22.0

*Reappropriated funds are not included in the total to avoid double counting. All reappropriated funds shown in the DHS are derived from HCPF and all reappropriated funds shown in OIT are derived from the DHS.

HB 12-1360 (Job incentives funding): Indicates that on June 30, 2012, the State Treasurer shall transfer from the General Fund to the Colorado Economic Development Fund the lesser of \$4.0 million or the amount by which the June 2012 estimate of General Fund revenue prepared by the Office of State Planning and Budgeting for the 2011-12 fiscal year exceeds the March 2012 estimate of General Fund revenue prepared by the Office of State Planning and Budgeting for the 2011-12 fiscal year. Appropriates \$4.0 million from the Colorado Economic Development Fund to the Governor's Office of Economic Development for FY 2012-13 for economic development incentives for job creation.

S.B. 12S-001 (Mobile machinery registration): Allows the owner of more than ten pieces of special mobile machinery to register those items at one time, at the option of both the owner and the county clerk. Reappropriates \$76,220 to the Governor's Office of Information Technology from the Department of Revenue for computer programming services. For more information on S.B. 12S-001, please see the "Recent Legislation" section in the Department of Revenue section of this document.

Appendix C:

Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

The Office of the Governor’s FY 2012-13 Long Bill did not contain any footnotes.

Requests for Information

- 1 Governor - Lieutenant Governor - State Planning and Budgeting, Economic Development Programs, Colorado Office of Film, Television, and Media** – The Department is requested to submit an annual report to the Joint Budget Committee by October 15 of each year. At a minimum, the report shall specify the following information with regard to the performance-based incentives provided to entities under the program during the preceding and current fiscal year: (1) name of entity receiving (or scheduled to receive) a performance-based incentive; (2) dollar amount of incentive received by entity (or scheduled to be received); and (3) an estimate of the total direct taxes, total indirect taxes, and any other fee-based revenue, such as loan guarantee program fees, generated from the provision of each performance-based incentive (or scheduled provision of a performance-based incentive).

Comment: Staff received the requested information. For more information on this program, see staff’s issue briefing in this document entitled “Overview of Economic Development Request.”

- 2 Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor, Governor's Energy Office** -- Senate Bill 07-246 requires a post-enactment review be conducted to determine the Department's efficacy in implementing the desired result and benefit of the act to advance energy efficiency and renewable energy throughout the state. The Department is requested to submit an annual report by November 1 of each year to the Joint Budget Committee on the status of the Department's efficacy in implementing the desired result and benefit of the provisions of S.B. 07-246. At a minimum, the report should include a narrative overview of the programs implemented with descriptions of each and should itemize how the moneys appropriated have been applied, by program, to advance energy efficiency and renewable energy throughout the state.

Comment: The agency provided the required report. If the Committee would like to review the document, staff can provide it.

- 3 Governor - Lieutenant Governor - State Planning and Budgeting, Economic Development Programs, Bioscience Discovery Evaluation** -- The Department is requested to submit an annual report to the Joint Budget Committee by November 1 of each year. At a minimum, the report shall specify the following information with regard to the bioscience research projects that received funding under the program during the

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

preceding fiscal year: (1) the amount of funding distributed to each bioscience research project and a description of each bioscience research project; (2) the manner in which each bioscience research project applied the funding received under the program; and (3) the results achieved by each bioscience research project, including identifiable monetary returns to the grantee and others since the receipt of the grant.

Comment: Staff received the requested information. For more information on this program, see staff’s issue briefing in this document entitled “Implementation of S.B. 11-047 (Bioscience and Clean Technology).”

Appendix D: Change Requests' Relationship to Performance Measures

This appendix shows how the Office of the Governor indicates each change request ranks in relation to the Office's top priorities and what performance measures the Office is using to measure success of the request.

Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
1	Lean Program	Improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies.	The Office of the Governor is measuring its goal/objective by the number of Lean Process events it holds for executive branch agencies.
2	Prospect Pipeline and Branding	Create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies.	The Office of the Governor is measuring its goal/objective by comparing Colorado job growth to the national average, regional average, and a competitive state average. For 2012, the national average is 0.9 percent, the regional average is 1.1 percent, and the competitive state (Utah) average is 1.5 percent.
3	EDC General Fund Increase	Create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies.	The Office of the Governor is measuring its goal/objective by comparing Colorado job growth to the national average, regional average, and a competitive state average. For 2012, the national average is 0.9 percent, the regional average is 1.1 percent, and the competitive state (Utah) average is 1.5 percent.
4	Leased Space Increase	Create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies.	The Office of the Governor is measuring its goal/objective by comparing Colorado job growth to the national average, regional average, and a competitive state average. For 2012, the national average is 0.9 percent, the regional average is 1.1 percent, and the competitive state (Utah) average is 1.5 percent.
5	Tourism Promotion and Branding	Create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies.	The Office of the Governor is measuring its goal/objective by comparing Colorado job growth to the national average, regional average, and a competitive state average. For 2012, the national average is 0.9 percent, the regional average is 1.1 percent, and the competitive state (Utah) average is 1.5 percent.

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
6	Film Incentives	Create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies.	The Office of the Governor is measuring its goal/objective by comparing Colorado job growth to the national average, regional average, and a competitive state average. For 2012, the national average is 0.9 percent, the regional average is 1.1 percent, and the competitive state (Utah) average is 1.5 percent.
7	OIT Operating Transfer	Improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies.	Cost saving and cost avoidance.
8	OIT Enterprise Management	Improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies.	Cost saving and cost avoidance.
9	Microwave Assessment	Improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies.	Availability of the public safety communications network.

Appendix E: OSPB-Resourced Projects and Improvements (provided by OSPB)

Department	Project Title	Project Summary	Targeted Improvements
Agriculture	Agriculture License Consolidation	Provide “one stop shopping” for businesses to obtain all of their required licenses in one transaction	Targeted 75% reduction in paper transactions and eliminate the duplication of efforts in the current license processing system
Corrections and Public Safety	Community Corrections Utilization	Achieve an efficient and appropriate system of referrals, placements and releases of offenders in community corrections and maximize utilization of community corrections	Achieve maximum utilization of existing resources in community corrections, including non-traditional uses of offender placements Increase the number of higher needs offenders in community corrections beds
Corrections and Revenue	Identification Issuance for Offenders	Improve the Offender ID process, creating a more effective and efficient process to ensure more offenders will receive an ID upon release	3-fold increase in the number of identification cards issued Reduction in transportation
Corrections	Parole Board Hearings	Standardized the scheduling system for all parole board hearing and streamline services for all customer groups	26% reduction in the number of parole hearings Simplified scheduling and logistics for all involved parties
Corrections	Offender Movement Standard Placement Criteria*	Develop an integrated, standardized, and weighted-value placement decision process	Reduce the number of offender moves between facilities and create a more transparent offender movement decision-making process
Corrections	Offender Movement Value Stream Analysis	Develop and identify the current set of processes and opportunities for improvement for the Offender Movement value stream	Value stream map and opportunities identified from the analysis along with an execution roadmap; DOC is working to complete several projects to implement improvement opportunities

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Education	Educator Licensure Evaluations	Decrease licensure cycle and processing time to increase qualified educator capacity at the school district level	50% reduction in evaluation cycle time Reduced application backlog
Education	Educator Licensure Enforcement	Reduce cycle time of cases with charges requiring action by the Colorado State Board of Education	36 % reduction in investigative cycle time for new cases 3.5-fold increase in number of cases with charges submitted for action to the Board
Education	Call Center	Increase first call resolution for an average of 3,800 telephone calls per month	Targeted 85% of incoming calls resolved on first attempt Targeted 70% of calls answered within 2 minutes
Education	Accreditation - School and District Performance Frameworks and Improvement Plans*	Increase efficiency and accuracy of school and district performance frameworks and pre-populated unified improvement plans	Target significant increase in accuracy and efficacy Significant improvement in efficiency and delivery
Governor's Office	OIT Service Lifecycle Model for Voice & Data Services*	Improve OIT and agency customer experience with more transparent ordering and billing of new voice/data services	Targeted outcomes include increased billing accuracy and consistency and a reduced process cycle time
Governor's Office	Colorado Energy Office Procurement	Create an efficient, effective, and elegant procurement process that focuses on customer needs	Targeted 45% reduction in cycle time while maintaining all (and only) necessary thresholds and approvals
Governor's Office	OEDIT Best Practices in Grant Management	Create an efficient and effective internal grant management process	Targeted outcomes include cycle time reduction resulting in faster distribution of grant funds to customers and elimination of duplicative tasks

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Governor's Office	DPA eProcurement and OIT Storefront	Improve and begin to redesign the procurement process and improve service delivery within state departments	Enhance customer experience Minimize duplication of efforts Progress toward single interface for purchasing all goods and services
Health Care Policy and Financing	Long Term Care Case Management*	Developing a uniform standardized case management review process	Address the number of appeals and judgments Improve client and case manager experience
Health Care Policy and Financing	Customer Care Center	Improve the Customer Care Center Experience	Increase percent of issues addressed on customer's first contact, increase percent of customers indicating satisfaction with the service received, and decrease percent of calls where the caller hangs up before speaking
Health Care Policy and Financing	Time to Hire	Streamline hiring process to reduce overall cycle time and improve the quality of hire	Targeted 80% reduction in the number of handoffs and approvals Targeted 54% reduction in overall cycle time
Human Services	Colorado Mental Health Institute at Pueblo - Hospital Admissions	Improve CMHIP's evaluation and restoration services, including ensuring that no individual will wait more than 28 days to be admitted for an inpatient evaluation or restoration	Targeted 64% reduction in the average number of days to admission to CMHIP treatment unit
Human Services	Colorado Mental Health Institute at Pueblo - Arrival Administration	Improve CMHIP's evaluation and restoration services, including ensuring that no individual will wait more than 28 days to be admitted for an inpatient evaluation or restoration	Reduce patient waiting time for admission by more than 40% Improved patient and staff safety Improved patient care and comfort

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Human Services	Fort Logan Hospital - Medication Errors	Reduce the number of medication errors related to ordering, transcription, and data entry at Ft. Logan Mental Health Hospital	Targeted 75% reduction in medication errors rate Streamlined process to provide more efficient patient intake and medication delivery
Human Services	6S Group Home Facilities	Develop a safe and efficient working environment with effective standards for staff and pooled resources to create the best living environment possible for group home residents	Initial improvements in 14 group homes Established a system to standardize and organize critical areas for all group home facilities
Human Services	Time to Hire	Streamline the process to fill vacant positions	40% reduction in median time to hire 50% reduction in hand-offs and approvals
Labor and Employment	Unemployment Insurance Fact Finding Process	Streamline and coordinate the fact finding process to collect information from all sources related to unemployment insurance claims	Three-fold increase in quality of facts obtained, resulting in a more efficient and accurate decision process
Labor and Employment	Unemployment Insurance Customer Service Center*	Improve the customer experience with the call center through lower wait times and a more consistent and value-added experience	Improved median wait time Increased number of calls handled per week due to improved Customer Service Center capacity Improved customer satisfaction ratings and scores on quality reviews
Labor and Employment	Worker's Compensation Dispute Resolution	Improve the payment dispute resolution process between payers and providers within the Worker's Compensation system	52% reduction in cycle time 20% reduction in hand-offs

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Labor and Employment	Petroleum Storage Tank Fund (PSTF) Reimbursement process	Streamline the Petroleum Storage Tank Fund reimbursement processes while maintaining accuracy and supporting faster turnaround times for reimbursing costs	Targeted 80% reduction in application review time Increased efficiency for applicants in providing information and submitting documentation
Labor and Employment	Conveyance Certificates of Operation and Temporary Certificates of Operation*	Evaluate and improve the Certificate of Operation and Temporary Certificate of Operation issuance process for regulated conveyance owners	Targeted outcomes include reduced cycle times and increased accuracy and consistency
Labor and Employment	Hiring Process	Improve and streamline CDLE’s hiring process	Reduce number of days to fill positions, improve communications with internal and external customers, and ensure consistency in the selection process
Local Affairs	Housing Choice Voucher Program	Streamline the housing choice voucher intake, re-certification, reporting, and transaction processes	50% reduction in the number of required forms 15% reduction in number of days payments are issued to landlords
Local Affairs	Grant Contracting Process	Develop timely and efficient process for grant contracting	Improve turnaround time Enhance accuracy
Military and Veterans Affairs	Colorado Veterans Claims Processes*	Increase capacity to process claims for Colorado veterans and Increase overall number of Colorado veterans who receive benefits	Increase the claims-processing capacity of the office, reduce wait times for appointments, establish a standard claims input system, enhance service to under-represented areas of the state, and streamline the claims process
Military and Veterans Affairs	Contract Process	Improve the internal contracting process	Reduce the average processing time Rationalize approvals and handoffs Simplify and streamline the process

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Military and Veterans Affairs	Emergency Field Change Orders and Amendments	Improve the emergency field change order process	Improved timelines Simpler, more consistent forms Simplified process
Natural Resources	Procurement Processes	Improve and streamline procurement processes	Reduce the number of days to complete a procurement and reduce the number of review and approval steps Improve quality of information exchange, reducing “re-work”
Natural Resources	Travel Approval Process	Streamline ad hoc out-of-state travel request and approval process	60% reduction in number of approvals 60% reduction in cycle time
Personnel and Administration	State Archives	Improve operational efficiency and customer service in the State Archives	Enhanced visibility/tracking to individual requests and improved work methods to drive efficiency
Personnel and Administration	Statewide Selections Process Improvement*	Increase the efficiency and effectiveness of identifying and selecting employees to fill vacancies	Days to fill and % of positions filled within target days to fill Establish best practice and shared service model, as applicable
Public Health and Environment	Air Permitting Value Stream Analysis	Develop and identify current set of processes and opportunities for improvement for the Air Permitting value stream	Value stream map and opportunities identified from the analysis along with an execution roadmap; CDPHE is working to complete several projects to implement improvement opportunities
Public Health and Environment	Air Pollution Permit Modeling	Reduce the frequency, complexity and length of time required to complete permit modeling reviews	Reduced overall permitting cycle times that result from decreasing the number of modeling reviews, the complexity of modeling reviews, and the uncertainty that can attach to the modeling process Increased customer satisfaction

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Public Health and Environment	Laboratory Services Storeroom	Improve the inventory control process for supplies needed for collection and testing by internal and external customers	Improve customer service and satisfaction by reducing the time it takes to fulfill an order and standardize Central Services' storeroom inventory control processing
Public Health and Environment	Water Quality Control Division Storm Water Construction Compliance	Improve the storm water inspection and compliance process	Improved stakeholder satisfaction, consistent inspection and enforcement processes, improved transparency of the process, and reduced timeframe between inspection and notification of results
Public Health and Environment	Fiscal Processes Standardization	Improve the internal and external customer experience through standardized fiscal processes	Many improvement opportunities identified from the analysis along with an execution roadmap; CDPHE is working to complete several projects to implement improvements
Public Health and Environment	Accounts Payable	Improve the fiscal year-end accounts payable process and preserve fiscal compliance	Standardize year-end A/P process across all divisions and improve internal controls
Public Safety	Public School Building and Fire Code Permit Process	Improve the Division of Fire Safety public school building and fire code permit process	Create a simplified, 'one-stop-shop' type submittal process with fewer applications and improved ease of use for the customer, reduce major and minor plan review errors, and reduce the total permit process timeline
Public Safety	Onboarding New Employees	Improve the new employee onboarding process to increase employee productivity	83% reduction in approvals required Parallel processing
Regulatory Agencies	Call Center Standard of Service	Improve customer service across DORA call centers	60% reduction in initial connection time First call resolution

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Regulatory Agencies	Regulatory Investigative Procedures	Increase the efficiency of the investigative program for the Division of Real Estate	Targeted reduction in number of days (cycle time) to resolve a complaint and improve the quality of staff findings
Regulatory Agencies	Expedited Settlement Procedure	Reduce the time and cost required to resolve disciplinary matters	90% of in cases resolved in 60 days or less
Regulatory Agencies	Division of Real Estate Forms Design*	Streamline the annual process to update real estate contracts and disclosure forms	Targeted outcomes include reducing the cycle time, developing an efficient tracking and review process for suggestions from the real estate industry, and implementing a more transparent comment period for the public
Revenue	Tax Resource Alignment	Align resources to fully leverage and support the recently implemented customer-centric tax processing and administration system	Operational effectiveness and efficiency through streamlining business processes Decreased processing backlogs
Revenue	Rules Management	Develop a single transparent process for reviewing, developing, and implementing rules and regulations	Increased stakeholder engagement with feedback loops 80%+ compliance with best practice Improved collaboration with AG's office
Revenue and Personnel and Administration	Tax Document and Remittance Processing Pipeline	Streamline the tax document and remittance processing pipeline	Anticipated \$2.1 million in ongoing savings Significant improvement in number of days required
Transportation	Access Permits	Improve the Access Permit process while increasing accessibility and customer satisfaction	Developed customer web-interface that allows access to status of permit request Enhanced consultative process, expectations, and customer education Enhanced promptness and consistency

JBC Staff Budget Briefing – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department	Project Title	Project Summary	Targeted Improvements
Transportation	Local Agency Project Delivery Value Stream Analysis	Develop and identify current set of processes and opportunities for improvement for the Local Agency Project Delivery value stream	Value stream map and opportunities identified from the analysis along with an execution roadmap; CDOT has since completed several projects to implement improvement opportunities
Transportation	Oversized Overweight Truck Limits	Modernize the permitting process to help reduce the error rate and cycle time for single trip, annual, and special permit while also improving customer service	Increased accessibility and ease of use for customers Reduced error rate