

This Adobe Acrobat file contains the following three figure setting packets that were presented to the Joint Budget Committee for the Office of the Governor:

<b>Figure Setting Packet</b>		<b>Adobe Acrobat Page Numbers</b>
1.	March 13, 2008 – Figure Setting Staff Technical Comeback	Pages 2 through 3
2.	March 13, 2008 – Budget Amendment: Establishing the Office of Homeland Security	Page 4 through 13
3.	February 20, 2008 – Regular Figure Setting Document	Pages 14 through 61

# M E M O R A N D U M

**TO:** Members of the Joint Budget Committee

**FROM:** Bernie Gallagher, JBC Staff (866-4957)

**SUBJECT:** Office of the Governor – Figure Setting Staff Technical Comeback

**DATE:** March 13, 2008

Subsequent to figure setting recommendations for the Office of the Governor on February 20, 2008, Staff has determined that technical errors are included in the Staff recommendation. Table A provides a summary of staff's recommended technical corrections.

<b>TABLE A. Recommended Corrections</b>			
<b>Division/Line Item/Fund Source</b>	<b>Previous Committee Action</b>	<b>REVISED Staff Recommendation</b>	<b>Difference</b>
<b>(1) OFFICE OF THE GOVERNOR</b>			
<b>(A) Governor's Office</b>			
<i>Administration of the Governor's Office and Residence</i>			
<u>Description of Technical Correction:</u> Staff reduced the total General Fund appropriation as a result of an error made on the Option 8 calculation sheet. Further, staff removed 0.5 FTE related to H.B. 06-1372, however this reduction was previously accounted for and should be properly reinstated. The following corrects these errors:			
General Fund	2,564,964	2,605,226	40,262
FTE	34.9	35.4	0.5
<b>(B) Special Purpose</b>			
<i>Salary Survey</i>			
<u>Description of Technical Correction:</u> Staff did not use the correct data set to figure set pursuant to Common Policy. This makes the proper adjustments to reflect the Committee's Common Policy for this line item:			
Total	\$415,045	\$330,552	(\$84,493)
General Fund	299,603	237,751	(61,852)
Cash Funds	110	0	(110)
Reappropriated Funds	109,199	87,953	(21,246)
Federal Funds	6,133	4,848	(1,285)
<i>Legal Services</i>			
<u>Description of Technical Correction:</u> Staff did not reduce the number of legal hours associated with the Office of the Colorado Benefits Management System (CBMS) from the total number of hours requested during figure setting for the Governor's Office. The Office of CBMS has since been transferred to the Department of Human Services and the Department of Health Care Policy and Financing. Please note the dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee.			
Legal Services Hours	1,391	1,370	(21)

TABLE A. Recommended Corrections			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
<b>(C) Governor's Energy Office</b>			
<i>Solar Incentives</i> (NEW LINE)			
<p><u>Description of Technical Correction:</u> House Bill 08-1025 creates the Governor's Energy Office in statute. As of the date of this staff comeback, this bill is being enrolled into an act. Unless the Governor vetoes the bill, the act will become law. As was directed by the Joint Budget Committee, if H.B. 08-1025 is passed by the Legislature before the introduction of the Long Bill, Staff is to include the appropriation of \$2.0 million for the Colorado Solar Incentive Program in the Long Bill. <b>In light of this conditional requirement, Staff recommends the addition of a new line item, "Solar Incentives" to the Long Bill to reflect the appropriation to the Governor's Energy Office for this purpose.</b></p>			
<b>(2) OFFICE OF THE LIEUTENANT GOVERNOR</b>			
<i>Commission of Indian Affairs</i>			
<p><u>Description of Technical Correction:</u> Staff reduced the total General Fund appropriation as a result of an error made on the Option 8 calculation sheet. The following corrects this omission:</p>			
General Fund	\$93,965	\$99,967	\$6,002
<b>FOOTNOTES</b>			
<p><u>Description of Technical Correction:</u> During the figure setting presentation, staff errantly referred to eliminating Footnote 12 in the 2007 Long Bill. This is a typographical error, as staff had meant to recommends that Footnote 18 in the 2007 Long Bill be eliminated:</p>			
†8	<p>Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor; and Office of State Planning and Budgeting -- As part of the FY 2007-08 budget submission, the Office of State Planning and Budgeting is requested to provide a report on indirect cost recoveries from federal programs that are administered through the Office of the Governor or that are not shown elsewhere in the Long Bill. The report should include an analysis, by federal program, of: Statewide and departmental indirect costs collected in <del>FY 2004-05</del> FY 2005-06 and <del>FY 2005-06</del> FY 2006-07; where funds collected were spent; the potential for additional indirect cost collections in <del>FY 2006-07</del> FY 2007-08 and future years; and the potential for offsetting General Fund expenditures in the Office of the Governor or other departments through these collections. For each federal program that was not assessed statewide and departmental indirect costs, the report should explain why these costs were not assessed.</p>		
	<p><u>Comment:</u> Staff does not believe this report should be included as a footnote or as a request for information as historically this information has been vetoed by the Governor on the grounds that the footnote violates separation of powers.</p>		

# MEMORANDUM

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**TO:** JBC Members

**FROM:** Bernie Gallagher, JBC Staff (866-4957)

**SUBJECT:** FY 2008-09 Budget Amendment for the Office of the Governor:  
Establishing the Office of Homeland Security

**DATE:** March 13, 2008

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## Summary of Request:

The Office of the Governor has submitted a stand alone budget amendment to create the Office of Homeland Security (OHS) to be housed within the Office of the Governor. The request includes transferring existing homeland security administration resources and authority in the Department of Local Affairs (DOLA) and in the Department of Public Safety (DPS) and \$19.8 million in federal funding to the *newly established* OHS to coordinate state and local homeland security initiatives and administer federal grants related to homeland security. In addition, the Department requests an additional 7.0 FTE to be funded with federal grants with the stated goal to provide a more focused, coordinated, and comprehensive homeland security program.

## Background:

In 1998, the Department of Justice established the Office for Domestic Preparedness and made it responsible for developing and administering a domestic preparedness program to provide financial assistance to states, U.S. territories, and local governments for domestic preparedness training and to purchase specialized equipment to enhance first responder capabilities to prevent, prepare for, and respond to major disasters, terrorist attacks, and other emergencies (i.e. "incidences"). In March 2003 these various preparedness grant programs were transferred to and consolidated within the U.S. Department of Homeland Security, Office for Domestic Preparedness (ODP), and then later renamed the Office of Grants and Training. On April 1, 2007, the Office of Grants and Training was transferred to the Federal Emergency Management Agency (FEMA) and became part of the National Preparedness Directorate.

In July 2002 the President issued the National Strategy for Homeland Security. The National Strategy states that Homeland Security is a concerted effort to prevent such incidences within the United States and reduce America's vulnerability as well as to recover from an incidence if it should occur. Financing to support this effort has come primarily through the Homeland Security Grant Program.

OFFICE OF HOMELAND SECURITY

Page 2

March 13, 2008

The Homeland Security Grant Program was designed to deliver substantial resources to state and local governments quickly and strategically to prevent or prepare for an incidence. As a condition for receiving grant funds, the Office of Grants and Training required grantees (states) to develop homeland security strategic plans that reflect: (1) risks and threats; (2) equipment, training, exercises, and other program needs; (3) goals and objectives to enhance capabilities; and (4) an evaluation plan to measure the accomplishment of the goals and objectives. Further, the Governor is to appoint a State Administrative Agency (SAA) responsible for managing and administering homeland security grant funds in accordance with established federal guidelines.

**Colorado's Homeland Security Program:**

The Office of Preparedness, Security, and Fire Safety within the Department of Public Safety (DPS) served as the SAA from September 2002 through the end of State Fiscal Year 2004. Effective July 1, 2004, the Division of Emergency Management within the Department of Local Affairs (DOLA) became the SAA for Colorado.

The homeland security program in Colorado is currently administered out of the Governor's Office, DOLA, and DPS. The following table outlines state resources dedicated to homeland security initiatives for FY 2007-08:

<b>FY 2007-08 Homeland Security Program Resources</b>		
<b>Department/Division/Program Line</b>	<b>Federal Grant Moneys</b>	<b>Staffing</b>
Dept. of Local Affairs -- Division of Emergency Management -- Preparedness Grants and Training	\$18,992,570	3.0 FTE
Dept. of Public Safety -- Interoperable Communications (PSIC)	14,336,638	n/a
Dept. of Public Safety -- Office of Anti-Terrorism Planning and Training (Rubicon Team -- threat assessments, CO Info Analysis Center -- CIAC)	443,786	5.5 FTE
Governor's Office -- contracted staff	462,639	6.0
<b>Total<sup>1</sup></b>	<b>\$34,235,633</b>	<b>14.5 Staff</b>

<sup>1</sup> Presently all federal grant moneys are appropriated to DOLA and then allocated to the other state entities.

The state currently allocates its federal homeland security grant moneys as follows:

FY 2007-08 Allocation of Homeland Security Grant Awards			
Program	Program Description	Amount (Million)	Percent of Total
Public Safety Interoperable Communications (PSIC)	Designed to help state and local first responders improve communications during a natural or man-made disaster. <i>One-time Funding</i>	\$14.3	41.8%
Urban Areas Security Initiative (UASI)	Established to meet the unique planning, equipment, training, and exercise needs of high-threat, high-density urban areas	7.9	23.1%
State Homeland Security Program (SHSP)	Established to enhance the capability to prevent, respond to, and recover from an incidence and to improve regional preparedness	6.4	18.7%
Law Enforcement Terrorism Prevention Program (LETPP)	Provides resources to law enforcement and public safety agencies to support critical terrorism prevention activities	4.6	13.4%
Metropolitan Medical Resource System (MMRS)	Support local preparedness efforts to respond to all-hazards mass casualty incidents, including terrorism related to chemical, biological, radiation, nuclear, and explosive threats	0.8	2.3%
Citizens Corp Program (CCP)	Used to bring community and government leaders together to coordinate community involvement in emergency preparedness, planning, mitigation, response, and recovery	0.2	0.7%
<b>Total</b>		<b>\$34.2</b>	

**The Performance of Colorado's Homeland Security Program:**

The performance of Colorado's homeland security initiatives can best be articulated through the audit findings conducted by both state and federal auditors. In October 2005 the Colorado State Auditor conducted a performance audit of the program and also in December 2007, the Office of Inspector General in the Department of Homeland Security conducted an audit of the program. An overview of the results of these audits are provided.

*October 2005 State Performance Audit of the Homeland Security Grant Program*

The October 2005 performance audit conducted by the State Auditor determined that the state's Homeland Security Grant Program had issues related to three areas: (1) grant awards; (2) grant expenditures; and (3) statewide coordination. The audit was conducted from

OFFICE OF HOMELAND SECURITY

Page 4

March 13, 2008

December 2004 through October 2005. The following provides an overview of the audit findings:

Grant Awards: The State Auditor reviewed the State's processes for strategic planning, soliciting and reviewing grant applications, and awarding federal homeland security grant funds and found: (1) the State's Homeland Security Strategy and fund allocation methodology need to address the State's risks, needs, and priorities more effectively; and (2) practices for soliciting and awarding funds need improvement.

Grant Expenditures: The State Auditor reviewed internal controls over grant expenditures and found controls need to be improved at both state and local levels: (1) detailed grant information should be more easily accessible, accurate, and complete; (2) controls over purchases and payments need to be improved; and (3) proper controls are needed to ensure that equipment purchased with homeland security grant funds is maintained and ready for deployment in the event of an incident, and that exercises funded with grant funds are completed.

Statewide Coordination: The State Auditor reviewed the substance of these grant awards and found: (1) DOLA used \$5.9 million in grant funds to pay for a state building project; (2) DOLA did not comply with state statute and fiscal controls; (3) controls over furniture and equipment inventories purchased with grant funds were lacking; and (4) security and cost-benefit issues were not fully considered before spending \$5.9 million to move the State Emergency Operations Center to a new location, the Multi-Agency Coordination Center (MACC), in Centennial.

*December 2007 Department of Homeland Security, Office of Inspector General Audit of the Homeland Security Grant Program*

The December 2007 audit conducted by the Office of Inspector General in the Department of Homeland Security assessed the state's homeland security strategic plan, grant spending, and management practices and controls from FY 2003-04 through FY 2006-07. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents. The objective of the audit was to determine whether Colorado effectively and efficiently implemented its homeland security program, achieved the goals of the program, and spent funds according to grant requirements.

Specifically, the federal audit findings indicate that Colorado has improved its management of the grant programs, including the hiring of additional executive and technical personnel and initiating program reviews to improve the effectiveness of its homeland security efforts.

However, the State has not complied with critical Homeland Security Grant Program requirements, as the State has not assured adequate oversight of program activities and compliance with its homeland security strategy. In addition, the State's internal controls for managing homeland security grant programs, and ensuring sub-grantee compliance and program readiness were ineffective. The report highlights: (1) the challenges facing Colorado's homeland security organization; (2) Colorado's need to assure adherence to its homeland security strategy has been followed; (3) areas where grant management could be improved; and (4) opportunities for improving program readiness.

The federal audit determined that the State's homeland security program was ineffective and provided only minimal assurance that its processes were well controlled or that program funding was allocated in a collaborative and transparent manner to mitigate statewide risks and accomplish the goals and objectives of its homeland security strategy. The audit points out the following as causes for this: (1) the oversight committee did not regularly hold meetings or regularly report to the Governor; (2) the oversight committee had not formally reviewed the state homeland security strategy or evaluated the outcomes of the funded activity; (3) ineffective statewide oversight was exacerbated by high turnover rate among executive management; and (4) the SAA made state policy and allocation decisions that exceed its advisory or administrative role in such activities.

The audit determined that without strong commitment to providing the leadership and staffing needed to administer its homeland security program, the State may be unable to sustain its stated homeland security intentions or meet the federal guidelines associated with receiving federal homeland security grant funding.

Other key problem areas of the state homeland security program identified by the federal audit that require mentioning include: (1) Colorado has not yet assured that its homeland security strategy has been followed; (2) Colorado's grant management efforts need improvement; and (3) expenditures were not always in compliance with grant requirements.

#### **Executive Order Establishing the Office of Homeland Security:**

Executive Order D 003 08, issued by the Governor on February 4, 2008, established the Governor's Office of Homeland Security (OHS). The executive order indicates that while the State has made significant improvements in various aspects related to homeland security, the lack of focus at the state level, duplicate and disjointed organizational initiatives, inadequate staffing, and limited resources have created fractured responsibility and authority for overlapping mission areas. The executive order further asserts that, "a more focused, coordinated, and comprehensive homeland security program is needed to ensure the safety



and security of all Coloradans."

Some of the directives of the OHS will be to coordinate state and local homeland security initiatives, to administer federal grants, and to serve as the State Administering Agency (SAA) for the purpose of receiving and overseeing expenditures of homeland security grants. The OHS will also: (1) work with State agencies and the State's nine all-hazards regions to develop and implement the State's homeland security strategy; (2) build partnerships with first responders, agencies, citizens in the public and private sectors; (3) administer federal grants in compliance with federal, state, and local laws and regulations; (4) oversee expenditures made by grantees of homeland security; (5) provide technical assistance to grantees of homeland security grants; and (6) provide oversight for homeland security training and exercise programs.

The executive order provides the OHS, "to the fullest extent permitted by law (the authorization to) enter into contracts, receive and expend funds, purchase goods and services, and lease space." The executive order further designates the Director of the Office of Homeland Security as a cabinet-level position.

**Details of the Request:**

The request from the Department is to transfer \$19,464,648 in federal grant moneys and 3.0 FTE and \$301,083 from DOLA, Division of Emergency Management, Preparedness Grants and Training, to the Office of Homeland Security. Additionally, the request seeks to add 7.0 FTE to the new office, including converting 3.0 contracted staff to full-time equivalent status and then hiring 4.0 new FTE. The request also includes maintaining three staff as contractors until they fulfill the terms of their contracted agreement. In total, there will be a staff of 13 people (comprised of 10.0 FTE and 3.0 FTE contracted employees) who will receive salary and benefits equal to \$1,004,544 in FY 2008-09, or approximately 5 percent of anticipated federal homeland security grant awards the Department anticipates receiving for the fiscal year. This amount is \$669,776 more than is currently appropriated for personal services that are related to homeland security initiatives in the state. The following table provides an overview of the proposed staffing arrangement:

OFFICE OF HOMELAND SECURITY

Page 7

March 13, 2008

<b>Requested Staffing Arrangement for the Office of Homeland Security in FY 2008-09</b>			
<b>Position</b>	<b>Current</b>	<b>Request</b>	<b>Salary &amp; Benefits</b>
Director	Contract	1.0 FTE (New)	\$91,096
Statewide Planning Manager	Contract	1.0 FTE (New)	53,261
Program Assistant	Contract	1.0 FTE (New)	39,614
COG/COOP Coordinator	Contract	Contract	120,000
Interoperability Comm. Coordinator	Contract	Contract	90,000
Quality Assurance Auditor	Contract	Contract	65,000
Citizen Corps Program	New Position	1.0 FTE (New)	46,027
Training/Exercise Coordinator	New Position	1.0 FTE (New)	46,027
Accountant	New Position	1.0 FTE (New)	53,081
Controller	New Position	1.0 FTE (New)	86,474
Program Administrator	DOLA	1.0 FTE (Transfer)	122,999
Grants Manager	DOLA	1.0 FTE (Transfer)	79,412
Compliance Officer	DOLA	1.0 FTE (Transfer)	77,868
<b>Total Personal Services</b>		<b>13.0 FTE</b>	<b>\$970,859</b>
Operating for New FTE			30,835
Operating Transfer from DOLA			2,850
<b>Total Office Expenses</b>			<b>\$1,004,544</b>

**Analysis:**

State agencies impacted by homeland security initiatives: The Department provided Staff with a brief description of the various ways in which homeland security initiatives impact state agencies. Nearly all of the state's agencies will be impacted by homeland security initiatives, including agricultural terrorism prevention, response and recovery programs in the Department of Human Services, and protecting public utilities through measures taken by the Public Utilities Commission in the Department of Regulatory Agencies. Other aspects include mass evacuation planning and bridge and tunnel protection through the Department of Transportation, planning for issues related to pandemic influenza and other communicable diseases in the Department of Health and Environment, as well as wildfires (manmade/natural) and water resources protection in the Department of Natural Resources. It appears to staff that all agencies are impacted.

What Other States are Doing: Upon a cursory review of other states' homeland security programs, and guided by an aggregation of states' homeland security programs prepared by the National Governor's Association, Homeland Security and Technology Division publication (July 2007), Staff learned that an overwhelming majority of other states have dedicated an entire department to these initiatives or have made homeland security a significant part of the state's emergency management organization and have created an entity related to homeland security in statute or have integrated homeland security into existing emergency management programs.

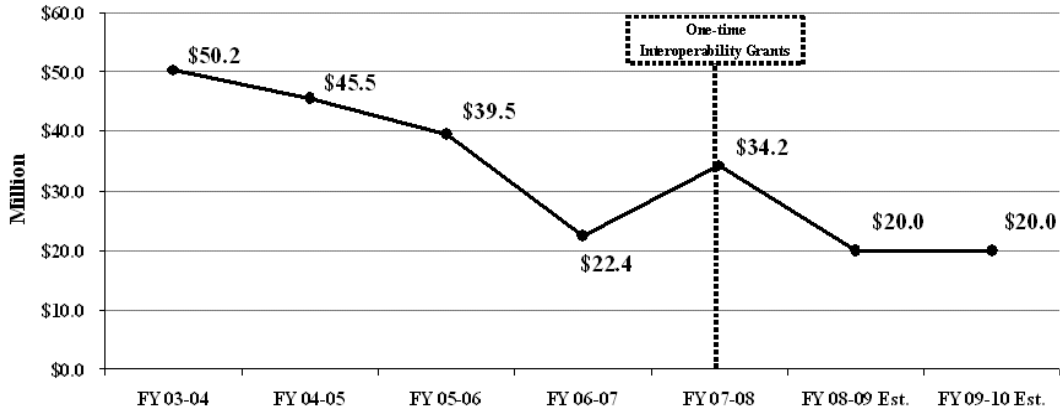
With respect to leadership of homeland security efforts, according to the December 2007 State Homeland Security Directors Survey, states indicated that: 45 percent of homeland security directors serve in a dual role advising the governor and managing a state agency; 32 percent are cabinet-level officials reporting directly to the governor; 30 percent of states homeland security is an independent cabinet agency; 27 percent of states homeland security is a division or segment of a larger cabinet-level department; and 25 percent of states the homeland security organization comprises an advisory group that coordinates budgetary and strategic decisions.

The survey also determined that the top five homeland security related priorities include:

1. Developing interoperable communications systems
2. Coordinating the efforts of state and local agencies
3. Protecting critical infrastructure
4. Developing state intelligence fusion centers
5. Strengthening citizen preparedness

Declining Federal Moneys for Homeland Security: In FY 2003, the state received \$50.2 million in federal funds. In FY 2006-07, the State only received \$22.4 million, a reduction in funding of 55.3 percent (see chart below). However, in FY 2007-08, the state received a one-time increase of \$14.3 million related to a Public Safety Interoperable Communications. The Department assures Staff that the State should receive approximately \$20.0 million in FY 2008-09 going forward, based on current estimates. What should be noted is that *future federal money outlays related to homeland security will likely require a matching source of funding. Thus, the State may have to make a significant contribution to sustain the homeland security program and to continue to receive federal homeland security grant moneys.*

Grant Awards



Increase in staffing despite the declining amount in federal moneys. Despite the significant decline in federal moneys, the Department requests an increase of seven staff who will receive salary and benefits totaling \$415,580. The total administrative costs included in the change request is \$1,004,544, or 5.0 percent of the anticipated homeland security grant award of approximately \$20 million. Staff has confirmed with the state's contact at the Department of Homeland Security that the administrative cost cap for FY 2007-08 is 5.0 percent of the grant award. However in FY 2008-09, administrative costs will be capped at 3.0 percent of the grant award. If the State receives the anticipated amount of \$20 million, then the maximum the State could spend in 2008 to administer the funds is \$600,000. **Thus, the proposed program is in excess of the FY 2008-09 administrative cost cap by \$404,544** -- roughly the amount of the additional costs of adding the additional 7.0 FTE. *With a decrease in the amount of federal moneys available, a decrease in the amount of funding that can be allocated to administration costs, and Department's request for more staffing, the compounding effect will likely require the State to pay for the excess administrative costs of the program.*

Office of Homeland Security is not created in statute: As was discussed above in the section describing the executive order establishing the Office of Homeland Security, the office is granted "to the fullest extent permitted by law", the authorization to enter into contracts, receive and expend funds, purchase goods and services, and lease space. While this power can be bestowed upon the office by the Governor to expend federal moneys, the same is not true for state moneys. While in the past the State has permitted entities created by executive order certain liberties to receive and expend moneys from the state (Governor's Energy Office and Office of Colorado Benefits Management System), *the appropriating of state*

*funds to government entities not created in statute is not advisable.* Given that federal moneys are declining, and the probability that matching funds will need to be procured to receive federal homeland security grant awards, Staff recommends that the OHS should be created in statute to provide transparency and to speed in the delivery of funds to this entity in the event of a major disaster, terrorist attack, or other emergency.

Department requests bottom-line funding: The request from the Department seeks to assimilate the program lines that are being transferred from DOLA for administration and grants awards into a single program line. Staff recommends against this request for two key reasons. The first reason is for budgetary transparency. Given the problems the program has had with administering the awarded federal moneys (as is described in the state and federal audits above), Staff recommends that the moneys received remain separate from administration so that there is greater transparency regarding the amount of funding the OHS is utilizing to administer the moneys received for homeland security. The second reason is that by keeping the lines separate, this provides more information and will provide historical reference to the amounts of moneys received or appropriated for each of these aspects of the state's homeland security program moving forward.

**Recommendation:**

As it is in the Governor's purview to administer federal funds as the executive sees fit, and given that Colorado lags behind most states in formalizing a state entity related to homeland security, and given that duplicate and disjointed organizational initiatives, inadequate staffing, and limited resources has created fractured responsibility and authority for overlapping mission areas, **Staff recommends approving of the budget amendment** to transfer all federal homeland security grant award moneys and administrative staff to the newly created Office of Homeland Security in the Office of the Governor. *Given the concerns that Staff has regarding the administrative costs in light of federal limits on administrative cost expenditures related to federal homeland security grants, Staff requests permission to work with the Department to determine an appropriate amount of funding to for administrative costs to include in the 2008 Long Bill.* Staff seeks permission to make the necessary reductions to the applicable appropriations in the Department of Local Affairs and to create a new section in the 2008 Long Bill, in the Governor's Office, "(D) Office of Homeland Security", including three line items: "Administration Costs", "Grants and Training", and "Indirect Cost Assessment" and to make the necessary increases to these line items and any applicable personal services lines.

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2008-09 STAFF FIGURE SETTING:  
OFFICE OF THE GOVERNOR**

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

**Prepared By:**

**Bernie Gallagher, JBC Staff**

**February 20, 2008**

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**FY 2008-09 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:  
OFFICE OF THE GOVERNOR**

**TABLE OF CONTENTS**

Numbers Pages .....	3
Narrative .....	17
Footnotes .....	47
Requests for Information .....	48

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09		
				Request	Staff Rec. Old Format	Staff Rec. New Format

**GOVERNOR'S OFFICE**  
Governor Bill Ritter, Jr.

**(1) OFFICE OF THE GOVERNOR**

Primary functions: As Chief Executive of the State, the Governor is responsible for the overall operation of the Executive Branch of government. This office provides for coordination, direction, and planning of agency operations; maintains liaison with local governments and the federal government; and exercises the executive powers of the State. Includes the Citizen's Advocate Office, the Office of Policy and Initiatives, the Press Office, and the Boards and Commissions Office.

**(A) Governor's Office**

Administration of Governor's Office and Residence	2,341,435	2,450,624	2,413,300	2,666,120	2,584,384	2,584,384	
FTE	<u>35.0</u>	<u>35.0</u>	<u>34.9</u>	<u>35.4</u>	<u>34.9</u>	<u>34.9</u>	
General Fund	2,321,976	2,431,165	2,393,880	2,646,700	2,564,964	2,564,964	DI #2
FTE	35.0	35.0	34.9	35.4	34.9	34.9	
Cash Funds	0	0	0 /a	0	0	0	
FTE	0.0	0.0	0.0 /a	0.0	0.0	0.0	
RF/CFE	19,459	19,459	19,420	19,420	19,420	19,420	
Discretionary Fund - GF	19,996	20,000	20,000	20,000	20,000	20,000	
Mansion Activity Fund	<u>82,168</u>	<u>98,549</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	71,952	78,549	160,000	160,000	160,000	200,000	
RF/CFE	10,216	20,000	40,000	40,000	40,000	0	

Subtotal - (A) Governor's Office	2,443,599	2,569,173	2,633,300	2,886,120	2,804,384	2,804,384	
FTE	<u>35.0</u>	<u>35.0</u>	<u>34.9</u>	<u>35.4</u>	<u>34.9</u>	<u>34.9</u>	
General Fund	2,341,972	2,451,165	2,413,880	2,666,700	2,584,964	2,584,964	
FTE	35.0	35.0	34.9	35.4	34.9	34.9	
Cash Funds	71,952	78,549	160,000	160,000	160,000	200,000	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
RF/CFE	29,675	39,459	59,420	59,420	59,420	19,420	

/a Includes a reduction of \$151,371 and 1.0 FTE, pursuant to H.B. 07-1372.



	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			
				Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
<b>(B) Special Purpose (Includes Governor, Lt. Governor, OSPB, OEDIT, OIT, and CISO)</b>							
Group Health, Life, & Dental	<u>280,788</u>	<u>217,410</u>	<u>505,644</u>	<u>624,940</u>	<u>624,940</u>	<u>624,940</u>	
General Fund	225,348	122,233	397,495	504,717 A	504,717	504,717	
RF/CFE	49,351	86,866	95,411 S	116,033 A	116,033	116,033	
Federal Funds	6,089	8,311	12,738	4,190 A	4,190	4,190	
Short-term Disability	<u>8,171</u>	<u>7,364</u>	<u>8,944</u>	<u>13,983</u>	<u>9,246</u>	<u>9,246</u>	
General Fund	6,199	4,558	6,615	10,459 A	4,889	4,889	
Cash Funds	85	0	583	261 A	2,616	2,616	
RF/CFE	1,747	2,669	1,568 S	2,981 A	1,689	1,689	
Federal Funds	140	137	178	282 A	52	52	
SB 04-257 Amortization Equalization							
Disbursement	<u>12,177</u>	<u>30,372</u>	<u>80,930</u>	<u>131,434</u>	<u>112,546</u>	<u>112,546</u>	
General Fund	8,581	19,204	59,431	93,073 A	58,919	58,919	
Cash Funds	22	0	5,379	3,209 A	32,196	32,196	
RF/CFE	3,200	10,430	14,481 S	33,154 A	20,789	20,789	
Federal Funds	374	738	1,639	1,998 A	642	642	
SB 06-235 Supplemental Amortization							
Equalization Disbursement	<u>0</u>	<u>0</u>	<u>15,166</u>	<u>61,610</u>	<u>51,777</u>	<u>51,777</u>	
General Fund	0	0	10,687	43,628 A	26,639	26,639	
Cash Funds	0	0	1,121	1,504 A	15,092	15,092	
RF/CFE	0	0	3,017 S	15,541 A	9,745	9,745	
Federal Funds	0	0	341	937 A	301	301	
Salary Survey and Senior Executive Service	<u>186,062</u>	<u>232,732</u>	<u>235,537</u>	<u>324,032</u>	<u>415,045</u>	<u>415,045</u>	
General Fund	141,786	139,065	183,657	228,711 A	299,603	299,603	
Cash Funds	1,227	0	0	7,081 A	110	110	
RF/CFE	39,990	89,962	47,241 S	83,830 A	109,199	109,199	
Federal Funds	3,059	3,705	4,639	4,410 A	6,133	6,133	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			
				Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
Performance-Based Pay Awards	<u>0</u>	<u>0</u>	<u>87,730</u>	<u>126,576</u>	<u>126,576</u>	<u>126,576</u>	
General Fund	0	0	68,192	89,696 A	89,696	89,696	
Cash Funds	0	0	0	3,090 A	3,090	3,090	
RF/CFE	0	0	17,791 S	31,866 A	31,866	31,866	
Federal Funds	0	0	1,747	1,924 A	1,924	1,924	
Workers' Compensation - GF	3,142	4,515	9,454 S	12,089	pending	pending	statewide DI
Legal Services	87,677	94,268	198,747	250,194	0	0	statewide DI
<i>Hours Equivalent</i>	<u>1,360</u>	<u>1,391</u>	<u>1,370</u>	<u>1,391</u>	<u>1,391</u>	<u>1,391</u>	
General Fund	85,214	91,625	197,584 S	247,584 A	pending	pending	
Cash Funds	2,463	0	0	0	pending	pending	
RF/CFE	0	2,643	1,163 S	2,610	pending	pending	
Purchase of Services from Computer Center - GF	2,216	131,316	42,969 S	49,988 A	pending	pending	statewide DI
Multiuse Network Payments - GF	46,895	46,380	48,126 S	18,250 A	pending	pending	statewide DI
Payment to Risk Management and Property Funds - GF	25,981	124,794	97,477 S	120,609 A	pending	pending	statewide DI
Capitol Complex Leased Space - GF	223,517	230,975	266,704 S	264,940 A	pending	pending	statewide DI
<b>Subtotal - (B) Special Purpose</b>	<u>876,626</u>	<u>1,120,126</u>	<u>1,567,038</u>	<u>1,998,645</u>	<u>1,340,130</u>	<u>1,340,130</u>	
General Fund	768,879	914,665	1,358,001	1,683,744	984,463	984,463	
Cash Funds	3,797	0	7,083	15,145	53,104	53,104	
RF/CFE	94,288	192,570	180,672	286,015	289,321	289,321	
Federal Funds	9,662	12,891	21,282	13,741	13,242	13,242	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
<b>(C) Governor's Energy Office</b>							
Primary Functions: Formerly "Other Programs and Grants", this office provides energy information and services to Colorado citizens and businesses. The office coordinates Low-Income Energy Assistance programs and the Colorado Renewable Energy Authority.							
Program Administration	10,892,000	10,925,501	11,112,525	13,080,864	11,067,114	11,067,114	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>33.0</u>	<u>33.0</u>	
General Fund	0	0	0	2,013,750	0	0	<b>DI #3</b>
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0 /a	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
RF/CFE	0	0	45,411 /b	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	10,892,000	10,925,501	11,067,114	11,067,114	11,067,114	11,067,114	
FTE	0.0	0.0	0.0	0.0	33.0	33.0	
Low-Income Energy Assistance - CF	7,000,000	5,050,000	6,050,000	6,050,000	7,050,000	7,050,000	
Colorado Renewable Energy Authority - CF	0	2,000,000	2,000,000 /c	2,000,000	2,000,000	2,000,000	
<i>Clean Energy - Informational Purposes Only</i>							
	0	0	7,000,000	0	7,653,149	7,653,149	
FTE	<u>0.0</u>	<u>0.0</u>	<u>4.0</u>	<u>0.0</u>	<u>4.0</u>	<u>4.0</u>	
Cash Funds	0	0	0	0	0	7,653,149 /d	
FTE	0.0	0.0	0.0	0.0	0.0	4.0 /d	
RF/CFE	0	0	7,000,000 /d	0	7,653,149	0	
FTE	0.0	0.0	4.0 /d	0.0	4.0	0.0	
<i>School Energy Efficiency - Informational Purposes Only</i>							
	0	0	489,000	496,000	496,000	496,000	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.5</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	0	0	0.0	0	0	496,000 /e	
FTE	0.0	0.0	0.0	0.0	0.0	2.0	<b>DI #7</b>
RF/CFE	0	0	489,000 /e	496,000	496,000	0	
FTE	0.0	0.0	0.5	2.0 A	2.0	0.0	
Legal Services (230 hours) - FF	14,824	0	16,567	16,567	pending	pending	<b>statewide DI</b>
Indirect Cost Assessment - FF	9,015	0	9,015	9,015	9,015	9,015	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Subtotal - (C) Governor's Energy Office	17,915,839	17,975,501	26,677,107	21,652,446	28,275,278	28,275,278	
FTE	<u>0.0</u>	<u>0.0</u>	<u>4.5</u>	<u>2.0</u>	<u>39.0</u>	<u>39.0</u>	
General Fund	0	0	0	2,013,750	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
Cash Funds	7,000,000	7,050,000	8,050,000	8,050,000	9,050,000	17,199,149	
FTE	0.0	0.0	0.0	0.0	0.0	6.0	
RF/CFE	0	0	7,534,411	496,000	8,149,149	0	
FTE	0.0	0.0	4.5	2.0	6.0	0.0	
Federal Funds	10,915,839	10,925,501	11,092,696	11,092,696	11,076,129	11,076,129	
FTE	0.0	0.0	0.0	0.0	33.0	33.0	

/a Includes an increase of \$489,000 cash funds continuously appropriated from the Public School Energy Efficiency Fund, pursuant to H.B. 07-1309.

/b Includes an increase of \$45,411 cash funds exempt from gifts, grants and donations, pursuant to S.B. 07-91.

/c Reflects the \$2.0 million cash funds appropriation from the Operational Account of the Severance Tax Trust Fund to the Colorado Renewable Energy Authority, pursuant to H.B. 06-1322 in FY 2006-07 and S.B. 07-126 in FY 2007-08.

\$2.0 million from the Operational Account of the Severance Tax Trust Fund for fiscal years 2006-07, 2007-08, and 2008-09.

/d Funding is continuously appropriated from the Limited Gaming Fund and is included in the Long Bill for informational purposes only.

/e Funding is continuously appropriated from the School Energy Efficiency Fund and is included in the Long Bill for informational purposes only.

<b>SUBTOTAL - (1) OFFICE OF THE GOVERNOR</b>							
<b>Total</b>	<b>21,236,064</b>	<b>21,664,800</b>	<b>30,877,445</b>	<b>26,537,211</b>	<b>32,419,792</b>	<b>32,419,792</b>	
<b>FTE</b>	<b><u>35.0</u></b>	<b><u>35.0</u></b>	<b><u>39.4</u></b>	<b><u>37.4</u></b>	<b><u>73.9</u></b>	<b><u>73.9</u></b>	
General Fund	3,110,851	3,365,830	3,771,881	6,364,194	3,569,427	3,569,427	
FTE	35.0	35.0	34.9	35.4	34.9	34.9	
Cash Funds	7,075,749	7,128,549	8,217,083	8,225,145	9,263,104	17,452,253	
FTE	0.0	0.0	0.0	0.0	0.0	6.0	
RF/CFE	123,963	232,029	7,774,503	841,435	8,497,890	308,741	
FTE	0.0	0.0	4.5	2.0	6.0	0.0	
Federal Funds	10,925,501	10,938,392	11,113,978	11,106,437	11,089,371	11,089,371	
FTE	0.0	0.0	0.0	0.0	33.0	33.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
<b>(2) OFFICE OF THE LIEUTENANT GOVERNOR</b>							
<b>Barbara O'Brien, Lieutenant Governor</b>							
Primary Functions: Assures effective coordination of agency operations and program management within the Executive Branch.							
The Lieutenant Governor serves as the chair of the Colorado Commission of Indian Affairs.							
Administration	220,986	230,920	287,198	317,489	314,461	314,461	
FTE	<u>2.7</u>	<u>3.2</u>	<u>3.7</u>	<u>3.7</u>	<u>3.7</u>	<u>3.7</u>	
General Fund	220,986	230,920	206,655	239,951	236,923	236,923	<b>DI #4</b>
FTE	2.7	3.2	2.7	2.7	2.7	2.7	
RF/CFE	0	0	80,543 /a	77,538	77,538	77,538	
FTE	0.0	0.0	1.0 /a	1.0	1.0	1.0	
Commission of Indian Affairs	79,391	71,947	85,367	89,515	95,465	95,465	
FTE	<u>2.3</u>	<u>0.7</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	
General Fund	79,391	71,947	83,867	88,015	93,965	93,965	
FTE	2.3	0.7	2.3	2.3	2.3	2.3	
Cash Funds	0	0	0	0	0	1,500	
RF/CFE	0	0	1,500	1,500	1,500	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
Discretionary Fund - GF	5,000	4,999	5,000	5,000	5,000	5,000	
<b>SUBTOTAL - (2) OFFICE OF THE LIEUTENANT GOVERNOR</b>							
<b>Total</b>	<b>305,377</b>	<b>307,866</b>	<b>377,565</b>	<b>412,004</b>	<b>414,926</b>	<b>414,926</b>	
<b>FTE</b>	<b><u>5.0</u></b>	<b><u>3.9</u></b>	<b><u>6.0</u></b>	<b><u>6.0</u></b>	<b><u>6.0</u></b>	<b><u>6.0</u></b>	
General Fund	305,377	307,866	295,522	332,966	335,888	335,888	
FTE	5.0	3.9	5.0	5.0	5.0	5.0	
Cash Funds	0	0	0	0	0	1,500	
RF/CFE	0	0	82,043	79,038	79,038	77,538	
FTE	0.0	0.0	1.0	1.0	1.0	1.0	

/a Includes an increase of \$80,543 and 1.0 FTE, pursuant to H.B. 07-1062.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			
				Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
<b>(3) OFFICE OF STATE PLANNING AND BUDGETING</b>							
<b>Todd Saliman, Director</b>							
<b>Primary Functions:</b> Provide the Governor with information and recommendations to make sound public policy and budget decisions. This is accomplished through developing revenue estimates, a budget, proposals for new legislation, tracking legislation and the budget, advocating for the Governor's priorities, monitoring issues, and providing information to the public.							
Personal Services - RF/CFE	1,345,876	1,188,855	1,321,692	1,376,462	1,373,899	1,373,899	
FTE - RF/CFE	17.5	17.5	19.5	19.5	19.5	19.5	
Operating Expenses - RF/CFE	48,302	52,086	51,724	51,724	51,724	51,724	
Economic Forecasting Subscriptions - RF/CFE	15,770	15,711	16,362	16,362	16,362	16,362	
Government Efficiency Management Study - GF	0	700,000 /a	0	0	0	0	
<b>SUBTOTAL - (3) OFFICE OF STATE PLANNING AND BUDGETING</b>							
<b>Total</b>	<b>1,409,948</b>	<b>1,956,652</b>	<b>1,389,778</b>	<b>1,444,548</b>	<b>1,441,985</b>	<b>1,441,985</b>	
<b>FTE</b>	<b><u>17.5</u></b>	<b><u>17.5</u></b>	<b><u>19.5</u></b>	<b><u>19.5</u></b>	<b><u>19.5</u></b>	<b><u>19.5</u></b>	
General Fund	0	700,000	0	0	0	0	
Cash Funds Exempt	1,409,948	1,256,652	1,389,778	1,444,548	1,441,985	1,441,985	
FTE	17.5	17.5	19.5	19.5	19.5	19.5	

/a Reflects a one-time appropriation to conduct a Government Efficiency Management (GEM) Study, pursuant to S.B. 07-236.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
<b>(4) ECONOMIC DEVELOPMENT PROGRAMS</b>							
<b>Primary Function:</b> To provide financial and technical assistance supporting local and regional economic development activities throughout the state. Programs include business retention and relocation services, bioscience and emerging industries, business finance, the Colorado Tourism Office, Colorado Council on the Arts, Film Incentives, Colorado First Customized Job Training, New Jobs Incentives, International Trade Office, small business development centers, and minority and women-owned business services.							
Administration	399,670	440,498	429,822	447,939	447,161	447,161	
FTE	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	399,670	425,709	415,033	433,150	432,372	432,372	
FTE	6.0	6.0	6.0	6.0	6.0	6.0	
RF/CFE	0	14,789	14,789	14,789	14,789	14,789	
Vehicle Lease Payments - GF	7,042	6,555	15,775 S	13,836 A	pending	pending	statewide DI
Leased Space - GF	231,540	231,540	231,540	231,540	231,540	231,540	
Business Development	787,196	809,967	853,515	881,291	880,099	880,099	
FTE	<u>7.9</u>	<u>8.3</u>	<u>9.2</u>	<u>9.2</u>	<u>9.2</u>	<u>9.2</u>	
General Fund	787,196	809,967	838,515	866,291	865,099	865,099	
FTE	7.9	8.3	9.2	9.2	9.2	9.2	
Cash Funds	0	0	15,000	15,000	15,000	15,000	
Grand Junction Satellite Office - GF	60,353	63,242	64,117	67,136	67,007	67,007	
FTE - GF	1.0	1.0	1.0	1.0	1.0	1.0	
Minority Business Office	99,595	116,328	148,359	152,896	152,636	152,636	
FTE	<u>1.8</u>	<u>2.0</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	
General Fund	99,595	111,378	143,409 /a	147,946	147,686	147,686	
FTE	1.8	2.0	2.5 /a	2.5	2.5	2.5	
Cash Funds	0	4,950	4,950	4,950	4,950	4,950	
Leading Edge Program Grants	<u>51,476</u>	<u>51,396</u>	<u>126,407</u>	<u>126,407</u>	<u>126,407</u>	<u>126,407</u>	
General Fund	50,976	51,396	50,976	50,976 A	50,976	50,976	
Cash Funds	0	0	0	0	0	75,431	
RF/CFE	500	0	75,431	75,431	75,431	0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			
				Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
Small Business Development Centers	1,260,116	1,234,363	1,267,998	1,293,579	1,299,487	1,299,487	
FTE	<u>3.5</u>	<u>3.3</u>	<u>3.5</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	
General Fund	61,854	70,404	66,315	85,518 A	84,483	84,483	DI #5
FTE	1.0	1.0	1.0	1.5 A	1.5	1.5	DI #5
Federal Funds	1,198,262	1,163,959	1,201,683	1,208,061	1,215,004	1,215,004	
FTE	2.5	2.3	2.5	2.5	2.5	2.5	
International Trade Office	623,339	610,397	664,462	682,579	681,801	681,801	
FTE	<u>5.8</u>	<u>5.8</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	598,034	582,207	614,462	632,579	631,801	631,801	
FTE	5.8	5.8	6.0	6.0	6.0	6.0	
Cash Funds	25,305	28,190	50,000	50,000	50,000	50,000	
Colorado Welcome Centers	485,371	491,721	494,960	504,924	504,496	504,496	
FTE	<u>3.3</u>	<u>3.3</u>	<u>3.3</u>	<u>3.3</u>	<u>3.3</u>	<u>3.3</u>	
General Fund	389,958	396,308	399,547	409,511	409,083	409,083	
FTE	3.3	3.3	3.3	3.3	3.3	3.3	
Cash Funds	0	0	0	0	0	95,413	
RF/CFE	95,413	95,413	95,413	95,413	95,413	0	
Colorado Promotion - Other	5,419,782	21,460,233	19,300,288	19,308,713	20,267,103	20,267,103	
FTE	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	
General Fund	5,373,810	0	0	0	0	0	
FTE	3.0	0.0	0.0	0.0	0.0	0.0	
Cash Funds	0	19,558,074	0	0	0	20,267,103	
FTE	0.0	3.0	0.0	0.0	0.0	3.0	
RF/CFE	45,972	1,902,159	19,300,288	19,308,713	20,267,103	0	
FTE	0.0	0.0	3.0	3.0	3.0	0.0	
Economic Development Commission							
General Economic Incentives and Marketing							
GF	967,267	961,623	964,061	970,100	969,841	969,841	
FTE	2.0	2.0	2.0	2.0	2.0	2.0	



	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
Colo. First Customized Job Training - GF	2,725,022	2,725,022	2,725,022	2,725,022	2,725,022	2,725,022	
CAPCO Administration - RF/CFE	78,211	83,420	78,634	81,443	81,312	81,312	
FTE - RF/CFE	1.0	1.0	2.0 /b	2.0	2.0	2.0	
Colorado Council on the Arts	0	1,948,651	2,281,336	2,347,057	2,360,137	2,360,137	
FTE	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.9</u>	<u>2.9</u>	<u>2.9</u>	
Cash Funds	0	0	0	0	0	1,600,034	
FTE	0.0	0.0	0.0	0.0	0.0	2.0	
RF/CFE	0	1,352,551	1,581,336	1,586,954	1,600,034	0	
FTE	0.0	2.0	2.0	2.0	2.0	0.0	
Federal Funds	0	596,100	700,000	760,103	760,103	760,103	DI #6
FTE	0.0	0.0	0.0	0.9	0.9	0.9	DI #6
Film Incentives	<u>0</u>	<u>100,000</u>	<u>610,500</u>	<u>632,100</u>	<u>640,014</u>	<u>640,014</u>	
Cash Funds	0	100,000	0	0	0	640,014	
RF/CFE	0	0	610,500	632,100	640,014	0	
New Jobs Incentives	<u>0</u>	<u>3,000,000</u>	<u>3,063,000</u>	<u>3,063,000</u>	<u>3,200,069</u>	<u>3,200,069</u>	
Cash Funds	0	3,000,000	0	0	0	3,200,069	
RF/CFE	0	0	3,063,000	3,063,000	3,200,069	0	
Bioscience Discovery Evaluation	0	1,971,688	2,500,000 /c	0	0	0	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds	0	1,971,688	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
RF/CFE	0	0	2,500,000	0	0	0	
FTE	0.0	0.0	0.6	0.0	0.0	0.0	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>14,855</u>	<u>14,855</u>	<u>14,855</u>	<u>14,855</u>	
Cash Funds	0	0	66	66	66	66	
Federal Funds	0	0	14,789	14,789	14,789	14,789	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
<b>SUBTOTAL - (4) ECONOMIC DEVELOPMENT PROGRAMS</b>							
<b>Total</b>	<b>13,195,980</b>	<b>36,306,644</b>	<b>35,834,651</b>	<b>33,544,417</b>	<b>34,648,987</b>	<b>34,648,987</b>	
<b>FTE</b>	<b><u>35.3</u></b>	<b><u>37.7</u></b>	<b><u>41.1</u></b>	<b><u>41.9</u></b>	<b><u>41.9</u></b>	<b><u>41.9</u></b>	
General Fund	11,752,317	6,435,351	6,528,772	6,633,605	6,614,910	6,614,910	
FTE	31.8	29.4	31.0	31.5	31.5	31.5	
Cash Funds	25,305	24,662,902	70,016	70,016	70,016	25,948,080	
FTE	0.0	3.0	0.0	0.0	0.0	5.0	
RF/CFE	220,096	3,448,332	27,319,391	24,857,843	25,974,165	96,101	
FTE	1.0	3.0	7.6	7.0	7.0	2.0	
Federal Funds	1,198,262	1,760,059	1,916,472	1,982,953	1,989,896	1,989,896	
FTE	2.5	2.3	2.5	3.4	3.4	3.4	

/a Includes an increase of \$29,073 and 0.5 FTE, pursuant to H.B. 07-1209.

/b Includes an increase of 1.0 FTE, pursuant to S.B. 07-261.

/c Funding is continuously appropriated and is included for informational purposes only.

**(5) OFFICE OF INFORMATION TECHNOLOGY**

**Michael Locatis, State Chief Information Officer**

**Primary Function:** To oversee technology initiatives at the state level, recommending strategies to maximize service delivery efficiency in a cost-effective manner through the application of enterprise technology solutions.

Personal Services - GF	691,547	1,099,158	1,046,117	1,083,451	1,081,848	1,081,848	
FTE - GF	8.5	5.5	13.0	13.0	13.0	13.0	
Operating Expenses	<u>144,328</u>	<u>132,831</u>	<u>300,268</u>	<u>150,268</u>	<u>150,268</u>	<u>150,268</u>	
General Fund	144,328	132,831	150,268	150,268	150,268	150,268	
Cash Funds Exempt	0	0	150,000 /a	0	0	0	
Colorado Benefits Management System RFP - RF/CFE	0	512,400	0	0	0	0	
Legal Services (26 hours) - GF	1,601	0	1,873	1,873	pending	pending	statewide DI

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			
				Request	Staff Rec. Old Format	Staff Rec. New Format	Change Request
<b>SUBTOTAL - (5) OFFICE OF INFORMATION TECHNOLOGY</b>							
Total	837,476	1,744,389	1,348,258	1,235,592	1,232,116	1,232,116	
FTE	8.5	5.5	13.0	13.0	13.0	13.0	
General Fund	837,476	1,231,989	1,198,258	1,235,592	1,232,116	1,232,116	
FTE	8.5	5.5	13.0	13.0	13.0	13.0	
RF/CFE	0	512,400	150,000	0	0	0	
/a Includes a one-time transfer of \$150,000 from the State Public School Fund, pursuant to H.B. 07-1270.							
<b>(Formerly Division 6) OFFICE OF COLORADO BENEFITS MANAGEMENT SYS</b>							
Personal Services - RF/CFE	1,714,729	1,775,498	0 S	0	0	0	/a
FTE - RF/CFE	18.7	24.0	0.0 S	0.0	0.0	0.0	/a
Operating Expenses - RF/CFE	156,570	158,076	0 S	0	0	0	/a
<b>Request vs. Appropriation</b>							
<b>SUBTOTAL - (Formerly Division 6) OFFICE OF COLORADO BENEFITS MANAGEMENT SYSTEM</b>							
Cash Funds Exempt	1,871,299	1,933,574	0	0	0	0	n/a
FTE	18.7	24.0	0.0	0.0	0.0	0.0	n/a

/a The Office of CBMS was dissolved, pursuant to Executive Order D 05 007. On June 20, 2007, the JBC approved a supplemental reallocating the programmatic resources to the Department of Human Services and the Department of Health Care Policy and Financing.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
<b>(6) OFFICE OF THE CHIEF INFORMATION SECURITY OFFICER (CISO)</b>							
<b>Mark Weatherford, Chief Information Security Officer</b>							
Develop information security policies, standards and guidelines for public agencies; promulgate rules; direct information security audits and assessments in the public agencies; establish a risk management process and deploy risk mitigation strategies, processes and procedures.							
Program Costs	0	2,966,145	2,449,560	2,804,521	2,804,915	2,804,915	
FTE	<u>0.0</u>	<u>0.5</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	0	0	0	349,343	350,000	350,000	DI #1
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
RF/CFE	0	0	2,449,560	2,455,178	2,454,915	2,454,915	
FTE	0.0	0.0	2.0	2.0	2.0	2.0	
Federal Funds	0	2,966,145	0	0	0	0	
FTE	0.0	0.5	0.0	0.0	0.0	0.0	
<b>SUBTOTAL - (6) OFFICE OF THE CHIEF INFORMATION SECURITY OFFICER (CISO)</b>							
<b>Total</b>	<b>0</b>	<b>2,966,145</b>	<b>2,449,560</b>	<b>2,804,521</b>	<b>2,804,915</b>	<b>2,804,915</b>	
<b>FTE</b>	<b><u>0.0</u></b>	<b><u>0.5</u></b>	<b><u>2.0</u></b>	<b><u>2.0</u></b>	<b><u>2.0</u></b>	<b><u>2.0</u></b>	
General Fund	0	0	0	349,343	350,000	350,000	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
RF/CFE	0	0	2,449,560	2,455,178	2,454,915	2,454,915	
FTE	0.0	0.0	2.0	2.0	2.0	2.0	
Federal Funds	0	2,966,145	0	0	0	0	
FTE	0.0	0.5	0.0	0.0	0.0	0.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09			Change Request
				Request	Staff Rec. Old Format	Staff Rec. New Format	
<b>OFFICE OF THE GOVERNOR</b>	<b>38,856,144</b>	<b>66,880,070</b>	<b>72,277,257</b>	<b>65,978,293</b>	<b>72,962,721</b>	<b>72,962,721</b>	
<b>FTE</b>	<b><u>120.0</u></b>	<b><u>124.1</u></b>	<b><u>121.0</u></b>	<b><u>119.8</u></b>	<b><u>156.3</u></b>	<b><u>156.3</u></b>	
General Fund	16,006,021	12,041,036	11,794,433	14,915,700	12,102,341	12,102,341	
FTE	80.3	73.8	83.9	84.9	84.4	84.4	
Cash Funds	7,101,054	31,791,451	8,287,099	8,295,161	9,333,120	43,400,333	
FTE	0.0	3.0	0.0	0.0	0.0	11.0	
RF/CFE	3,625,306	7,382,987	39,165,275	29,678,042	38,447,993	4,379,280	
FTE	37.2	44.5	34.6	31.5	35.5	24.5	
Federal Funds	12,123,763	15,664,596	13,030,450	13,089,390	13,079,267	13,079,267	
FTE	2.5	2.8	2.5	3.4	36.4	36.4	

**OFFICE OF THE GOVERNOR  
FY 2008-09 FIGURE SETTING**

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

**(1) OFFICE OF THE GOVERNOR**

***(A) Governor's Office***

As Chief Executive of the State, the Governor is responsible for the overall operation of the Executive Branch of government. This office provides for coordination, direction, and planning of agency operations; maintains liaison with local governments and the federal government; and exercises the executive powers of the state. Includes the Citizen's Advocate Office, the Office of Policy and Initiatives, the Press Office, the Boards and Commissions Office, as well as legal counsel and administrative personnel.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Governor	1.0	1.0	1.0	1.0
Chief of Staff/ Deputy Chief of Staff	3.0	3.0	3.0	3.0
Program Directors	7.0	9.5	6.0	6.5
Policy/Program Staff	7.0	12.9	7.0	7.0
Accounting Staff	2.5	2.5	3.0	3.0
Staff Assistants/ Support Staff	8.5	5.0	11.4	11.4
Domestics	2.0	1.0	3.0	3.0
<b>TOTAL</b>	<b>31.0</b>	<b>34.9</b>	<b>34.4</b>	<b>34.9</b>

**Administration of Governor's Office and Residence (Decision Item #2)**

**Decision Item #2** from the Department is a request for \$149,880 General Fund to implement the cyber-security recommendations derived from a risk based security gap assessment conducted through the Office of the Chief Information Security Officer (OCISO). The Department is seeking \$99,880 to purchase antiviral software, network security software licenses, and a server, as well as

\$50,000 for professional services for 400 programming hours to rewrite custom applications to run on the secure DPA network.

The Colorado Information Security Act, enacted by H.B. 06-1157, requires that each state agency perform an assessment to determine deficiencies in critical systems and develop an Agency Cyber Security Plan, pursuant to Section 24-37.5-404 (1), C.R.S. The assessment reviewed current system operations in relation to state cyber-security policies and procedures, perimeter security, security design and documentation, network security operations, and systems security.

The Agency Cyber Security Plan (ACSP) documented the security controls currently in place and identified appropriate remediation measures in a Plan of Action and Milestones (POAM), for each agency. The POAM for the Governor's Office identified a need to close security gaps in its office network.

According to the OCISO, the Governor's Office information technology network regularly undergoes cyber attacks, as it provides a tempting high profile target for cyber hackers. Currently the Governor's Office does not have a full time network administrator to assist in the maintenance of these IT networks or to fully monitor the potential attacks on the system. The Governor's Office IT network is not designed for high performance, but rather traditional office computing needs. The Department requires the purchase of antiviral software, networking software, Microsoft Office licenses, and a server to secure the gaps as identified by the Governor's cyber security POAM. Further the Department requires programming expertise for the conversion to the new system.

The request from the Department is for the following:

<b>Decision Item #2 -- Cyber Security for the Office of the Governor</b>	
<b>Item</b>	<b>General Fund</b>
Professional Services	\$50,000
Microsoft Office 2003 Standard	36,000
Citrix Licenses	27,000
Landesk software	15,000
Access Zone Server	10,000
Microsoft Office 2003 Pro	9,000
Antivirus software	2,880
<b>Total</b>	<b>\$149,880</b>

Due to the security gaps identified by the OCISO through the Agency Cyber Security Planning process, **Staff recommends the approval of Decision Item #2 for an increase of \$149,880 General Fund** to implement the Governor's Cyber-Security efforts by purchasing the necessary

equipment and professional services to rewrite custom applications. This will annualize to \$20,730 General Fund in FY 2009-10 for maintenance purposes.

**Staff recommends \$2,584,384 and 34.9 FTE.** The appropriation is comprised of \$2,564,964 General Fund and \$19,420 in reappropriated cash funds from indirect cost recoveries. This calculation is made pursuant to Committee common policy, which includes a distribution for salary survey and performance-based pay awarded in FY 2007-08, as well as a 1.0 percent base reduction. The indirect cost recovery appropriation *may change* pursuant to budgeting requirements of the Department and Staff asks permission to adjust these totals once the indirect totals have been finalized. The appropriation for the Department's Operating Expenses is the average of the actual expenditures for the Governor's Office for fiscal years 2004-05, 2005-06, and 2006-07. The new "reappropriated funds" classification affects this line item. The reappropriated cash funds portion represents indirect cost recoveries from the employees within the Office of the Governor. The following table summarizes the staff recommendation for this line item.

<b>Administration of Governor's Office and Residence</b>						
	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>
<b>FY 2007-08 Long Bill</b>	\$2,564,671	\$2,393,880	\$151,371	\$19,420	\$0	36.4
FY 2007-08 Operating Expenses	(463,000)	(463,000)	0	0	0	0.0
FY 2007-08 Indirect Recoveries	(19,420)	0	0	(19,420)	0	0.0
Staff Initiated FTE Adjustment <sup>1</sup>	0	0	0	0	0	(0.5)
Subtotal	<u>2,082,251</u>	<u>1,930,880</u>	<u>151,371</u>	<u>0</u>	<u>0</u>	<u>35.9</u>
H.B. 07-1372 Severance Refinance	(151,371)	0	(151,371)	0	0	(1.0)
Salary Survey for FY 2007-08	78,973	78,973	0	0	0	0.0
Performance-based Pay Awards	23,458	23,458	0	0	0	0.0
FY 2007-08 PS Base Subtotal	<u>2,033,311</u>	<u>2,033,311</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34.9</u>
1.0 Percent PS Base Reduction	(20,333)	(20,333)	0	0	0	0.0
Difference between Staff and Department's PS Calculation	(40,262)	(40,262)	0	0	0	0.0
FY 2008-09 Operating Expenses	442,367	442,367	0	0	0	0.0
DI #2 Cyber Security	149,880	149,880	0	0	0	0.0
Indirect Cost Recovery	19,420	0	0	19,420	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$2,584,384</b>	<b>\$2,564,964</b>	<b>\$0</b>	<b>\$19,420</b>	<b>\$0</b>	<b>34.9</b>

<sup>1</sup> The FY 2007-08 Long Bill includes 0.5 FTE appropriated in FY 2006-07, pursuant to H.B. 06-1400. House Bill 07-1372 reduced the number of FTE by 0.5 FTE in FY 2006-07. The FY 2007-08 Appropriations Report includes a technical error in which the table on page 96 does not tabulate this reduction. The reduction will be applied here to reflect this change.



### **Discretionary Fund**

**Staff recommends a continuation funding level of \$20,000 General Fund**, pursuant to Section 24-9-105, C.R.S., which states that elected officials may be provided specified amounts to expend as each elected official sees fit. The specified amount for the Governor is \$20,000, and is subject to appropriation by the General Assembly.

### **Mansion Activity Fund**

The Governor's Residence, located in the city and county of Denver at 400 East Eighth Avenue, is 26,431 square feet and is accompanied by a 4,837 square foot Carriage House located on the same property. These two buildings are made available to the public for various activities and require spending authority for funds collected for use of the Governor's mansion. Funds received are from public and state agency use fees used to cover the costs of holding functions at these facilities. **Staff recommends the Department's request of \$200,000 cash funds.**

### ***(B) Special Purpose***

#### **Health, Life, and Dental**

**Staff recommends total funding of \$624,940, pursuant to common policy as approved by the Committee**, which is comprised of \$504,717 General Fund, \$116,033 reappropriated cash funds, and \$4,190 federal funds.

#### **Short-term Disability**

**Staff recommends an appropriation of \$9,246, pursuant to common policy as approved by the Committee**, comprised of \$4,889 General Fund, \$2,616 cash funds, \$1,689 reappropriated cash funds, and \$52 federal funds.

#### **S.B. 04-257 Amortization Equalization Disbursement**

**Staff recommends an appropriation of \$112,546, pursuant to common policy as approved by the Committee**, comprised of \$58,919 General Fund, \$32,196 cash funds, \$20,789 reappropriated cash funds, and \$642 federal funds.

#### **S.B. 06-235 Supplemental Amortization Equalization Disbursement**

**Staff recommends total funding of \$51,777, pursuant to common policy as approved by the Committee**, which is comprised of \$26,639 General Fund, \$15,092 cash funds, \$9,745 reappropriated/cash funds exempt, and \$301 federal funds.

#### **Salary Survey and Senior Executive Service**

**Staff recommends total funding of \$415,045, pursuant to common policy as approved by the Committee**, which is comprised of \$299,603 General Fund, \$110 cash funds, \$109,199 reappropriated cash funds, and \$6,133 federal funds.

#### **Performance-Based Pay**

**Staff recommends total funding of \$126,576 pursuant to common policy as approved by the Committee**, which is comprised of \$89,696 General Fund, \$3,090 cash funds, \$31,866 reappropriated cash funds, and \$1,924 federal funds.

### **Workers' Compensation**

Staff recommendation is **pending** the approval of a common policy by the Committee.

### **Legal Services (Budget Amendment)**

The Department submitted a **budget amendment** requesting an increase of \$150,000 General Fund to fund outside counsel to defend the State against a lawsuit challenging the constitutionality of S.B. 07-199.

On December 13, 2007, a class action complaint was filed in Denver District Court concerning a provision in S.B. 07-199 (Windels/Pommer) which changed the method for calculating school district property taxes that support the School Finance Act. Plaintiffs include the three members of the Mesa County Board of County Commissioners, several property taxpayers in Mesa, Boulder, Archuleta, and Denver Counties, and all similarly situated Colorado taxpayers and registered voters. It is Staff's understanding that the Governor's Office has intervened and is now a named party in the lawsuit.

The Complaint alleges that this statutory change constituted a change in state tax policy and should have been submitted to all Colorado voters prior to its implementation. The Complaint seeks declaratory and injunctive relief, asking the Court to enjoin the Department from certifying any mill levy based on this statutory change. The Complaint also asks the Court to award a refund to any taxpayer for "excess" property taxes paid plus ten percent, as well as to award plaintiffs their reasonable attorneys fees and costs, which Legislative Council estimates could be approximately \$116 million.

On April 27, 2007, the Attorney General of Colorado disseminated a memorandum, prepared by the Solicitor General, in which the Solicitor opined that S.B. 07-199 was an unconstitutional violation of TABOR. In his cover letter, the Attorney General expressly concurred with the Solicitor's legal analysis and conclusion, and reaffirmed this position in subsequent public statements.

Because the Attorney General issued an opinion that was circulated to the Governor's Office and the Legislature expressing his opinion that S.B. 07-199 as unconstitutional, the Department of Law is unable to represent the Department of Education or the Governor's Office in this action. As a consequence, both the Department of Education and the Governor's office must hire outside counsel to represent them in this case.

The Governor's supplemental request for the Mill Levy Lawsuit Defense is based upon discussions with Isaacson Rosenbaum, P.C., which anticipates that two attorneys will be assigned to the case. The estimated blended hourly billing rate is \$225, a discounted billing rate the legal firm would

ordinarily provide for legal defense to nonprofit entities. This law firm was selected based on the law firm's senior partner's expertise in TABOR litigation and other state-related litigation. The supplemental estimate anticipates utilizing 600 hours of legal services as well as an estimated \$15,000 in litigation costs to cover the full expenses of the Governor's Defense. The estimated costs for the Governor's legal defense in FY 2008-09 are provided in the following table:

<b>FY 2008-09 Estimated Legal Defense Expenditures for the Governor</b>	
Attorney Fees (\$225 hourly blended rate x 600 hours)	\$135,000
Litigation Fees	\$15,000
<b>Total</b>	<b>\$150,000</b>

Staff recommends that the Committee approve the supplemental request to increase the Legal Services appropriation by \$150,000 General Fund, to fund outside counsel to defend the State against the Mill Levy Lawsuit challenging the constitutionality of S.B. 07-199.

**For the Legal Services appropriation, Staff recommends approving the request for funding sufficient to purchase a continuation level of 1,391 hours of services, plus \$150,000 General Fund to fund outside legal counsel to defend the State against the Mill Levy Lawsuit.** The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee.

**Purchase of Services from Computer Center**

Staff recommendation is **pending** the approval of a common policy by the Committee.

**Multi-use Network Payments**

Staff recommendation is **pending** the approval of a common policy by the Committee.

**Payment to Risk Management and Property Funds**

Staff recommendation is **pending** the approval of a common policy by the Committee.

**Capitol Complex Leased Space**

Staff recommendation is **pending** the approval of a common policy by the Committee.

***(C) Governor's Energy Office (NEW SUBDIVISION NAME)***

Staff recommends the renaming the this subdivision of the Office of the Governor from "Other Programs and Grants" to the "Governor's Energy Office". There are three key reasons for this recommendation: (1) to provide greater visibility of the program as it is currently not identified in the Long Bill; (2) *all funding* in this section is managed by the Governor's Energy Office; and (3) the Governor's Energy Office has been a named recipient of funding in legislation which appropriated moneys from the Operational Account of the Severance Tax Trust Fund, the Limited Gaming Fund, and also the Public School Energy Efficiency Fund, but is not identified in JBC Staff numbers pages or narratives and should be easily cross-referenced. Thus, the current name of this

subdivision does not reflect the activities carried out by this governmental entity and should be renamed in keeping with these duties. **Staff recommends the renaming of the *Other Programs and Grants* subdivision with a new name, the *Governor's Energy Office*.**

The Governor's Energy Office provides energy information and services to Colorado citizens and businesses. The office coordinates efforts to advance energy efficiency and renewable energy resources. The office is primarily funded with federal Petroleum Violation Escrow moneys, Severance Tax moneys (Low-Income Energy Assistance Program), and Limited Gaming Fund moneys (Clean Energy Fund).

### **Program Administration (Decision Item #3)**

**Decision Item #3** is requesting \$2,013,750 General Fund in FY 2008-09 and in subsequent years to create the Colorado Solar Incentive Program. This program will leverage local contributions from governmental, non-profits, and utilities to create a total fund of \$4,027,500, to incentivize the installation of photovoltaics (solar electricity), as well as solar thermal (technology to utilize sun to heat water for domestic use and home heating). The Department indicates that the program would operate only where current incentives don't exist or where incentives do exist, but have proven to be too modest to create a viable market for these energy efficient technologies.

*Issue Background:* In 2004, voters approved Amendment 37 which among its provisions sets goals for a percentage of power generated by the state's two investor-owned utilities (IOUs), Xcel and Black Hills Corp. (formerly Aquila), to be generated from renewable resources. Of the amount of power to be generated from renewable energy, a certain percent must come from solar electric systems. Moreover, of this "solar carve out", half must come from distributed or roof-top generated systems. Given this requirement, Amendment 37 included a requirement that the IOUs provide a \$2/watt rebate for the purchase of solar systems. Further, the Public Utilities Commission (PUC), developed a system of additional production rebates which have a supplementary rebate of \$2.50/watt which then the IOUs can purchase as a credit towards their Amendment 37 renewable energy requirements. Therefore, IOU customers have access to rebates of upwards of \$4.50/watt towards the installation and utilization of distributed roof-top PV systems.

*Perceived Market Inequity by the Department.* Currently only IOU customers benefit from the rebate provided from Amendment 37 and from the production rebates offered by the PUC. Customers whom receive their power from Rural Electricity Cooperatives (RECs) or from Municipally-Owned Utilities (MOUs), do not receive a solar benefit as Amendment 37 only regulates IOUs and not any other utilities. Investor-owned Utilities provide power for approximately 55 percent of the state's electricity customers, leaving 45 percent of customers without access to an incentive program.

*Colorado Solar Incentive Program.* The request from the department seeks to provide 170 count \$6,000 rebates for Solar Photovoltaic (PV) systems and 750 count \$1,325 for solar thermal systems, with a total maximum rebate of \$12,000. The net effect would be approximately \$4/watt rebate. Per the budget request, the rebates will adjust downward as developments in technology and efficiency evolve. The number of rebates is contingent upon the program's ability to leverage a match in

funding from localities selected by the Governor's Energy Office to participate in this solar incentive program, for a total incentive package totaling \$4.0 million.

*Residential Solar Program.* Currently, these same efforts are being funded through a \$1.0 million allocation from the Clean Energy Fund to provide incentives for photovoltaic (PV) systems and solar hot water systems. Of this amount, half is for PV system incentives, the equivalent of \$2/watt rebate and the other half for solar hot water incentives. The \$2.0 million General Fund request is seeking to offset the current \$1.0 million allocation from the Clean Energy Fund and increase the total amount provided to the program by \$1.0 million, for a total state contribution in excess of \$2.0 million.

**Staff does not recommend the approval of Decision Item #3 (Colorado Solar Incentive Program), for the following reasons:**

1. **The Request Lacks Statutory Authority.** While, Sections 24-75-1201 (2) (c) and (f), C.R.S., permit the Governor's Energy Office to expend money from the Clean Energy Fund (CEF) to provide market incentives for the purchase and distribution of energy efficient and renewable energy products (c) and facilitate widespread implementation of renewable energy technologies (f), Section 24-75-1201 (1), which creates the CEF in statute, indicates that the CEF shall consist of moneys from the Limited Gaming Fund and a transfer of moneys from the Operational Account of the Severance Tax Trust Fund (for Low-Income Energy Assistance Programs), however General Fund is not listed as a possible source of funding. Legislation which includes General Fund as a possible source of funding for the CEF must be enacted to permit the CEF to consist of and utilize General Fund moneys.
2. **The Request Seeks an Appropriation to a Non-statutory Entity.** The request seeks the General Assembly's authority to appropriate \$2.0 million General Fund to the Office of the Governor, Other Programs and Grants, Program Administration (i.e. Governor's Energy Office). This entity is not in statute. While the General Assembly does have plenary authority, it is generally considered the proper course of action to create a governmental entity in statute prior to appropriating moneys to such entity. It should be noted that while there are currently two instances where either moneys were appropriated or FTE authorized to Governor's Energy Office, these instances are considered atypical appropriations as the moneys appropriated and the FTE authorized are to a non-statutory governmental entity.
3. **The Request will Subsidize a Select Part of an Industry.** Based on the budget request written narrative and upon discussions with the Department, it is Staff's understanding that the request for the Solar Incentive Program is to provide, in part, equity in the market place for electricity customers. Currently only IOU customers have access to solar incentives, leaving customers of RECs and MOUs without these incentives, thus this program would help bring equity to these customers without this incentive. However, it should be worth mentioning that RECs and MOUs opted out of the provisions of Amendment 37, and as such these utilities are not subject to the rules imposed upon the IOUs from this voter approved measure. Had they also participated and opted to be regulated by the Public Utilities

Commission, they too would also have similar solar incentive programs in place and would also benefit from the PUC's supplementary solar production incentive. However given that these RECs and MOUs did opt-out, they then must bear the responsibility to implement their own solar incentive programs.

**For Program Administration, Staff recommends a continuation of \$11,067,114 federal funds and 33.0 FTE.** This is the first year that the number of FTE whom are funded with these moneys are included in the Department. This amount is provided for informational purposes only in the Long Bill and is meant to give a projection of federal dollars received for various programs.

**Low-Income Energy Assistance**

Pursuant to H.B. 06-1200, the Governor's Office was appropriated a portion of the operational account of the Severance Tax Trust Fund in the Department of Natural Resources for home energy efficiency improvements for low-income households. For four fiscal cycles beginning in FY 2005-06 and ending in FY 2008-09, the Governor's Energy Office (formerly the Office of Energy Management and Conservation when H.B. 06-1200 was enacted) and Energy Outreach Colorado will be allocated funding from the Office of the Governor's appropriation for low-income energy efficiency improvements for low-income households, pursuant to Section 39-29-109 (1.5). Based on forecasted severance tax revenue and H.B. 06-1200, the appropriations set forth are summarized in the following table:

<b>Appropriations to the Office of the Governor for Low-Income Energy Assistance Programs</b>		
<b>Year</b>	<b>Governor's Energy Office</b>	<b>Energy Outreach Colorado</b>
FY 05-06	\$4,000,000	\$3,000,000
FY 06-07	4,000,000	1,050,000
FY 07-08	5,000,000	1,050,000
FY 08-09	6,000,000	1,050,000

**Staff recommends an appropriation of \$7,050,000 cash funds spending authority** be appropriated to the Low Income Energy Assistance line item.

**Colorado Renewable Energy Authority (New Line Item)**

**Staff is recommending the addition of this line item to the Long Bill** to reflect the levels of cash funds spending authority granted to the Governor's Energy Office for the Colorado Renewable Energy Authority (CREA). Senate Bill 07-126 modifies H.B. 06-1322, and transfers \$2.0 million from the Operational Account of the Severance Tax Trust Fund to the Governor's Energy Office to provide matching state funds for consortium research and development of advanced clean oil technologies, renewable energy, and energy conservation. In addition to providing grants, the authority is to become a regional resource in renewable energy that will transfer new technologies to the private sector to promote renewable energy businesses, will assist in developing educational and research programs, and will provide information to the public and engineering fields. **Staff**

**recommends an appropriation of \$2.0 million cash funds spending authority for the Colorado Renewable Energy Authority.**

**Clean Energy (New Line Item)**

**Staff is recommending the addition of this line item to the Long Bill** to reflect the levels of cash funds spending authority granted to the Governor's Energy Office for the advancement of energy efficiency and renewable energy in the State. Senate Bill 07-246 created the Clean Energy Fund and requires moneys in the Limited Gaming Fund that are transferred at the end of each fiscal year to the General Fund, to be instead transferred to the Clean Energy Fund. Further, the bill required that any unexpended moneys that were allocated to the Governor's Office of Energy Management and Conservation (OEMC) to provide home energy efficiency improvements for low-income households, be transferred to the Clean Energy Fund. All moneys in the fund are continuously appropriated, pursuant to Section 24-75-1201 (2), C.R.S. The Clean Energy Fund also receives moneys from the Operational Account of the Severance Tax Trust Fund for the Low-Income Energy Assistance Program (LEAP), for fiscal years 2007-08 and 2008-09, pursuant to Section 39-29-109 (1.5) (h) (VII), C.R.S., and is the source for moneys appropriated to the *Low-Income Energy Assistance* line listed above. Based on estimated Gaming Fund revenues from the Department of Revenue, the Clean Energy Fund will receive \$7.7 million at the end of FY 2007-08 for use in FY 2008-09. The fund will also receive \$7.05 million in FY 2008-09 from the Operational Account of the Severance Tax Trust Fund, pursuant to H.B. 06-1200. **This line is for informational purposes only.**

**Staff recommends the inclusion of a footnote in the Long Bill** related to the Clean Energy Fund. Section 6 of S.B. 07-246 included an accountability clause which states the following:

"Accountability. Five years after this act becomes law and in accordance with section 2-2-1201, Colorado Revised Statutes, the legislative service agencies of the Colorado General Assembly shall conduct a post-enactment review of the implementation of this act utilizing the information contained in the legislative declaration set forth in section 1 of this act."

Section 1 of S.B. 07-246 states the following:

"Legislative declaration. The general assembly hereby finds and declares that, for the purpose of post-enactment review, the desired result and benefit of this act is the advancement of energy efficiency and renewable energy throughout the state through the efficient and effective use of moneys in the clean energy fund as permitted in section 24-75-1201 (2), Colorado Revised Statutes, enacted by section 2 of this act."

To reflect the intent of the General Assembly, staff recommends that a footnote be added to the Long Bill which requests an annual report from the Governor's Energy Office to be delivered on the first day of September which describes the programs and personnel funded with moneys from the Clean Energy Fund and also quantitatively exhibits the efficient and effective use the moneys appropriated to the Clean Energy Fund in bringing about the desired result and benefit of the advancement of energy efficiency and renewable energy throughout the state.

**School Energy Efficiency (New Line Item)**

**Staff is recommending the addition of this line item to the Long Bill** to reflect the levels of cash funds spending authority granted to the Governor's Energy Office for school energy efficiency evaluations, pursuant to H.B. 07-1309. House Bill 07-1309 requires estimated tax payments and withholding for oil and gas severance taxes to be made on a monthly basis, rather than quarterly. The additional interest earned from making monthly payments will be deposited into the Public School Energy Efficiency Fund, up to a maximum of \$1.5 million annually. Money in the fund is continuously appropriated to the Governor's Energy Office for energy efficiency projects and programs in public schools. Moneys in this fund promote "performance contracting", which earmarks a portion of future energy savings to finance the upfront costs of the capital investment. The funds also finance in-house performance contracting experts to evaluate school buildings energy use. For FY 2008-09, it is estimated that the program will receive \$496,000, which is provided here for informational purposes only. However the program requires the appropriation of 2.0 FTE to perform the school energy evaluations. **Staff recommends \$496,000 cash funds and 2.0 FTE.**

**Legal Services**

**For the Legal Services appropriation, Staff recommends funding sufficient to purchase a continuation level of 230 hours of services.** The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee. These hours are federally funded and represent anticipated legal services costs for the Governor's Energy Office. This line is in the Long Bill for informational purposes only.

**Indirect Cost Assessment**

**Staff recommends the Office of the Governor's continuation request of \$9,015 federal funds.** The indirect cost recovery appropriation *may change* pursuant to budgeting requirements.

**(2) OFFICE OF THE LIEUTENANT GOVERNOR**

This section of the Long Bill provides funding for the administration of the Lieutenant Governor's Office, including statutory duties associated with the Commission of Indian Affairs.

**Administration**

<b>Staffing Summary</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Appropriation</b>	<b>FY 2008-09 Request</b>	<b>FY 2008-09 Recommendation</b>
Lieutenant Governor	1.0	1.0	1.0	1.0
Chief of Staff	0.4	0.4	1.0	1.0
Support Staff	1.3	2.3	2.7	1.7
<b>TOTAL</b>	<b>2.7</b>	<b>3.7</b>	<b>4.7</b>	<b>3.7</b>



**Decision Item #4** is requesting an increase of \$25,000 General Fund to fund increased operating expenditures incurred by the Lieutenant Governor's Office. The Department is requesting the following increases, by expense type:

<b>Decision Item #4 -- Request to Increase the Lieutenant Governor's Appropriation for Operating Expenses</b>	
<b>Expense Type</b>	<b>Amount</b>
Travel	\$18,000
Computers and Office Supplies	3,000
Meeting Expenses	1,500
Printing/Copying	1,500
Postage/Mailing	1,000
<b>Total</b>	<b>\$25,000</b>

The largest portion of the request is for an increase of \$18,000 to fund in-state and out-of-state travel. The Lieutenant Governor serves on the Commission of Indian Affairs, the Early Childhood Council Advisory Team, the P-20 Council, and other councils promoting healthcare, aerospace, and other issues affective economic impact throughout the state and requires additional resources for expenses incurred to travel to various destinations in the state. Other funding requested is for various office materials and computers. The appropriation provided to the Lieutenant Governor has increased by 11.6 percent over the last five fiscal years, or approximately 2.3 percent. This increase in moneys appropriated to the office has not been sufficient to cover the costs incurred. **Staff recommends the approval of Decision Item #4, to increase the amount appropriated to the Office of the Lieutenant Governor, Administration line by \$25,000 General Fund.**

**Staff recommends \$314,461 and 3.7 FTE, pursuant to Committee common policy.** The request consists of \$236,923 General Fund and \$77,538 reappropriated cash funds. The recommendation includes \$25,000 for **Decision Item #4** (Operating Increase) and salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

<b>Administration -- Office of the Lieutenant Governor</b>						
	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>
<b>FY 2007-08 Long Bill</b>	\$206,655	\$206,655	\$0	\$0	\$0	2.7
H.B. 07-1062	80,543	0	0	80,543	0	1.0
H.B. 07-1062 Annualized	(3,005)	0	0	(3,005)	0	0.0
Salary Survey for FY 2007-08	6,122	6,122	0	0	0	0.0
Performance-based Pay Awards	1,818	1,818	0	0	0	0.0
Difference between Staff and Department'sPS Calculation	(2,672)	(2,672)	0	0	0	0.0

Administration -- Office of the Lieutenant Governor						
DI #4 Operating Increase	25,000	25,000	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$314,461</b>	<b>\$236,923</b>	<b>\$0</b>	<b>\$77,538</b>	<b>\$0</b>	<b>3.7</b>

### Discretionary Fund

**Staff recommends a continued level of funding level of \$5,000 General Fund.** Section 24-9-105, C.R.S., states that elected officials may be provided specified amounts to expend as each elected official sees fit. The specified amount for the Lieutenant Governor is \$5,000, subject to appropriation by the General Assembly.

### Commission of Indian Affairs

The Commission acts as a liaison between Native Americans and the state government with the goal of providing easy access to government. The Commission focuses on Indian health, child welfare, water rights, economic development, and other issues identified by Colorado's Native American population.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Program Manager	1.0	1.0	1.0	1.0
Staff	0.3	1.3	0.3	1.3
<b>TOTAL</b>	<b>1.3</b>	<b>2.3</b>	<b>1.3</b>	<b>2.3</b>

**Staff recommends \$95,465 and 2.3 FTE, pursuant to Committee common policy.** The request consists of \$93,965 General Fund and \$1,500 reappropriated cash funds. The recommendation includes salary survey and performance-based pay awarded in FY 2007-08. The reappropriated fund source is from private donations. Further, the appropriation for the Department's Operating Expenses is the average of the actual expenditures for the Governor's Office for fiscal years 2004-05, 2005-06, and 2006-07. The following table summarizes the staff recommendation for this line item.

Commission of Indian Affairs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	<b>\$85,367</b>	<b>\$83,867</b>	<b>\$0</b>	<b>\$1,500</b>	<b>\$0</b>	<b>2.3</b>
Salary Survey for FY 2007-08	3,061	3,061	0	0	0	0.0
Performance-based Pay Awards	909	909	0	0	0	0.0
Operating	12,130	12,130	0	0	0	0.0
Difference between Staff and Department's PS Calculation <sup>1</sup>	(6,002)	(6,002)	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$95,465</b>	<b>\$93,965</b>	<b>\$0</b>	<b>\$1,500</b>	<b>\$0</b>	<b>2.3</b>

<sup>1</sup> This is equal to Staff's calculated total personal services, pursuant to Committee policy, less the Department's calculated personal services, or \$83,513 less \$89,515.

### (3) OFFICE OF STATE PLANNING AND BUDGETING

This office is responsible for program, policy, and budgetary planning, including economic and state revenue forecasting. The source of the reappropriated cash funds for the Office State Planning and Budgeting is indirect cost recoveries from the state highway fund by the Department of Transportation, pursuant to Section 43-1-113 (8) (a), C.R.S.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Director	1.0	1.0	1.0	1.0
Deputy Director	1.0	1.0	1.0	1.0
Analysts	8.0	13.5	13.5	13.5
Economists	1.5	2.0	2.0	2.0
Financial Manager	0.5	0.5	0.5	0.5
Support Staff	1.0	1.5	1.5	1.5
<b>TOTAL</b>	<b>13.0</b>	<b>19.5</b>	<b>19.5</b>	<b>19.5</b>

#### Personal Services

**Staff recommends \$1,373,899 reappropriated cash funds and 19.5 FTE, pursuant to Committee common policy.** The recommendation includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Personal Services -- Office of State Planning and Budgeting						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$1,321,692	\$0	\$0	\$1,321,692	\$0	19.5
Salary Survey for FY 2007-08	40,120	0	0	40,120	0	0.0
Performance-based Pay Awards	12,087	0	0	12,087	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$1,373,899</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,373,899</b>	<b>\$0</b>	<b>19.5</b>

#### Operating Expenses

**Staff recommends a continuation of \$51,724 reappropriated cash funds spending authority for the Division.**

**Economic Forecasting Subscriptions**

**Staff recommends a continuation of \$16,362 reappropriated cash funds.** This line is intended to fund the purchase of economic models, subscriptions, and software used for revenue and economic forecasting. When possible, OSPB shares expenses for subscriptions and software with the Legislative Council staff.

**Request for Information**

Staff recommends the inclusion of a formal request for information from the Office of State Planning and Budgeting related to the Government Efficiency Management Study (GEMS), of which the General Assembly appropriated \$700,000 General Fund for FY 2006-07. JBC Staff has submitted over 16 requests for information between June 2007 and February 2008, however to date, Staff has not received any substantial information related to resources utilized, milestones achieved, and recognized results. Staff recommends that the JBC approve a request for information related to the GEMS to be delivered to the JBC on or before July 1, 2008. The report should be provided electronically and should include all Decision Items and Budget Amendments submitted to the Legislature and aggregated into a single spreadsheet, by Department, by fund source, including FTE as well as out-year data for these change requests. Further, the report should provide a narrative and tables and charts where applicable explaining how the moneys appropriated have been applied to harness greater governmental efficiency and cost-avoidance.

**(4) OFFICE OF ECONOMIC DEVELOPMENT**

**Administration**

This line item provides funding for centralized administration for the Office of Economic Development.

<b>Staffing Summary</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Appropriation</b>	<b>FY 2008-09 Request</b>	<b>FY 2008-09 Recommendation</b>
Director	1.0	0.7	1.0	1.0
Controller	1.0	1.0	1.0	1.0
Support Staff	4.0	4.3	4.0	4.0
<b>TOTAL</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

**Staff recommends \$447,161 and 6.0 FTE, pursuant to Committee common policy.** The recommendation consists of \$432,372 General Fund and \$14,789 reappropriated cash funds. This includes salary survey and performance-based pay awarded in FY 2007-08. The reappropriated moneys are from indirect cost recoveries from federal revenues. The indirect cost recovery appropriation may change pursuant to budgeting requirements. The following table summarizes the staff recommendation for this line item.

Administration -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$429,822	\$415,033	\$0	\$14,789	\$0	6.0
Salary Survey for FY 2007-08	13,368	13,368	0	0	0	0.0
Performance-based Pay Awards	3,971	3,971	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$447,161</b>	<b>\$432,372</b>	<b>\$0</b>	<b>\$14,789</b>	<b>\$0</b>	<b>6.0</b>

### Vehicle Lease Payments

This line item is used to pay for motor vehicles, that are acquired through the Department of Personnel pursuant to Section 24-30-1117 C.R.S. Staff recommendation is **pending** the approval of a common policy by the Committee.

### Leased Space

**Staff recommends the continuation request of \$231,540 General Fund** for 14,337 square feet of leased space in the World Trade Center at 1625 Broadway, in the Central Business District of Denver.

### Business Development

This office provides research support and technical assistance to local economic development programs, coordinates efforts to market the State's economic development programs statewide and nationwide, recommends requests for funding to the Economic Development Commission, and selects companies to be recipients of Colorado First and Existing Industries job training funds.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Project Director	1.0	1.0	1.0	1.0
Business Development	3.2	3.2	3.2	3.2
Systems Administration	4.0	4.0	4.0	4.0
Support Staff	1.0	1.0	1.0	1.0
<b>TOTAL</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>

**Staff recommends \$880,099 and 9.2 FTE, pursuant to Committee common policy.** The recommendation consists of \$865,099 General Fund and \$15,000 cash funds, which are fees and reimbursements paid by businesses for participation in domestic trade shows. This includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Business Development -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$853,515	\$838,515	\$15,000	\$0	\$0	9.2
Salary Survey for FY 2007-08	20,497	20,497	0	0	0	0.0
Performance-based Pay Awards	6,087	6,087	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$880,099</b>	<b>\$865,099</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$0</b>	<b>9.2</b>

### **Grand Junction Satellite Office**

This program is responsible for coordination of business development and outreach in western Colorado. **Staff recommends \$67,007 General Fund and 1.0 FTE, pursuant to Committee common policy.** The recommendation includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Grand Junction Satellite Office -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$64,117	\$64,117	\$0	\$0	\$0	1.0
Salary Survey for FY 2007-08	2,228	2,228	0	0	0	0.0
Performance-based Pay Awards	662	662	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$67,007</b>	<b>\$67,007</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>

### **Minority Business Office**

This program promotes the development of existing and new minority businesses and works to increase minority participation in public and private sector contracting. The mission of the Minority Business Office (MBO) is to promote development of existing and new minority businesses across the state with emphasis on rural areas that do not have access to information and technical help and to establish a network for distribution of information listing references that are available to help new and existing businesses across the state.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Director	1.0	1.0	1.0	1.0
Support Staff	0.0	1.5	1.5	1.5
<b>TOTAL</b>	<b>1.0</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>

**Staff recommends \$152,636 and 2.5 FTE, pursuant to Committee common policy.** The recommendation consists of \$147,686 General Fund and \$4,950 cash funds, which are fees collected, revenue from sales of materials, and donations. This includes salary survey and performance-based

pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Minority Business Office -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$119,286	\$114,336	\$4,950	\$0	\$0	2.0
H.B. 07-1209	29,073	29,073	0	0	0	0.5
H.B. 07-1209 Annualization	(1,503)	(1,503)	0	0	0	0.0
Salary Survey for FY 2007-08	4,456	4,456	0	0	0	0.0
Performance-based Pay Awards	1,324	1,324	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$152,636</b>	<b>\$147,686</b>	<b>\$4,950</b>	<b>\$0</b>	<b>\$0</b>	<b>2.5</b>

**Leading Edge Program Grants**

The Leading Edge Program provides entrepreneurial training at Small Business Development Centers. Trainees receive 35-45 hours of business planning assistance for their planned, new, or existing businesses. All of the funds in this appropriation support the direct cost of training. Administrative costs are absorbed within the Small Business Assistance appropriation. **Staff recommends a continuation of \$126,407, which consists of \$50,976 General Fund and \$75,431 cash funds** to allow the program to accept donations to be used for program grants.

**Small Business Development Centers (Decision Item #5)**

This program oversees a network of ten college and university-based centers, five community-based centers, and three satellite offices that provide training and counseling to new business ventures in conjunction with the federal Small Business Administration.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Director	1.0	1.0	1.0	1.0
Assistant Director	1.0	1.0	1.0	1.0
Small Business Support	1.5	1.5	2.0	2.0
<b>TOTAL</b>	<b>3.5</b>	<b>3.5</b>	<b>4.0</b>	<b>4.0</b>

**Decision Item #5** is a request for \$16,184 General Fund and 0.5 FTE for an Administrative Assistant III to assist with federal and state reporting guidelines. The federal Small Business Administration (SBA) contributes moneys to the Small Business Development Center (SBDC) to provide technical assistance to existing and start-up companies in the state. The SBDC combines information and resources from federal, state and local governments with those of the educational system and the private sector to meet the specialized and complex needs of the small business community. The SBA requires tracking of the impact of the SBDC program has on small businesses in Colorado. Presently

the lead center has three full time staff that administer and oversee the program. Due to a need to provide quality assurance related to tracking requirements, the Department requests 0.5 FTE to assist in these efforts, and will also serve to maintain and develop an associated website.

In 2007, the SBA announced new reporting requirements that have resulted in an increase in the SBDC lead center's duties related to tracking program impacts (i.e. jobs created, jobs retained, capital formation, and long-term clients). The reporting requirements consist of quarterly counseling reports, report of federal cash transaction, semiannual performance report, and an annual performance report.

In order to fulfill the reporting requirements by the SBA, upwards of 5,500 clients will have to be contacted to obtain updated information. Estimating that surveying clients will be approximately 10 minutes per client, this equates to 917 hours required to contact clients, or 0.4 FTE. These duties, combined with other reporting efforts and maintaining the website will fully leverage the request for 0.5 FTE. Without the additional staff, the program will have difficulty providing an adequate level of service delivery. **Staff recommends an increase of \$16,184 General Fund and 0.5 FTE to the Small Business Development Centers line in the Economic Development Programs Division.**

**Staff recommends \$1,299,487 and 4.0 FTE, pursuant to Committee common policy.** The recommendation consists of \$84,483 General Fund and \$1,215,004 federal funds from Small Business Administration grants. This includes \$16,184 General Fund for **Decision Item #5** (Part-time FTE), as well as salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

<b>Small Business Development Centers -- Economic Development Programs</b>						
	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>
<b>FY 2007-08 Long Bill</b>	\$1,267,998	\$66,315	\$0	\$0	\$1,201,683	3.5
Salary Survey for FY 2007-08	6,867	1,526	0	0	5,341	0.0
Performance-based Pay Awards	2,060	458	0	0	1,602	0.0
Department Adjustment in anticipated federal moneys	6,378	0	0	0	6,378	0.0
DI #5 Part-Time FTE	16,184	16,184	0	0	0	0.5
<b>TOTAL for FY 2008-09</b>	<b>\$1,299,487</b>	<b>\$84,483</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,215,004</b>	<b>4.0</b>

**International Trade Office**

The International Trade Office (ITO) is responsible for promoting exports of Colorado goods and services (except agricultural products), and for attracting foreign investment in Colorado. The ITO provides individual counseling to businesses, conducts seminars, assembles trade missions abroad, and contracts for foreign field offices to promote Colorado's goods and services.



Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Division Director	1.0	1.0	1.0	1.0
Trade/Investment Specialists	4.8	5.0	5.0	5.0
<b>TOTAL</b>	<b>5.8</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

**Staff recommends \$681,801 and 6.0 FTE, pursuant to Committee common policy.** The recommendation consists of \$631,801 General Fund and \$50,000 cash funds. The sources of the cash funds are reimbursements and fees paid by businesses for participating in or having the Office represent them in trade shows and missions. This includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

International Trade Office -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$664,462	\$614,462	\$50,000	\$0	\$0	6.0
Salary Survey for FY 2007-08	13,368	13,368	0	0	0	0.0
Performance-based Pay Awards	3,971	3,971	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$681,801</b>	<b>\$631,801</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>6.0</b>

**Colorado Promotion - Colorado Welcome Centers**

There are eight highway-based Welcome Centers that provide basic guidance and limited services to road travelers.

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Welcome Center Manager	1.0	1.0	1.0	1.0
Support Staff	2.3	2.3	2.3	2.3
<b>TOTAL</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>

**Staff recommends \$504,496 and 3.3 FTE, pursuant to Committee common policy.** The recommendation consists of \$409,083 General Fund and \$95,413 cash funds. The source of the cash funds is the Travel and Tourism Promotion Fund. This includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Colorado Welcome Centers -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$494,960	\$399,547	\$0	\$95,413	\$0	3.3
Salary Survey for FY 2007-08	7,352	7,352	0	0	0	0.0
Performance-based Pay Awards	2,184	2,184	0	0	0	0.0
CFE to CF	0	0	95,413	(95,413)	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$504,496</b>	<b>\$409,083</b>	<b>\$95,413</b>	<b>\$0</b>	<b>\$0</b>	<b>3.3</b>

### **Colorado Promotion - Other Program Costs**

This line item funds the Colorado Tourism Office and staff support for its board. The Office promotes Colorado as a vacation destination by developing and implementing marketing and promotional strategies, materials and programs that, in concert with private sector promotional activities, portray a consistent, unified brand image of Colorado in the tourism marketplace. Most of the appropriation is used to contract with an ad agency to develop campaigns, and a fulfillment center to handle day-to-day inquiries, the 800-number, and vacation guide distribution.

**Staff recommends \$20,267,103 cash funds spending authority and a continuation of 3.0 FTE, pursuant to Committee common policy,** and includes \$15,501,771 in personal services which includes \$15,296,666 for contractual services, as well as \$327,155 in Operating Expenses. This includes \$6,172 for salary survey and \$1,859 for performance-based pay awarded in FY 2007-08. The source of the cash funds is the Travel and Tourism Promotion Fund, which receives an annual transfer from the Limited Gaming Fund. Distributions are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year, per H.B. 06-1201 (estimated to be 3.0 percent according to the December 2007 Legislative Council Economic Revenue Forecast). The following table summarizes the staff recommendation for this line item.

Other Program Costs -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Distribution from the Limited Gaming Fund</b>	\$19,676,799	\$0	\$0	\$19,676,799	\$0	3.0
Inflation at 3.0 percent	590,304	0	0	590,304	0	0.0
Subtotal	<u>20,267,103</u>	<u>0</u>	<u>0</u>	<u>20,267,103</u>	<u>0</u>	<u>3.0</u>
CFE to CF	0	0	20,267,103	(20,267,103)	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$20,267,103</b>	<b>\$0</b>	<b>\$20,267,103</b>	<b>\$0</b>	<b>\$0</b>	<b>3.0</b>

**Economic Development Commission**

The Commission promotes economic development in Colorado through the distribution of grants and loans from the Economic Development Fund to public and private entities to help existing businesses expand and new companies locate in Colorado. It also provides funds for marketing programs and special activities to promote Colorado nationally and internationally. The Colorado Economic Development Commission (EDC) was created by the legislature to promote economic development in Colorado. It consists of nine members five of whom are appointed by the Governor, two by the President of the Senate and two by the Speaker of the House. The EDC approves loans and grants from the economic development fund to public and private entities throughout the state to help existing businesses expand and new companies locate to Colorado. It also implements marketing programs to support ongoing business activities. All policy and funding decisions are made by commission members. The commission is also responsible for policy decisions concerning the state Enterprise Zone program. In cooperation with state, local, and private entities, its program goals are to develop incentive packages to assist with existing business expansions and new company relocations in order to promote job creation and retention in all regions of the state.

<b>Staffing Summary</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Appropriation</b>	<b>FY 2008-09 Request</b>	<b>FY 2008-09 Recommendation</b>
Director	0.4	0.4	0.4	0.4
Administrative Staff	1.6	1.6	1.6	1.6
<b>TOTAL</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>

**Staff recommends \$969,841 General Fund and a continuation of 2.0 FTE, pursuant to Committee common policy.** This amount includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

<b>Economic Development Commission -- Economic Development Programs</b>						
	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>
<b>FY 2007-08 Long Bill</b>	\$964,061	\$964,061	\$0	\$0	\$0	2.0
Salary Survey for FY 2007-08	4,456	4,456	0	0	0	0.0
Performance-based Pay Awards	1,324	1,324	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$969,841</b>	<b>\$969,841</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>2.0</b>

**Colorado First Customized Job Training**

This program provides incentives for companies to create jobs in Colorado by providing job training assistance. Companies receiving assistance must provide a partial funding match. The Office determines which companies will receive this assistance and then transfers funding to the Community Colleges of Colorado develop and provide the training programs. All of the funds in this appropriation support the direct cost of training. Administrative costs are absorbed within the Business Development appropriation. Colorado First grants are for companies that are relocating

to Colorado or existing companies that are undertaking a major expansion. Existing Industry grants are designed for Colorado companies that are implementing new technology to remain competitive and keep jobs in Colorado. **Staff recommends a continuation spending authority of \$2,725,022 General Fund.** *These funds are transferred to the Division of Occupational Education in the Department of Higher Education.*

**CAPCO Administration**

This line item funds the administration of the capital company (CAPCO) incentives program. The Office of Economic Development (OED) certifies CAPCOs that are qualified to offer assistance to business enterprises that create jobs in the state. Insurance companies that make an investment of certified capital in an OED-certified CAPCO can receive a tax credit against premium taxes owed.

**Staff recommends \$81,312 reappropriated cash funds and 2.0 FTE, pursuant to Committee common policy,** including salary survey and performance-based pay awarded in FY 2007-08. The source of the funds is the Division of Insurance Cash Fund in the Department of Regulatory Agencies. The following table summarizes the staff recommendation for this line item.

CAPCO Administration -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$78,634	\$0	\$0	\$78,634	\$0	1.0
S.B. 07-261 Venture Capital Auth.	0	0	0	0	0	1.0
Salary Survey for FY 2007-08	2,058	0	0	2,058	0	0.0
Performance-based Pay Awards	620	0	0	620	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$81,312</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,312</b>	<b>\$0</b>	<b>2.0</b>

**State Council on the Arts (Decision Item #6)**

The Colorado Council on the Arts promotes the cultural, educational, and economic growth of Colorado through development of its arts and cultural heritage. The Council administers grants and provides services that: (1) make the arts more accessible to all Colorado citizens; (2) expand arts education opportunities for youth; (3) support tourism and other economic development strategies; (4) preserve and promote our cultural heritage; and (5) stimulate and encourage the development of artists and arts organizations.

**Decision Item #6** is requesting \$60,103 federal funds and 0.9 FTE for a General Professional V to serve as an Arts Education Program Manager to manage the agency's Arts Learning for Children and Youth programs. The program helps schools and districts make progress towards ensuring that P-20 students receive education in the arts. The source of funding for the position is from the National Endowment for the Arts. As described by the Department, the position will provide a full-time commitment to administering grants and technical assistance to schools and districts across the state.

Recent national studies have supported the claim that schools integrating arts into the curriculum as part of a comprehensive education reform strategy are observing improved student behavior and increased academic performance. Other studies have indicated that arts education can serve as a money and time saving option for states to foster workforce development. Given these observations, if schools want to expand their curriculum to include more arts education, they require assistance in developing arts education programs and facilitation leveraging private donations.

Historically, Colorado officially had an arts education program from the early 1970's until FY 2003-04 when the State Council on the Arts FTE were reduced to 1.0 FTE. The Department is now seeking to formally re-establish its arts education grant programs and technical assistance services to schools and districts. Currently, the agency has a contract with an arts education specialist to perform this work, however federal regulations regarding independent contractors limit the agency's ability to direct a contractor's time and resources. The Council requires a greater level of oversight to ensure that grant administration and is in accordance with government ethical guidelines and accountability.

Given the needs furnished by the Council of the Arts to re-engage its Arts Education Program and the stable federal funding source from the National Endowment for the Arts, **staff recommends the approval of Decision Item #6 for \$60,103 federal funds and 0.9 FTE.**

**Staff recommends \$2,360,138 and 2.9 FTE, pursuant to Committee common policy.** The appropriation consists of \$1,600,035 cash funds and \$760,103 federal funds. This includes \$60,103 federal funds and 0.9 FTE for **Decision Item #6** (Arts Education Program Manager). In addition this amount includes \$4,115 for salary survey and \$1,240 for performance-based pay awarded in FY 2007-08. The source of the cash funds is the State Council on the Arts Cash Fund, which receives an annual transfer from the Limited Gaming Fund. Distributions are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year, per H.B. 06-1201 (estimated to be 3.0 percent according to the December 2007 Legislative Council Economic Revenue Forecast). The following table summarizes the staff recommendation for this line item.

Colorado Council on the Arts -- Economic Development Programs						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Distribution</b>	\$2,253,432	\$0	\$0	\$1,553,432	\$700,000	2.0
Inflation at 3.0 percent	46,603	0	0	46,603	0	0.0
DI #6 Arts Education Manager	60,103	0	0	0	60,103	0.9
Subtotal	<u>2,360,138</u>	<u>0</u>	<u>0</u>	<u>1,600,035</u>	<u>760,103</u>	<u>2.9</u>
CFE to CF	0	0	1,600,035	(1,600,035)	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$2,360,138</b>	<b>\$0</b>	<b>\$1,600,035</b>	<b>\$0</b>	<b>\$760,103</b>	<b>2.9</b>

### **Film Incentives**

The Film Incentives Cash Fund provides incentive payments to a qualified film production companies based on the amount of documented expenditures made in Colorado. The cash fund receives an annual transfer from the Limited Gaming Fund. Distributions are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year, per H.B. 06-1201 (estimated to be 3.0 percent according to the December 2007 Legislative Council Economic Revenue Forecast). **Staff recommends \$640,014 cash funds spending authority.** The following table summarizes the staff recommendation for this line item.

<b>Film Incentives -- Economic Development Programs</b>						
	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>
<b>FY 2007-08 Distribution</b>	\$621,373	\$0	\$0	\$621,373	\$0	0.0
Inflation at 3.0 percent	18,641	0	0	18,641	0	0.0
Subtotal	<u>640,014</u>	<u>0</u>	<u>0</u>	<u>640,014</u>	<u>0</u>	<u>0.0</u>
CFE to CF	0	0	640,014	(640,014)	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$640,014</b>	<b>\$0</b>	<b>\$640,014</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

### **New Jobs Incentives**

The New Jobs Incentives Cash Fund provides an incentive payment to qualifying companies that have created new jobs paying above average wages. Its purpose is designed to support and encourage new business development, business expansions and relocations that have generated new jobs throughout the State. The cash fund receives an annual transfer from the Limited Gaming Fund. Distributions are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year, per H.B. 06-1201 (estimated to be 3.0 percent according to the December 2007 Legislative Council Economic Revenue Forecast). **Staff recommends \$3,200,069 cash funds spending authority.** The following table summarizes the staff recommendation for this line item.

<b>New Jobs Incentives -- Economic Development Programs</b>						
	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF/CFE</b>	<b>FF</b>	<b>FTE</b>
<b>FY 2007-08 Distribution</b>	\$3,106,863	\$0	\$0	\$3,106,863	\$0	0.0
Inflation at 3.0 percent	93,206	0	0	93,206	0	0.0
Subtotal	<u>3,200,069</u>	<u>0</u>	<u>0</u>	<u>3,200,069</u>	<u>0</u>	<u>0.0</u>
CFE to CF	0	0	3,200,069	(3,200,069)	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$3,200,069</b>	<b>\$0</b>	<b>\$3,200,069</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

### **Bioscience Discovery Evaluation**

The Bioscience Discovery Evaluation Grant Program was created by the legislature for the purpose of improving and expanding the evaluation of new bioscience discoveries as research institutions with the intent of accelerating the development of new products and services. The Bioscience

Discovery Evaluation Cash Fund received a one-time \$2.0 million transfer from the Limited Gaming Fund in FY FY 2005-06 for FY 2006-07, pursuant to H.B. 06-1360. Then again, the Bioscience Discovery Evaluation Cash Fund received a one-time \$2.5 million transfer from the Limited Gaming Fund in FY 2006-07 for FY 2007-08, pursuant to H.B. 07-1060. This is for informational purposes only.

**Staff recommends the inclusion of a request for information** related to the Bioscience Discovery Evaluation Program. Section (4) (b) of H.B. 07-1060 included a provision to provide a report to the Finance Committees of the Senate and House of Representatives, or any successor committees, summarizing the bioscience research projects that received funding under the program in the preceding calendar year. Per the bill, 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 preceding calendar 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. Staff recommends that this report be also provided to the Joint Budget Committee.

**Indirect Cost Assessment**

**Staff recommends \$14,855 for the purpose of indirect cost assessments.** The funding is comprised of \$66 cash funds and \$14,789 federal funds. The indirect cost recovery appropriation *may change* pursuant to budgeting requirements.

**(5) OFFICE OF INFORMATION TECHNOLOGY**

The Office of Information Technology oversees technology initiatives at the state level, recommending strategies to maximize service delivery efficiency in a cost-effective manner through the application of enterprise technology solutions.

**Personal Services**

<b>Staffing Summary</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Appropriation</b>	<b>FY 2008-09 Request</b>	<b>FY 2008-09 Recommendation</b>
Director	1.0	1.0	1.0	1.0
Supervising Policy and Budget Analysts	0.8	2.0	2.0	2.0
Enterprise Architecture / Standard	0.0	1.8	2.0	1.8
Enterprise Portfolio Management	0.0	1.0	1.0	1.0
Risk Management	0.0	1.2	2.0	1.2

Staffing Summary	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Recommendation
Support and Staff	0.6	6.0	6.0	6.0
<b>TOTAL</b>	2.4	13.0	14.0	13.0

**Staff recommends \$1,081,848 General Fund and a continuation of 13.0 FTE, pursuant to Committee common policy.** This amount includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Personal Services -- Office of Information Technology						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$1,046,117	\$1,046,117	\$0	\$0	\$0	13.0
Salary Survey for FY 2007-08	27,548	27,548	0	0	0	0.0
Performance-based Pay Awards	8,183	8,183	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$1,081,848</b>	<b>\$1,081,848</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>13.0</b>

### Operating Expenses

**Staff recommends a continuation of \$150,268 General Fund** for this line item.

### Legal Services

**For the Legal Services appropriation, Staff recommends approving the request for General Fund sufficient to purchase a continuation level of 26 hours of services.** The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee.

### **(Formerly Division 6) OFFICE OF COLORADO BENEFITS MANAGEMENT SYSTEM**

*This section is included for informational purposes only.*

In February 2007, Governor Ritter issued Executive Order D 005 07, which dissolved both the Office of CBMS in the Governor's Office and the CBMS Steering Committee from the Department of Human Services and the Department of Health Care Policy and Financing. Due to the need for programmatic continuity, maintenance and operations support activities must continue and as such the Office of CBMS and the CBMS Steering Committee will remain intact until the Governor's order could be properly executed.

In June 2007, the Joint Budget Committee approved a 1331 supplemental request from the Department for a cost-neutral reassignment of the personnel currently in the Office of CBMS within the Governor's Office to the Departments of Health Care Policy and Financing (HCPF) and Human Services (DHS). The full implementation of this request is currently being considered by the



General Assembly as part of the supplemental bills for the Office of the Governor (H.B. 08-1284), the Department of Health Care Policy and Financing (H.B. 08-1285), and for the Department of Human Services (H.B. 08-1287).

The approved request includes several personnel transfers. The request would transfer 14.0 at-will FTE from OCBMS to DHS. 10.0 FTE from OCBMS and 2.0 existing FTE in DHS would be transferred to HCPF. In addition to removing \$1.9 million for the OCBMS line itself, the transfer of 24.0 FTE require reductions in the Governor's Office for various personnel-related expenses which are typically appropriated to the Executive Director's Office, or its equivalent, for all personnel in a department: health, life, and dental; salary survey; performance-based pay; amortization equalization disbursement; supplemental amortization equalization disbursement; and short-term disability. There is also an appropriation for legal services in the Governor's Office. The supplemental request reduces the Governor's Office expenses for these items by a total of \$224,573, which is consistent with the calculations made by JBC staff during figure-setting for FY 2007-08. The full supplemental request includes the reduction of the Department's cash funds exempt spending authority by \$2,124,000 and 24.0 FTE, eliminating the Office of CBMS.

**(6) OFFICE OF THE CHIEF INFORMATION SECURITY OFFICER**

Develop information security policies, standards and guidelines for public agencies; promulgate rules; direct information security audits and assessments in the public agencies; establish a risk management process and deploy risk mitigation strategies, processes and procedures.

**Program Costs (Decision Item #1)**

<b>Staffing Summary</b>	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Appropriation</b>	<b>FY 2008-09 Request</b>	<b>FY 2008-09 Recommendation</b>
Director	1.0	1.0	1.0	1.0
Technical Staff	0.0	1.0	1.0	1.0
<b>TOTAL</b>	1.0	2.0	2.0	2.0

**Decision Item #1** requests \$349,343 General Fund to acquire and deploy critical network perimeter cyber security components, appliances, and software identified through the Plan of Action Milestones (POAM) developed by agencies as a part of their 2007 cyber security planning. The most critical perimeter security risks identified will be mitigated by the CISO deploying centrally managed firewalls, Intrusion Detection Systems (IDS), and gateway antivirus protection from the Information Security Operations Center (ISOC). This request is seeking to address the highest priority needs as determined by the statewide cyber security planning process. The out-year requirements annualizes to \$350,000 General Fund for maintenance and the implementation of a vulnerability management system. Per the budget request, it is the intent that the investment in these cyber security elements will establish a common platform to serve other agencies in the future from a shared Information Security Operations Center.

With the passage of H.B. 06-1157, the Colorado Information Security Act was established requiring that each agency develop an Agency Cyber Security Plan (ACSP) to protect critical information resources and private citizen information. This legislation anticipated the need to provide funding for the cyber security program to implement new controls and security processes. Decision Item #1 seeks to optimize the impact of the controls that the Information Security Act authorized the Chief Information Security Officer (CISO) to put into place. Further, the request for funding Decision Item #1 will serve both the operational needs of identified by POAM as well as improve efficiencies through an enterprise approach to managing the state's IT security operations.

The following table exhibits how the moneys appropriated will be allocated in FY 2008-09:

<b>Decision Item #1 -- Cyber Security Perimeter Implementation</b>	
<b>Itemized List of the Request</b>	<b>General Fund</b>
<b>Central Firewall Platform -- SUBTOTAL</b>	<b><u>157,734</u></b>
Acquire a central firewall console for the ISOC (1 count)	54,775
Acquire and deploy firewall appliances to depts (11 count)	76,989
Acquire maintenance contract for console/appliances (10 count)	15,970
Acquire "off hours" monitoring and management (1 count)	10,000
<b>Central Intrusion Detection System Platform -- SUBTOTAL</b>	<b><u>116,775</u></b>
Acquire and deploy IDS console at the ISOC (1 count)	24,750
Acquire and deploy IDS agents to collect events (10 count)	30,500
Acquire and deploy a central console to aggregate and analyze bot data (1 count)	17,775
Acquire and deploy bot detection modules (10 count)	18,000
Acquire maintenance contracts to support IDS appliances (10 count)	15,750
Acquire "off hours" monitoring and management (1 count)	10,000
<b>Central Antivirus Platform -- SUBTOTAL</b>	<b><u>74,834</u></b>
Acquire a central spyware console for management at the ISOC (1 count)	29,834
Acquire and deploy spyware licenses at the agency level (1,500 count)	36,000
Acquire maintenance contracts (500 count)	9,000
<b>Total</b>	<b><u>349,343</u></b>

A recently completed risk-based gap analysis conducted by the CISO, identified critical systems which are currently operated with significant cyber security control deficiencies. These known control deficiencies place the operations of systems and the protection of citizen data at risk. Some agencies have developed comprehensive controls, however there are numerous vulnerabilities made possible through the State Multi-use Network system.

The request from the Department indicates that it will require \$350,000 in out-years. However, there are several elements of the initial request that are one-time in nature and do not need to be funded in near term out-years. These items include a central firewall console (\$54,775), firewall appliances (\$76,989), IDS console (\$24,750), IDS bot analysis console (\$17,775), and a spyware console

(\$29,834). These sum to \$204,123 General Fund, or 58.4 percent of the requested appropriation. The Department recognizes this and has indicated the \$350,000 required for out-years represent the Department's best estimate of funding required to extend and maintain the three perimeter security controls. Staff believes that any additional funding can best be determined through the regular budget process and thus will recommend the initial year appropriation be one-time in nature and that any further resources be provided to the legislature in the form of a change request or decision item.

Due to the vulnerabilities identified in both the POAM and in the risk-based gap analysis, staff recognizes a need to protect state resources and private citizen data. **Staff recommends the approval of Decision Item #1 for a one-time \$350,000 General Fund appropriation to implement a cyber security perimeter for the state.**

**Staff recommends \$2,804,915 and a continuation of 2.0 FTE, pursuant to Committee common policy.** This amount consists of a one-time increase of \$350,000 General Fund for **Decision Item #1** (Cyber Security Implementation) and \$2,454,915 reappropriated cash funds for personal services which includes salary survey and performance-based pay awarded in FY 2007-08. The following table summarizes the staff recommendation for this line item.

Program Costs -- Office of the Chief Information Security Officer <sup>1</sup>						
	Total	GF	CF	RF/CFE	FF	FTE
<b>FY 2007-08 Long Bill</b>	\$2,449,560	\$0	\$0	\$2,449,560	\$0	2.0
Salary Survey for FY 2007-08	4,115	0	0	4,115	0	0.0
Performance-based Pay Awards	1,240	0	0	1,240	0	0.0
DI #1 Cyber Security Perimeter	350,000	350,000	0	0	0	0.0
<b>TOTAL for FY 2008-09</b>	<b>\$2,804,915</b>	<b>\$350,000</b>	<b>\$0</b>	<b>\$2,454,915</b>	<b>\$0</b>	<b>2.0</b>

<sup>1</sup> According to Section 24-37.5-403 (3), C.R.S., "for the state fiscal year commencing on July 1, 2006, the cost of the services provided by the chief information security officer to public agencies in administering the Office of the Chief Information Security Officer shall be paid from federal funds received by the state for such purposes. **It is the intent of the General Assembly that the cost of the services provided by the Chief Information Security Officer to a public agency be adequately funded in fiscal years commencing on and after July 1, 2007, through an appropriation to the public agency to pay for such services**".

## LONG BILL FOOTNOTE UPDATE

Staff recommends the following footnote be *eliminated*:

- 12 Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor; and Office of State Planning and Budgeting -- As part of the FY 2007-08 budget submission, the Office of State Planning and Budgeting is requested to provide a report on indirect cost recoveries from federal programs that are administered through the Office of the Governor or that are not shown elsewhere in the Long Bill. The report should include an analysis, by federal program, of: Statewide and departmental indirect costs collected in ~~FY 2004-05~~ FY 2005-06 and ~~FY 2005-06~~ FY 2006-07; where funds collected were spent; the potential for additional indirect cost collections in ~~FY 2006-07~~ FY 2007-08 and future years; and the potential for offsetting General Fund expenditures in the Office of the Governor or other departments through these collections. For each federal program that was not assessed statewide and departmental indirect costs, the report should explain why these costs were not assessed.

Comment: Staff does not believe this report should be included as a footnote or as a request for information as historically this information has been vetoed by the Governor on the grounds that the footnote violates separation of powers.

Staff recommends the following footnote be *included in the Long Bill*:

- NNN Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor, Governor's Energy Office -- To reflect the intent of the General Assembly, pursuant to S.B. 07-246, this footnote requests an annual report from the Governor's Energy Office to be delivered on the first day of September which describes the programs and personnel funded with moneys from the Clean Energy Fund and also quantitatively exhibits the efficient and effective use the moneys appropriated to the Clean Energy Fund in bringing about the desired result and benefit of the advancement of energy efficiency and renewable energy throughout the state.

Comment: To reflect the intent of the General Assembly, staff recommends that a footnote be added to the Long Bill which requests an annual report from the Governor's Energy Office to be delivered on the first day of September which describes the programs and personnel funded with moneys from the Clean Energy Fund and also quantitatively exhibits the efficient and effective use the moneys appropriated to the Clean Energy Fund in bringing about the desired result and benefit of the advancement of energy efficiency and renewable energy throughout the state.

## REQUESTS FOR INFORMATION UPDATE

Staff recommends the following *requests for information*:

1. Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting -- Staff recommends the inclusion of a formal request for information from the Office of State Planning and Budgeting related to the Government Efficiency Management Study (GEMS), of which the General Assembly appropriated \$700,000 General Fund for FY 2006-07. JBC Staff has submitted over 16 requests for information between June 2007 and February 2008, however to date, Staff has not received any substantial information related to resources utilized, milestones achieved, and recognized results. Staff recommends that the JBC approve a request for information related to the GEMS to be delivered to the JBC on or before July 1, 2008. The report should be provided electronically and should include all Decision Items and Budget Amendments submitted to the Legislature and aggregated into a single spreadsheet, by Department, by fund source, including FTE as well as out-year data for these change requests. Further, the report should provide a narrative and tables and charts where applicable explaining how the moneys appropriated have been applied to harness greater governmental efficiency and cost-avoidance.
2. Governor - Lieutenant Governor - State Planning and Budgeting, Economic Development Programs, Bioscience Discovery Evaluation Program -- Staff recommends the inclusion of a request for information related to the Bioscience Discovery Evaluation Program. Section (4) (b) of H.B. 07-1060 included a provision to provide a report to the Finance Committees of the Senate and House of Representatives, or any successor committees, summarizing the bioscience research projects that received funding under the program in the preceding calendar year. Per the bill, 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 preceding calendar 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. Staff recommends that this report be also provided to the Joint Budget Committee.