**OFFICE OF THE GOVERNOR**
**FY 2016-17 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Wednesday, December 2, 2015**
**2:30 pm – 5:00 pm**

**2:30-2:50      INTRODUCTIONS AND OPENING COMMENTS**

**2:50-3:10      OFFICE OF THE GOVERNOR (DIVISION)**

Governor's Mansion Activity Fund

1. Did the Office have excess revenues at the close of FY 2014-15 in a fund as a result of fees on activities at the Governor's Mansion?  If yes, are these funds subject to the limit on the amount of moneys that can be retained in cash funds?

   **Response:** Yes, the total revenues received as a result of Governor's Mansion activities were approximately $230,000, thirty-thousand more than the appropriated spending authority. Any revenues exceeding expenditures are reverted to the General Fund.

Marijuana Coordination

2. Please discuss the role of the Office of the Governor in coordinating State policy and State expenditures related to the legalization of recreational marijuana.  Specifically, please include a high-level summarization of all of the State's marijuana-related programming by department and how the programming is coordinated by the Office.

   **Response:** The Governor's Office of Marijuana Coordination was created in 2014 pursuant to C.R.S. 24-38.3-101 to "coordinate the executive branch response to the legalization of retail marijuana as directed by the governor." Specifically, pursuant to C.R.S. 24-38.3-102:

   *"(1) The Office of Marijuana Coordination is the coordinator of all state agencies that provide information or education or that promulgate rules regarding the use, sale, or regulation of marijuana, including the department of human services, the department of public health and environment, the department of transportation, the department of revenue, the department of public safety, and the department of education, to align the programming and regulations provided by each executive branch department to maximize efficiency and ensure coordinated strategies in the government's response to the legalization of marijuana.*

   *(2) In furtherance of coordinating the oversight of retail and medical marijuana across state agencies, the Office of Marijuana Coordination shall:*

*(a) Coordinate with the executive directors of each state agency regarding the agency's promulgation of rules on retail and medical marijuana that reduce negative economic, public safety, and health consequences for the state;*
*(b) Align all policy suggestions and the promulgation of rules across state agencies to increase efficiency and eliminate unintended negative impacts on the state;*
*(c) Communicate with other states related to the economic, health, and safety implications of retail marijuana legalization and regulation;*
*(d) Identify data gaps in the impact of marijuana legalization on public health, safety, or economics across the state;*
*(e) Anticipate, prioritize, and respond to emerging issues with the legalization of retail marijuana; and*
*(f) Designate a staff member from the Office of Marijuana Coordination to serve as the contact person across all state campaigns managed by a state agency. "*

The Office has worked to achieve this statutory mandate – and the governor's directive that the legalization of retail marijuana be implemented in a way that protects public health, public safety, and keeps marijuana out of the hands of children – through the following cross-departmental work.

## Overarching Cross-departmental Work
### The Marijuana Working Group

The Office of Marijuana Coordination every two weeks convenes the Marijuana Working Group, comprising the executive directors and key staff of the Colorado Department of Revenue, the Colorado Department of Public Health and Environment, the Colorado Department of Agriculture, the Colorado Department of Regulatory Agencies, the Colorado Department of Human Services, the Colorado Department of Public Safety, the Colorado Department of Transportation, and the Governor's Office of Information Technology. These are the state agencies, by statutory or constitutional mandate, that are most heavily involved with the legalization of retail and medical marijuana. Because the Commissioner of Education is appointed by and reports directly to the State Board of Education, the Office of Marijuana Coordination meets separately with Colorado Department of Education staff.

The Marijuana Working Group is responsible for carrying into effect those policies, rules, and regulations that achieve the governor's vision for the legalization of retail and medical marijuana: A fair, efficient, and transparent regulatory regime that protects and public health, public safety, and keeps marijuana out of the hands of kids. That work includes:

a) Aligning rules across state agencies, with special emphasis on rules promulgated by the Colorado Department of Revenue, the Colorado Department of Public Health and Environment, and the Colorado Department of Agriculture.
b) Crafting the governor's budget request for funds from the Marijuana Tax Cash Fund
c) Drafting uniform policy suggestions for review by the Governor's legislative staff and members of the Colorado General Assembly
d) Responding to urgent and emerging issues surrounding the legalization of marijuana.

Marijuana Policy Design and Implementation

The Office of Marijuana Coordination coordinates all marijuana policy, regulations, and initiatives across state government. In 2015, that included special emphasis on:

    a. Medical marijuana caregivers
    b. The safe and legal application of pesticides to marijuana
    c. Preventing the overdosing or accidental ingestion of and promoting a culture of responsibility surrounding marijuana infused products
    d. Solutions to the marijuana banking challenge
    e. The collection of statewide public health and safety data related to marijuana
    f. Ensuring a fair, transparent, and responsive regulatory regime for Marijuana Enforcement Division licensees

Marijuana-related Communications

The Office of Marijuana Coordination also coordinates marijuana-related messaging and communications strategy across relevant state agencies to ensure that the economic, health, and safety impacts of the state's legalization of retail marijuana are communicated honestly to both expert and general audiences in a manner that is faithful to Colorado's national and international "brand."

Public Education Campaigns

Pursuant to SB13-283 ("Concerning implementation of Amendment 64"), the governor directed the Colorado Department of Public Health and Environment to convene the Marijuana Educational Oversight Committee – comprising representatives of any state agency managing a public education campaign related to marijuana and external stakeholders from the public health, law enforcement, advocate, and marijuana-business communities.

Specifically, the Marijuana Education Oversight Committee includes representation from the Colorado Department of Transportation to ensure cohesive messaging between its "Drive High, Get a DUI" campaign and messaging managed by the Colorado Department of Public Health and Environment.

The deputy director of the Office of Marijuana Coordination serves as the Governor's Office representative on this committee.

Data Collection and Analysis

Pursuant to SB13-283 ("Concerning implementation of Amendment 64") the Office of Marijuana Coordination worked across state agencies with a vendor to prepare the "Marijuana Data Discovery and Gap Analysis Report," inventorying the data the state possesses, can possess, and needs to build systems to collect relating to the public health and safety impacts

of retail marijuana legalization. That report was delivered to leadership of both houses of the Colorado General Assembly in October of 2014. SB13-283 further created and funded a full-time data analyst charged with collecting, sorting, analyzing, and communicating data related to the public health and public safety impacts of retail marijuana legalization in Colorado. That analyst reports concurrently to the executive director of the Colorado Department of Public Safety and the director of the Governor's Office of Marijuana Coordination.

We are working on an official report documenting all data collected since January 2014. That report will be released in the first quarter of 2016.

**Discrete Cross-departmental Work**

The Colorado Department of Revenue

The Office of Marijuana Coordination convened leadership from the Colorado Department of Revenue and its Marijuana Enforcement Division to work in partnership with leadership from the Colorado Department of Public Health and Environment and leadership from the Colorado Department of Public Safety as part of the drafting and stakeholder process for SB15-014 ("Concerning marijuana issues that are not regulated by the Department of Revenue"). Upon receipt of the governor's signature in May of 2015, that bill set into motion the creation of a more robust regulatory environment for medical marijuana caregivers that includes caregiver registry and a plant limit.

The Office of Marijuana Coordination convened leadership from the Colorado Department of Revenue and its Marijuana Enforcement Division, the Colorado Department of Public Health and Environment, the Colorado Department of Human Services, and external stakeholders as part of the drafting process for the edibles marking rules required by HB14-1366 ("Concerning Sale Of Edible Marijuana Products").

The Office of Marijuana Coordination worked alongside leadership from the Colorado Department of Revenue, the Colorado Department of Public Health and Environment, and external stakeholders to promulgate emergency rules concerning recreational marijuana edible products in the spring of 2014.

The Colorado Department of Public Health and Environment

The Office of Marijuana Coordination convened leadership from the Colorado Department of Public Health and Environment and leadership from the Colorado Department of Regulatory Agencies as part of the drafting process for new guidelines for doctors recommending medical marijuana, as called for by SB15-014 ("Concerning marijuana issues that are not regulated by the Department of Revenue").

The Office of Marijuana Coordination convened leadership from the Colorado Department of Public Health and Environment and leadership from the Colorado Department of Regulatory Agencies as part of the drafting process for the Colorado Medical Board's new investigative

policy for physicians who write a notably high number of recommendations for medical marijuana.

The Office of Marijuana Coordination convened leadership from the Colorado Department of Public Health and Environment and the Colorado Department of Revenue to, pursuant to HB15-1283 ("Concerning marijuana testing"), work to create a library of marijuana testing methodologies.

The Office of Marijuana Coordination convened staff from the Colorado Department of Public Health and Environment and the Colorado Department of Revenue to ensure that informational materials relating to the "Good to Know" campaign were available for distribution by Marijuana Enforcement Division licensees.

The Colorado Department of Agriculture

The Office of Marijuana Coordination convened leadership from the Colorado Department of Revenue and its Marijuana Enforcement Division, the Colorado Department of Public Health and Environment, and the Colorado Department of Agriculture as part of the construction and drafting process for Executive Order D 2015-015 ("Directing State Agencies to Address Threats to Public Safety Posed by Marijuana Contaminated by Pesticides").

The Office of Marijuana Coordination convened leadership from the Colorado Department of Agriculture and the Colorado Department of Revenue, Marijuana Enforcement Division to devise a tracking system for industrial hemp registrants  pursuant to SB15-196 ("Concerning measures to ensure industrial hemp remains below a delta-9 tetrahydrocannabinol concentration of no more than three-tenths of one percent on a dry weight basis").

The Colorado Department of Human Services

The Office of Marijuana Coordination convened leadership from the Colorado Department of Human Services and the Colorado Department of Revenue, Marijuana Enforcement Division to devise a regulatory framework to ensure the prohibition on the use of public benefits transfer services at locations operated by Marijuana Enforcement Division licensees – pursuant to HB15-1255 ("Concerning the enforcement of the prohibited use of electronic benefits transfer cards at certain locations") and SB15-065 ("Concerning a prohibition on the use of public electronic benefits transfer services at certain establishments").

The Colorado Department of Public Safety

The Office of Marijuana Coordination convened leadership from the Colorado Department of Public Safety and the Colorado Department of Revenue, Marijuana Enforcement Division to provide expertise and technical assistance as part of the stakeholder process for HB15-1305. ("Concerning a prohibition on manufacturing marijuana concentrate in an unregulated environment using an inherently hazardous substance).

The Colorado Department of Regulatory Agencies

The Office of Marijuana Coordination convened leadership from the Colorado Department of Regulatory Agencies and the Governor's Office of General Counsel to explore solutions to the banking challenge engendered by marijuana's legal status under the federal Controlled Substances Act.

The Colorado Department of Transportation

The Office of Marijuana Coordination convened staff from the Colorado Department of Transportation and the Colorado Department of Revenue to ensure that informational materials relating to the "Drive High, Get a DUI" campaign were available for distribution by Marijuana Enforcement Division licensees.

The Office of Marijuana Coordination works with staff from the Colorado Department of Transportation's Highway Safety Office, the Colorado State Patrol, and the Peace Officer Standards and Training Board within the Colorado Department of Law to ensure that curriculum relating to the legalization of marijuana, including impairment-detection training, is delivered to peace officers in Colorado.

The Governor's Office of Information Technology

The Office of Marijuana Coordination convened leadership from the Governor's Office of Information Technology and the Colorado Department of Public Safety, Division of Criminal Justice to begin construction of a dynamic database of public health and safety data related to the legalization of retail marijuana.

The Office of Marijuana Coordination convened leadership from the Governor's Office of Information Technology, the Colorado Department of Public Safety, the Colorado Department of Revenue, and the Colorado Department of Public Health and Environment to begin construction of a registry system for medical marijuana caregivers – as called for by SB15-014 ("Concerning marijuana issues that are not regulated by the Department of Revenue").

**3:10-4:00    OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE**

Office Reorganization

3. Since the prior fiscal year, the Office has hired a new director and made several changes in staffing. Please describe how the Office's organizational structure and strategic plan have evolved as a result of the changes. Please include detail on how the changes have impacted the Colorado Tourism Office and its budget.

**Response:** In order to best leverage resources and build on the momentum generated under prior leadership, the current overall OEDIT strategic plan is to utilize a data driven approach to recruit, support and retain companies and businesses that contribute to a robust and diversified economy and that provide the right jobs for Coloradoans. This strategy is supported by the following key initiatives:

1. Transform OEDIT's business development function to a data driven strategic plan
2. Develop a Colorado Business Brand and Support Local/Regional Business Brand Development
3. Increase Economic Support in Rural Colorado

Under new executive direction and during the course of calendar 2015, several organizational changes have been implemented to best position OEDIT for delivering against these strategic priorities while also increasing cross-functional collaboration among divisions and enhancing service delivery to constituents and the beneficiaries of the state's economic development programs. Key changes are as follows:

1. The former Business Development function and the International Trade Office have been consolidated under common leadership to become Global Business Development, now encompassing all resources focused on business recruitment, growth and retention including the deal team, global region managers, industry management team, advanced industries team, and the aerospace program. This shift further aligns the state's business development approach with the global marketplace that OEDIT serves and supports.
2. Small business and regional business resources have been combined under common leadership to form Business & Regional Services, now comprised of the SBDC, Minority Business Office, and Regional Development functions. These functions share common stakeholders and goals, and additional value can be delivered to Colorado's rural & small business communities by more closely aligning their strategic objectives and outreach efforts.
3. Marketing, branding, communications, and data analytics resources have been consolidated under the leadership of OEDIT's Chief Marketing Officer, further aligning state marketing tools and services with the demands of the global, state, and regional business communities.
4. An Outdoor Recreation Industry Office has been created, using existing resources, to further leverage the state's natural assets towards economic development opportunities.

The above changes have not impacted the Colorado Tourism Office ("CTO") or its budget; however we expect that the increased collaboration among OEDIT divisions will greatly benefit the CTO.

A new director of the CTO will join OEDIT on December 1, 2015. It is anticipated that under her leadership, the CTO will continue to drive incremental awareness and state visitation through targeted marketing programs, as well as explore synergies between 1) the business to consumer CTO strategy and 2) the business to business strategies currently progressing under OEDIT's overall marketing function. No budget impact is anticipated as a result of this leadership change, but will be further evaluated upon the initial assessments performed by the incoming CTO in conjunction with the CTO board of directors.

Film Incentives

4. What is the average salary and length of employment for Colorado-based cast and crew hires that count toward an incentive award?

**Response:** Because of how varied the incentivized film projects are, it is difficult to give accurate average salary and length of employment numbers. All payroll expenses count toward the incentive award, so long as taxes are withheld and paid to the state, and there is no minimum requirement for length of time. Depending on the type (feature film, commercial, etc), size, and budget of the production, the length and salary for production jobs vary greatly.

All production jobs are freelance in nature, which is the industry standard -- this even includes top positions such as producer and director. Some positions require an individual to work for several months on the full length of the production (from pre-production until wrap) while other specialized roles, such as an actor or stuntman for example, may only require a couple days of work during filming. Production professionals freelance on multiple projects throughout the year to make a living, as is the industry norm. For example, a full-time camera operator moves from production to production throughout his or her entire career. And this is the case no matter where the production takes place – all production jobs are project-driven.

The more productions COFTM can attract to the state, the easier it is for Colorado's crews to find their next jobs. Each in-state production also offers the state's crews the invaluable opportunity to meet other professionals in their industry and create lasting relationships that lead to more work. It is important to note that COFTM frequently sees a number of talented Colorado film professionals getting hired to work on multiple projects that are in receipt of the film incentive. COFTM has received immense praise about Colorado's local film industry workforce, and these positive experiences have led to more jobs for the state's film professionals on future film projects.

5. What are the benefits to local communities as a result of production activities occurring there?

**Response:** Local communities benefit greatly from production activities occurring in their communities. So far, COFTM-incentivized projects have reached 48 Colorado counties. Productions need a variety of resources including lodging, rental cars, suppliers of trailers and equipment, caterers, painters, carpenters, hair dressers, make-up artists, electricians, and drivers, just to name a few. While some crew and talent are hired from out of town, each project is incented to hire as many locals as possible to save money on costs associated with traveling out-of-town workers. That said, when crew is from out of town, they are supplied with a hotel room and a daily per diem which is spent at local restaurants, hotels, bars, retail stores, and entertainment.

For example a reporter from the Denver Post informed COFTM that the Furious 7 crew spent $17,000 at a local knife store in just one day in Salida. That is a huge sale for this local business owner, and as touched on below, there are countless other anecdotes just like this one. We can measure the positive economic impact a production crew brings to Colorado, in terms of how much money is spent in state, how many in-state jobs are created, how many local residents are hired, etc. But along with all these measurable metrics, it is important to remember the large influx of money a production brings that, by necessity, ends up being spent locally. This money is harder to tally up – how much one crew member spent on a new winter coat at a local store, how much another spent on dinner at a restaurant. We've even heard accounts of crew members buying homes in Colorado after working on an in-state production. This type of spending directly benefits local business owners and thus the larger community.

The other benefit worth noting here is: the more production activity we can attract to the state, the easier it will be for graduating college students to find work, and therefore make a living in state. The state does an incredible job of funding local universities, which include their film programs. But, as film students graduate, they discover there are more jobs in other states. Every new production our incentive brings creates new jobs and employment opportunities for these graduating students. COFTM believes that without the incentive program, Colorado is spending money to educate another state's workforce. So the benefit to local communities around the state is graduating college students, along with all crew, who get more work and find greater job opportunities in Colorado, which ultimately keeps Colorado families together, in-state, and prospering.

Below is a direct quote from Stu Fraser, Mayor of Telluride, regarding The Hateful Eight production:

> "October sales tax revenues are up 34% year-over-year, which actually tracks with the region's 30% YOY jump in occupancy as the "L.A. crowd" is known to spend more readily in the retail and lodging, food & beverage sectors. Although anecdotal at this juncture, I'm confident that the impact for the region will be tremendous and lasting.

About as "green" an industry as there is for being around for more than a century, the immediate impact will be in the multi-millions…the promotional/marketing impact is something that, as a resort destination, it would take decades for us to fund from our local lodging tax coffers. The current "advertising value equivalency" easily surpasses our marketing budget for close to the next ten years.  Thus far we are hearing reports from retailers of substantial spending taking place on a variety of unexpected revenue locations. Clothing to outfit those who have come from So. Calif. and don't have the wardrobe for spending time at 9,000 feet elevation…October is the shoulder season for Telluride and the Hateful 8 is creating sales and lodging tax revenue as if it were in the summer festival time."

Below is an excerpt of a letter from Lori Roberts, Executive Director of the Salida Chamber of Commerce regarding the Furious 7 production:

"Overall year-to-date sales-tax revenues show an increase of 13.8 percent over last year. Additional statistics illustrate what we already believed: The film company arrived in early fall at a time when tourism generally begins to slow down. However, Salida's October sales-tax figures were up 7.8 percent over October 2012. More specifically, lodging and foodservice increased 95 percent and 41 percent, respectively, over the same period last year. It is our belief that the presence of the film crew certainly contributed to this economic boost."

6.  Does the State provide funding incentives to films that are rated "R"?

    **Response:** Yes, the State may provide incentives to films that are rated "R."  The statutory prohibition is as follows:
    "Film" does not include an obscene film.
     "Obscene" has the same meaning as set forth in section 18-7-101 (2), C.R.S.

    Please be advised that a film is not rated by the Motion Picture Association of America until it is completed. The "R" stands for "Restricted" with the following warning:  "Contains some adult material. Parents are urged to learn more about the film before taking their young children with them."   The rating is meant to be informative and is not meant to be pejorative in any sense of that word.  Note that nine of the most recent ten Academy Awards for Best Picture, the highest honor awarded by the Academy of Motion Picture Arts & Sciences, were rated "R."

7.  Do films, such as The Hateful Eight, make a profit?  If so, why is the State providing moneys to an industry that does not need taxpayer funding to succeed?

    **Response:** It is hoped that films such as the Hateful Eight will make a profit, since that is an indication that they were well-received in the market place.  The more people that see a film made in Colorado, the more likely that Colorado will receive the benefits of added tourism and recognition as a great place to live and work.

The fact is that the film industry is a risky business and no one has ever been able to 100% predict the financial success of a film. In point of fact, independent producers and studios produce many films each year which lose money. If success was predictable, the films which lose money, and whose numbers far outweigh those that are profitable, would not be made. Because of the risk, incentives are now an essential part of a film's finance structure, especially for independently financed films, and the majority of films in theaters have been made with the aid of an incentive. Note that The Hateful Eight is an independently financed film, distributed by The Weinstein Company, and is not a "studio" picture that would have had the full financial backing of a major film studio. The primary purpose of the incentive is not to help companies make a profit, but to employ workers educated and skilled in the various jobs which create content in our State. Secondary benefits include increased visibility of our State, which can result in increased tourism and an enhanced image of the State in markets around the globe. Film incentives are virtually universal and films will not shoot in Colorado without incentives. Virtually zero films were coming to Colorado in the years prior to COFTM's incentive program. COFTM's program is designed to attract production to Colorado at a lower cost than production in neighboring states (our 20% incentive is substantially lower than the 25% offered by Utah, 25-30% by New Mexico, 35-37% in Oklahoma).

8. Why is the largest proportion of moneys appropriated for film incentives awarded to one single project, The Hateful Eight?

   **Response:** COFTM fields many calls about our incentive program. The first question asked is generally about the nature of the incentive, and the second question is, "can Colorado crew a movie?" Prior to COFTM's incentive program kickoff in 2012, the honest answer to the second question was "no." Since that time, COFTM's incentive program has drawn many projects to Colorado, and COFTM has incentivized 17 in the past fiscal year alone. Getting The Hateful Eight to film in Colorado was widely regarded as a coup, and the fact was noted throughout the film industry. Since it is presumed that the film's producers would not come here if they could not hire competent personnel, and that a director of Quentin Tarantino's reputation is used to working with the very best, getting the film here is affirmation that Colorado has "arrived" as a great place to crew and shoot a film. Quentin Tarantino is widely considered to be one of the best writers and directors in the world. He has won two Oscars and been nominated for three others. Each of his seven previous films have been nominated or won awards throughout the world, including Oscars, BAFTA's (British Academy Award), and Independent Spirit Awards. He is only one of a handful of directors known by name to the general public.

9. Will the audience for The Hateful Eight be told that the film is set in Colorado or Wyoming?

   **Response:** At this point COFTM does not know in which state the film is "set." An early

draft of the script was set in Wyoming, but that is not the final shooting script. Several months ago, after the film was shot, COFTM had two key people who worked on the film speak on a panel at the Denver Film Society. Both said that nowhere in the final script is Wyoming ever mentioned. Although the Weinstein Company's current marketing materials say it is set in Wyoming, these were developed prior to the film being finished. COFTM will not know where the film is "set" until it is released, and it could be Colorado, Wyoming, or someplace else.

An important question to ask is whether it really matters where the story is "set." It is common for films to be "set" in locations other than the actual location, yet audiences learn the actual location. Lord of the Rings was "set" in Middle Earth, but was shot in New Zealand, and it proved a boon to that country. The Shining was shot in Oregon, yet 80,000+ visitors come to the Stanley Hotel in Estes Park each year. Each of the eight main characters, plus producers and the director of The Hateful Eight will do extensive marketing for the film, make appearances on every talk show, be interviewed on the news and radio. They will all be asked what it was like to work on the film. And none will mention Wyoming, but all will likely mention Telluride and Colorado. Additionally, since the September 2014 announcement of The Hateful Eight choosing Colorado, there were almost 2.8 billion unique views of stories that mentioned both the film and our State, which provides an estimated $25.8M in advertising value according to Meltwater Media reports. Over one billion people looked at tweets from Samuel L. Jackson while filming in Telluride.

10. Why are taxpayer funds being used to provide incentives for The Hateful Eight when it is being boycotted by police organizations?

    **Response:** The boycott did not begin until well after the film incentive was provided. There is no possible way that COFTM could have foreseen this boycott of the film.

**OIT Specific Questions**

**4:00-5:00        Office of Information Technology (OIT)**

**General Questions**

11. Please provide an update on the status of the State's consolidation of information technology in OIT from the beginning of the consolidation through today.

    **Response:** The Governor's Office of Innovation and Technology was created in 1999 (and renamed Governor's Office of Information Technology [OIT] in July 2004) to serve as an advisory organization to the Governor and state agencies. At that time, information technology services and support were provided by each state agency in an independent, and at times, redundant manner. The result was a disparate infrastructure, duplication of functions and services, increased security risks, failing projects, and the inability to leverage statewide procurement opportunities.

The overwhelming bipartisan passage of SB08-155[1] resulted in a considerable shift in how IT services would be delivered to Executive Branch agencies in Colorado state government. As a result of this legislation, all IT functions, systems, and staff were consolidated from 17 executive branch agencies into a single organization - the Governor's Office of Information Technology in July 2008. The ownership and financial obligations relating to assets and contracts remained with the original departments.

Much like a merger of 17 diverse companies, the consolidation brought with it significant challenges but also provided an extraordinary opportunity to plan, enable, and implement truly transformative and lasting change for the state of Colorado. OIT took this historic opportunity to challenge the status quo and create an enterprise IT organization that is leaner and more effective in the delivery of a full range of technology solutions and services, not only for today but for the future.

Recognizing the important role information technology plays in the state's economic development efforts, in 2011 Governor John W. Hickenlooper expanded the state's Chief Information Officer (CIO) responsibilities to include the role of Secretary of Technology. Sumana (Suma) Nallapati was appointed to this dual role in June 2014.



OUR IMPACT BY THE NUMBERS

- 900+ OIT EMPLOYEES IN 70 LOCATIONS
- 28,000 STATE EMPLOYEES
- 28,000 SERVICE TICKETS MONTHLY
- 8.4M SECURITY EVENTS DEFENDED AGAINST DAILY
- 1,700 PROJECTS ACROSS 17 AGENCIES
- 1,300 LOCATIONS SUPPORTED IN CO

OIT has made significant progress in IT consolidation over the past 7 years. OIT strives to eliminate redundancies, streamline IT, and help ensure IT projects are successful. To that end, OIT has:
- Created a project management office (Enterprise Portfolio and Project Management Office) and formal project gating requirements;
- Eliminated over 95 redundant applications;
- Identified and categorized over 1,200 Critical and Essential applications for state agencies;
- Established a statewide refresh program for network infrastructure;
- Developed a standard IT contract with specific terms and conditions for buying IT;
- Created over 35 enterprise contracts to reduce one-off purchases of IT goods and services and leverage statewide purchasing power;

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[1] Codified in C.R.S. §24-37.5-101 et seq.

- Replaced the legacy Novell eDirectory Services with Microsoft Active Directory;
- Replaced over 800 legacy Blackberry mobile devices with newer devices providing broader capabilities and more reliable service;
- Implementation of nationally recognized enterprise IT processes including change management and major incident management;
- Establishment of Enterprise Architecture Team and Architecture Review Board;
- Establishment of an enterprise Security & Compliance team;
- Establishment of shared services model with consolidated reporting structures of the following teams(datacenter, server, network, security, identity management, deskside service desk, database management, telephony, enterprise applications, and architecture;
- Developed and implemented *SecureColorado*, the State's first IT cyber security plan;
- Deployed Google Apps for Government which eliminated 15 disparate department based email systems and now provides essential services to state agencies such as over 640 web sites and 6.8 million shared storage documents (and ever increasing);
- Implemented a Customer Service Portal that provides "one stop shopping" experience for common IT services like onboarding employees and resetting passwords;
- Enabled *OneNumber* Service Desk whereby employees call one number statewide to reach the OIT Service Desk (improving efficiency for employees needing IT support).

Additionally, OIT continues to partner with agency customers to streamline services and enable enhanced customer experiences, which speaks to the OIT vision-- enhancing the citizen experience at every digital touchpoint. Examples of these efforts include implementation and/or planning of:

- Two eLicense applications and an eFilings application for DORA. Both of these systems allow for 100% online licensing and PUC document filing;
- Real Time Eligibility for Medicaid applicants (80% of the time, applicants can find out in minutes as opposed to weeks whether they qualify for Medicaid);
- Universal Application (allows applicants for government services to find out if they qualify for more than one program);
- Child Abuse Hotline (one-stop reporting of suspected child abuse cases);
- System Infrastructure Refresh for DOR (allows for more efficient processing and more stable system for our state tax system);
- DRIVES for DOR (replacement of legacy system to ensure speedier delivery of services to Colorado residents);
- Human Resource Information System for DPA (statewide HR solution);
- Worker's Compensation claims and benefits system modernization which improves the processes for employers, medical providers and injured workers;
- Completely digitized the license renewal process for Agriculture constituents with AgLicense. This process was paper/manual. Went live last December (2014), over $3M in license renewals to date. Project now adding inspection modules;
- New History Colorado center (2011), OIT contributed significant work on this, not only on infrastructure but also helped to create one of the largest revenue generators for the History Colorado center (meeting and events);
- CDLE and OIT modernized the public facing unemployment insurance portal (Internet

Self Service) to guide the claimant through the filing process quickly and efficiently and to improve the Employers' view into their account information;

- Replaced the DOC's internally hosted website with a newly designed site that is hosted on Colorado.gov;
- Migrated the existing Port of Entry Business System from the DOR network to the CDPS network, finalizing the complete transition of support to the CDPS OIT team; this included stabilizing the system by upgrading to up-to-date workstations servers and current operating systems;
- Completed the procurement and contract negotiations for the replacement Port of Entry Business System. The new system will be under development for the next 18 months, with an expected implementation date of June 2017;
- Implemented a major VOIP upgrade at DNR for 60 plus locations;
- Upgrade of all DNR video conferencing equipment for multiple locations;
- Created and Implemented a Board of Assessment and Appeals Website for DOLA;
- CDOT Bustang Bus service improves transport options across Colorado reducing congestion and improving citizen service;
- Enhanced Traffic Operations Center for CDOT - OIT provided strong support in accomplishing that multi million dollar project;
- SAP to the Cloud - making the internal CDOT Accounting, HR and procurement systems more reliable;
- New MIPC VOIP telephone system for the CDPS Kipling Campus - on-time, providing upgraded telephone service for over 500 CDPS members;
- New Division of Homeland Security and Emergency Management ConnectColorado Disaster Event Resource Management System (using Salesforce.com) that provides a portal for community members to offer their emergency goods and services to the Division of Homeland Security and Emergency Management during flood, fire or other natural disasters.

12. What major information technology systems will need to be replaced in the next three to five years?

**Response:** OIT created 5-year enterprise & agency roadmaps to detail technology needs as a state and also within the individual agencies over the next 5 years. Below is a high-level summary.

| Identified Potential IT system replacements, refreshes, or upgrades (Dollars in millions and does not reflect ongoing maintenance) | | | | |
|---|---|---|---|---|
| Agency | FY18 | FY19 | FY20 | Details |
| CDLE | $2.0 | - | - | Oil and Public Safety Modernization |
| CDLE | - | $10.0 | - | Connecting Colorado Modernization |
| CDLE | $2.0 | - | - | eComp Modernization |
| CDLE | $2.0 | - | - | Business Unit Applications Modernization |
| CDPHE | $1.1 | - | - | SharePoint Upgrade |
| CDPHE | $1.2 | $1.2 | $1.2 | CIMPLE |
| CDPHE | $1.0 | $1.0 | $1.0 | Health Facilities and Emergency Medical Services Division Systems Rewrite |
| CDPHE | $1.5 | - | - | Electronic Birth System Rewrite |
| CDPS | $15.0 | - | - | Colorado Crime Information Center (CCIC) Reprocurement |
| CDPS | - | - | $12.0 | Computer-Aided Dispatch (CAD) Reprocurement |
| DNR | $1.6 | $1.1 | $0.8 | Network, desktop, parks equipment refreshes |
| DOC | $0.3 | $0.3 | $0.3 | Desktop Refresh |
| DORA | $1.0 | $0.1 | $0.1 | Public Utilities Commission equipment refresh FY18 |
| OIT | $1.0 | - | - | Pueblo Shop relocation CDOT |
| OIT | $3.5 | - | - | DHSEM CC Request, Zone Controller Addition |
| OIT | $0.2 | - | - | Montrose CSP Equipment Room Construction |
| OIT | $0.1 | $0.1 | $0.1 | Microsoft License Upgrades |
| OIT | $0.2 | $0.1 | $0.1 | Enterprise IP Video Services |
| Totals | $33.7 | $14.0 | $15.6 | |
| Caveats | | | | |
| 1 - Numbers are estimates and represent best plans for current and future needs | | | | |

13. Please provide a status update on the technology related aspects of the implementation of CORE.

    **Response:** CORE is fully operational from a technology standpoint. Business process changes and improvements continue to be the prime challenges across agencies. Current projects include enabling an incoming grants module in October 2015; accounts receivable module in December 2015; and outgoing grants by end of June 2016.

14. Please explain how OIT is working with agencies, like the State Land Board, to integrate data from systems, such as ATLAS, into the State's GIS capabilities.

    **Response:** Like many applications, the Colorado State Land Board's (CSLB's) ATLAS requires periodic upgrades to maintain compatibility with client browser, and server host software and operating system environments. OIT hosts, manages and maintains databases, applications and web map services that enable geographic information maintained by CSLB and other state agencies to be displayed.

    OIT's GIS Coordination & Development Program (OIT GIS) works with state agencies to help maintain and improve GIS capabilities. In addition to hosting, OIT GIS consults with state agencies to:
    ● organize information and configure systems,
    ● develop policy, workflow processes and standard practices, and
    ● identify and help develop human resources
    to assure secure access to efficient and financially responsible statewide geographic information products and services to governments, non-profits, the private sector, and the public.

15. Please explain how OIT works with agencies to delineate the roles and responsibilities on information technology projects. Please include a discussion of how these roles impact architecture, security, and data standards.

    **Response:** State agencies are required to follow the OIT established Project Lifecycle Methodology. This process contains standard components that apply to every agency project request. The process was established based on lessons learned and the most successful processes in existence across the enterprise. This methodology has identified all activities that are required for successful project implementation to include necessary roles and required actions. As project requests are received, Technical Advisory Committees comprised of OIT technical staff, as well as the project requestor, meet to determine which technical teams will be impacted, what roles are needed, and provide a level of effort associated with each.

    In addition, as part of the Project Lifecycle Methodology, all requests are initially assessed during the Intake Phase. This Phase focuses on a review of the architectural impacts, security risk, and implementation risks. Designated solution architects, security analysts, and data standard analysts are engaged during Intake Phase and later at appropriate gates during the lifecycle. All requests are put into the Enterprise Project and Portfolio Management Tool

(Clarity) which has been configured to do automated calculations of risk for each of the aforementioned areas.

It is important to note that OIT has authority to create enterprise standards across technology, applications, data, security and all other layers that make up the information technology stack. OIT matured its process for creating and reviewing enterprise standards in 2015 with the creation of the Architecture Review Board (ARB). The ARB meets regularly to review requests for IT standards across the state and how they fit into and overall enterprise architecture.

16. How does the number of computers in each agency correspond to the number of FTE in each agency?

   **Response:** There are several nuances to a question such as this:
   - Not every staff in a given Department will possess and/or utilize a computer specifically assigned to them. This is evidenced by Correctional Officers in the Department of Corrections.
   - Some Departments will have training, outreach, or testing centers for customers that will have computers for use that are not tied to individual staff. This is evidenced by the Department of Corrections' inmate programs, the Department of Natural Resources' park facilities, History Colorado's centers, and the Department of Revenue's customer kiosks.
   - Some Departments will have field based staff that may require a laptop for portability but also maintain office based desktop assets either assigned to specific personnel or as a group resource.
   - OIT staff that are housed with customer Departments are typically provided Department owned assets that would be recorded on a Department's inventory even though the FTE are attributed to OIT.

| Department | IT Inventory* | | | | FTE** |
| --- | --- | --- | --- | --- | --- |
| | Desktop | Laptop | Windows Tablet | Total Devices | As appropriated |
| **Agriculture** | 161 | 145 | 9 | 315 | 280.4 |
| **Corrections** | 3,182 | 458 | 0 | 3,640 | 6,239.8 |
| **Corrections - Inmates** | 1,840 | 2 | 0 | 1,842 | |
| **Governor** | 146 | 56 | 12 | 214 | 152.9 |
| **Governor - OIT\*\*\*** | 150 | 226 | 1 | 377 | 935.8 |
| **Health Care Policy** | 28 | 551 | 1 | 580 | 421.2 |

| | | | | | |
|---|---|---|---|---|---|
| **History Colorado** | 95 | 93 | 19 | 207 | 131.4 |
| **Human Services** | 2,426 | 1,429 | 66 | 3,921 | 4,970.9 |
| **Human Services - Counties** | 4,105 | 1,776 | 61 | 5,942 | |
| **Labor and Employment** | 1,388 | 257 | 80 | 1,725 | 1,030.3 |
| **Local Affairs** | 169 | 72 | 2 | 243 | 171.5 |
| **Military Affairs** | 43 | 10 | 0 | 53 | 1,392.3 |
| **Natural Resources** | 796 | 1,498 | 30 | 2,324 | 1,462.6 |
| **Personnel** | 305 | 119 | 0 | 424 | 407.4 |
| **Public Health** | 862 | 906 | 146 | 1,914 | 1,289.3 |
| **Public Safety** | 395 | 1,313 | 25 | 1,733 | 1,727.1 |
| **Regulatory Agencies** | 395 | 360 | 21 | 776 | 583.6 |
| **Revenue** | 1,266 | 586 | 0 | 1,852 | 1,367.1 |
| **Revenue - CSTRS** | 1,276 | 13 | 0 | 1,289 | |
| **Transportation** | 1,219 | 1,881 | 0 | 3,100 | 3,326.8 |
| **Treasury** | 14 | 0 | 0 | 14 | 31.9 |
| *Total* | *20,261* | *11,751* | *473* | *32,485* | *25,922* |
| **Notes:** | * IT Inventory comes from the SB14-169 Annual Report dated 9-15-2015.<br>** FTE values are pulled from the FY2015-16 JBC Appropriations Report<br>*** OIT staff housed at Departments are typically provided IT assets from the host and would be present in Department inventories. | | | | |

## Information Technology Expenditures Outside of OIT

17. Why do agencies purchase information technology assets outside of OIT? Is it more cumbersome to purchase through OIT? Is it more expensive to purchase through OIT?

**Response:** OIT would prefer to not speculate on the rationale driving business decisions made by customers. However from a cost perspective, it is not more expensive to purchase services through OIT.

18. The State Auditor's Office recommended that operating appropriations be consolidated within OIT in 2012. OIT agreed with this recommendation. Why was it not implemented?

    **Response:** In response to the 2012 audit recommendation made by the Office of the State Auditor, OIT worked with the Office of State Planning & Budgeting on the best method for managing IT expenditures across executive branch agencies.

    The current administration and the leadership of OIT have determined that this strategy is not in the State's immediate future. No further action is planned on this front prior to January 2019.

## Broadband

19. Considering goals for broadband deployment set by the federal government, is the Broadband Deployment Board tracking progress toward those goals with any metrics? Who is responsible for monitoring and collecting these metrics? Does OIT have an implementation strategy for aligning these metrics with the Office's SMART Act responsibilities?

    **Response:** The federal government has set aspirational goals for universal broadband access, which the state has viewed as a guide. The primary metric currently used to measure broadband is the percentage of households with access to basic broadband or Broadband Availability. Basic broadband was updated in 2015 by the Federal Communications Commission from 4 Megabits Per Second (Mbps) down by 1 Mbps up to 25 Mbps down by 3 Mbps up. The Governor's Office of Information Technology (OIT) currently tracks this metric through its broadband mapping program. OIT collects *advertised* speed data from the carriers and integrates them into a database which is then displayed through an online mapping application. While this provides us with an estimate of availability, the data provided to OIT often does not represent the exact availability or speeds experienced in any specific location. OIT is working to develop mechanisms to better validate this data. As of the October 2015 data collection Colorado had a 93% statewide availability with a 68% availability in rural Colorado.

    Various federal agencies and/or organizations have set goals with regards to specific institutions as well. For example, the national goal for schools is for every school to have access to 1 Gigabit per second (Gbps) speeds by 2018. Based on OIT's current data collection efforts, we estimate that 4% of Colorado's schools would meet this goal today, however, this is not being formally tracked.

    As part of the SMART Act, OIT currently is tracking the number of 'hits' on the broadband map as well as the amount of grant funding distributed within Colorado. OIT, in conjunction

with other state agencies through a cross-cabinet working group, is working to develop a set of impactful goals and metrics for Colorado that will align with national goals and metrics and will best fit our state and the broadband efforts we are pursuing. Once established, OIT will look at how to integrate them into the SMART Act effort.

20. Has the federal government placed any broadband development and deployment requirements on states? If so, does the federal government provide any funding for states to meet those requirements? What is the role of states in ensuring universal access to broadband?

**Response:** The federal government does not currently have any requirements for broadband deployment on states. The federal government has set multiple standards for connectivity in the effort to spur progress towards increased coverage and capacity. For example, the FCC recently upped the definition for basic broadband from a speed of 4Mbps download and 1 Mbps upload to a more robust 25 Mbps download and 3 Mbps upload.

There is a significant amount of federal money available for broadband expansion, however, these funds are somewhat fractured into separate programs with different goals. Major funding programs include the FCC E-Rate Program, FCC TeleHealth Program, USDA Programs, Next Generation 9-1-1, First Responder Network Authority (FirstNet) and FCC Connect America fund which will be directed to CenturyLink over the next six years to support broadband in rural areas. Fund. OIT helps to raise awareness of these programs to potential applicants and also works with local and state stakeholders in an effort to coordinate on these programs where appropriate to capitalize on economies of scale. A key element of these federal broadband program is that they are moving towards statewide strategies and approaches as a requirement for funding. Our current broadband efforts are focused on working with local stakeholders to develop strategies that maintain the local control of these specific interests while showing the necessary coordination to be successful in obtaining funding.

The federal government does not define the states' roles with ensuring universal access to broadband. For Colorado, OIT is tasked (through executive order D 2012-037) with overseeing and coordinating broadband activity across state agencies. OIT's strategy is based on three key elements:

● **Education:** The broadband environment changes daily and is often difficult to fully understand for those outside the telecommunications/broadband industry. OIT has led many efforts to educate local, regional and state level stakeholders regarding the technology, business and logistics of broadband. By increasing the general understanding of the issues, more individuals and organizations can engage at a local and regional level to develop solutions.
● **Facilitation:** The solutions to the broadband issue will require the input and energy from multiple stakeholders at every level, public and private. OIT works to bring these stakeholders together in a way to develop creative solutions that fit the specific needs of Colorado stakeholders in a number of different forums.

- **Coordination:**   As referenced with the federal funding discussion, OIT works on coordinating the activities of those involved in developing solutions.  By working to coordinate activities between various projects/efforts the goal is to achieve a higher economies of scale for broadband projects.

Additionally, the economic development working group led by OEDIT and comprised of cabinet members from OIT, DORA, DOLA, OEDIT, CDOT and CDLE is focused on identifying and tackling key issues at the State level, one of which is broadband.

21. What is the State's objective in implementing its broadband policies? Is the objective to increase bandwidth, develop infrastructure, or a combination of both? Does one take priority over the other?

    **Response:** As described in the prior question, the Governor's cross cabinet economic development working group is focused on, among other things, the quality of and access to broadband across the State.  It has become increasingly clear that cost effective and reliable broadband services with the necessary coverage and capacity is a basic requirement to allow regional and local economies across the State to thrive.

    The cabinet group has begun charting its work, starting with identifying all State assets and investments in broadband, setting a Statewide goal for access and connectivity, tapping into available Federal dollars and coordinating all existing work toward the ultimate goal. It will require a combination of multiple different efforts, funding sources and public and private partners over time to achieve the State's goal but a clearly articulated Statewide plan is the first step.

**Information Technology Security**

22. How much funding (in addition to what is currently being requested for FY 2016-17) would it take for the State to have "best in class" cyber security capabilities?

    **Response:** Based on two sources, Gartner and PriceWaterhouseCoopers, in order to be on-par with other State & Local Governments, the State should be allocating between 7.9% and 11% of annual IT expenditures to the Information Security Program.  With the current request, the Information Security Program is currently allocated just over 2% of the overall IT budget.

Using a targeted IT Security Budget of approximately 9.5% of the overall IT budget the funding levels would look like this:

| Fiscal Year | Statewide IT Expenditures | Targeted IT Security Budget | Targeted Percentage | Actual IT Security Budget | Actual Percentage |
|---|---|---|---|---|---|
| FY2013-14 | $380 million | $36.1 million | 9.5% | $5.0 million | 1.3% |
| FY2014-15 | $384 million | $36.5 million | 9.5% | $7.5 million | 2.0% |
| FY2015-16* | $390 million | $37.1 million | 9.5% | $8.6 million | 2.2% |
| FY2016-17* | $400 million | $38.0 million | 9.5% | $9.8 million | 2.5% |

Note - FY2015-16 is in progress and these values are estimated. FY2016-17 is entirely estimated as requested.

23. Please describe how OIT interacts with the Judicial Department, Department of Law, the Legislature, Secretary of State, and the Treasurer's Office on information technology security practices. Does OIT have authority over these agencies in this area?

    **Response:** The Chief Information Security Officer (CISO), within OIT, is statutorily responsible for security at both the Executive and Judicial branches except for institutions of higher education C.R.S 24-37.5-402 and C.R.S 24-37.5-403 (9). The CISO implements statewide security policies, with which named public agencies are required to comply. Additionally institutions of higher education are required to coordinate with the Office of Information Security on their annual plans. OIT and the CISO interact with regards to communication on security incidents C.R.S. 24.37.5-404.7 (2)(e).

24. Do all executive branch agencies use OIT standardized protocols for backing up data and systems? Information technology security?

    **Response:** Currently 75% of the Executive Branch Agencies are using OIT standardized backup platforms.

    In early 2014 the Governor's Office and JBC approved OIT's Backup Colorado Phase II request to implement consistent, reliable, and standardized backup across the Executive Branch Offices.

    The Backup Colorado initiative is in progress and expected to be complete in June 2017. This initiative will ensure primary backup platforms are standardized across all service lines with consistent retention, recovery, processing, security, reporting and DR/high-availability services. Funding has also been received to support the backup and disaster recovery service ongoing each year after 2017.

With regard to technology security OIT is managing all security devices (e.g. firewalls). While these are not all on standardized platforms, OIT is standardizing all of these security devices over the next two years.  In 2015 OIT upgraded the State's internet facing firewalls which was a major step in this project.   These firewalls provide the first and strongest layers of defense across the state.

## Niche Records Management System

25. What data will be captured in the Niche Records Management System, and will it include body camera data?

**Response:**   The Niche Records Management System will capture data on the following: Traffic Stops, Traffic Accidents, and Driver Contacts.  CSP does not capture body camera data, therefore the Niche Records Management System will not include body camera data.

26. Please explain how data from the Niche Records Management System will interface with other State systems (e.g. Judicial Department's discovery system)?

**Response:**   The Niche Records Management will transfer Accident Report data to the Department of Revenue's Electronic Accident Reporting System (EARS).   The Department of Revenue is the State's custodian of record for accident report data.  Regarding the Judicial Department's discovery system, a future release of the Niche Records Management System will include the transfer of electronic citations (e-Citations) into the CDAC e-Citation system.

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list.

   **Response:**
   *Office of the Governor (GOV), Office of the Lieutenant Governor (Lt. GOV), Colorado Energy Office (CEO), Office of State Planning and Budgeting (OSPB) and Office of Information Technology (OIT):* These offices do not have any legislation that has not been implemented or is partially implemented.

   *Colorado Energy Office (CEO):* CEO has two partially implemented bills from previous legislative sessions. In 2017-2019, the CEO is required participate in the development of two studies related to alternative fuel transportation. The office intends to complete those studies, and thereby fully implement the legislation by the statutory deadlines.
   ○ Pursuant to HB13-1110, by January 1, 2017, The Department of Transportation, the Department of Revenue, the Division of Oil and Public Safety in the Department of Labor and Employment, and the Colorado Energy Office shall jointly prepare and submit a report to the Transportation Legislation Review Committee. The report will examine the effectiveness of HB13-1110, an evaluation of the excise taxes collected related to alternative fuel vehicles, whether the taxes should be applied to in-home fueling, and recommendations on equitable vehicle fuel taxation.
   ○ Pursuant to HB14-1326, by December 31, 2018, CEO shall study whether the qualifying alternative fuel medium or heavy duty truck classes generate life-cycle emissions materially greater than comparable trucks running on traditional fuels. By January 1, 2019, CEO shall notify Department of Revenue to not provide tax credits if the life-cycle emissions are materially greater than traditional fuel trucks.

   *Office of Economic Development and International Trade (OEDIT):* S.B. 15-282, Rural Jump-Start Zone Program, is partially implemented, but is in line with the timeline requirements laid out in the bill.

2. Please provide a detailed description of all program hotlines administered by the Department, including:

   **Response:** *GOV, Lt. GOV,CEO, OSPB and OIT:* There are no program hotlines within these offices.

   a. The purpose of the hotline;

      ***OEDIT Response:*** The purpose of the Small Business Development Center (SBDC) Business Navigator Hotline is to assist new and existing business owners with questions

about federal, state, and local licensing requirements.  The business navigator also refers callers to a variety of state and federal assistance programs and to local small business training.

b.  Number of FTE allocated to the hotline;
   *OEDIT Response:*  1.0 FTE is allocated to the hotline.

c.  The line item through which the hotline is funded; and

   *OEDIT Response:* Half is funded through the SBDC Long Bill line item and half is funded through the Minority Business Office.

d.  All outcome data used to determine the effectiveness of the hotline.

   *OEDIT Response:*  The SBDC Business Navigator tracks and trends the data for what resources are needed.  The Navigator also tracks referrals to and from other resources throughout the state and the SBDC programs.

3.  Describe the Department's experience with the implementation of the new CORE accounting system.

   **Response:** The following responses are applicable for GOV, Lt. GOV, CEO, OSPB, OEDIT and OIT.

   a.  How has the implementation improved business processes in the Department?

   **Response:**  The implementation of the new CORE system was challenging.  However, the attachment feature has provided one of the greatest positive impacts.  In addition to having documentation support readily available for viewing, it provides a secondary process for accessing source documents.  Additionally, InfoAdvantage became more operational our offices were able to define a process to analyze transactions at the summary and detail level.  This has also improved tracking and management of program, department, and office-wide budgets.

   b.  What challenges has the Department experienced since implementation and how have they been resolved (i.e. training, processes, reports, payroll)?

   **Response:**
   1.  Although there were a number of training courses provided on various aspects of CORE, of which Governor's Staff attended, it was overly general and not all trainings provided an opportunity for staff to experience specific department level transaction processing.  This resulted in additional challenges with specific accounting structures changed, for example, the removal of event types, the use of transfer codes, and the type of data captured on diagnostics reports.  This was resolved through the use of accounting support services such as the Help Desk, CORE website, and job aids.

Also, increased usage and understanding of the system through on-the-job experience has led users to better resolve issues, sometimes without central support.

2. The delay in the upload and posting of payroll expenditures has been problematic. This is an ongoing issue and has not yet been resolved, which has continued to delay the drawdown of federal funds for reimbursement grants and hinder timely financial reporting. This issue continues to be a topic of discussion between CEO and their federal agency partners.

3. The migration to CORE enhanced the chart of accounts structure. After a year of experience in CORE, the departments have identified areas they need to restructure to improve financial reporting. This will be beneficial in the long run, however, it will make comparative reporting (i.e. year-to-year) and reconciliation challenging.

4. There has been tremendous improvement with the reporting functionality of InfoAdvantage based on users' requests.

c. What impact have these challenges had on the Department's access to funding streams?

*Response:* The implementation of CORE has not materially impacted funding streams.

d. How has the implementation of CORE affected staff workload?

*Response:* There were instances where staff processed a single transaction many times before getting it to post correctly in CORE. Some day-to-day transactions still take a little more time to process than they did in COFRS due the various screens in which data is entered. The increased workload required to navigate fiscal year-end was significant. It is estimated that CORE impacted employees and supervisors put in approximately 20% more hours in July through October to close the year end. It is anticipated now that we've cycled through one year-end the efficiencies will increase for FY16 year-end close.

e. Do you anticipate that CORE implementation will result in the need for a permanent increase in staff? If so, indicate whether the Department is requesting additional funding for FY 2016-17 to address it.

*Response:* The implementation of such a new system has driven additional short-term workloads as employees adjust to new ways of doing business. However, it is expected to dissipate and any staffing changes resulting from CORE –whether increases or decreases – will not be known until the system reaches a steady operational state.

4. If the Department receives federal funds of any type, please provide a detailed description of any federal sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2015-16.

**Response:** *GOV, Lt. GOV, OSPB:* There are no current or expected sanctions impacting these Departments.

*CEO:* CEO receives federal funding from the U.S. Department of Energy's Weatherization Assistance and State Energy Programs. CEO has not received any sanctions of funding from federal sources, and does not anticipate any sanctions from federal sources in FY 2015-16.

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

*OIT:* The Office of Information Technology directly receives little to no federal funding in any given fiscal year. There are no current or expected sanctions impacting the Office.

5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8C A/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Reco mmendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20Oct ober%202015.pdf

**Response:** The Office of the Governor, and all the Departments within the Office of the Governor, has one high priority recommendation that is "Partially Implemented" pertaining to internal controls over financial reporting. The recommendation was to formalize policies and procedures over all functional accounting areas to ensure accurate and timely financial accounting and reporting. With the implementation of CORE and processes continually changing during the first year, formalized policies and procedures were not completed across all areas. These will be completed by January 31, 2016.

OIT currently has 14 outstanding high priority audit recommendations from the Office of State auditors (OSA). While some of these items have been outstanding for over 3 years OIT has consistently informed the Legislative Audit Committee that full remediation will require additional funding. Several subparts of the original recommendation have been implemented leading to a lower risk than originally established.

OIT informs OSA for the progress made on an annual basis. Mentioned below are updates on each of these 14 items.

● **2014-006 (parts a, b, c, g, and h) - KRONOS IT Controls** - Kronos is a legacy application and OIT has a security variance request approved for the exceptions noted. The finding will be remediated when the application is upgraded in 2017 pursuant to an approved appropriation from the General Assembly

- **2014-019 (parts a, d, e, f, and g) - CPPS IT Controls** - CPPS is a legacy application and we have a security variance request approved for the exceptions noted. The finding will be remediated in 2017/2018 pursuant to an approved appropriation from the General Assembly.

- **2014-073 (parts c and d) - CUBS and CATS IT Controls** - The findings will be remediated when the applications are upgraded in 2018. OIT in partnership with the Department of Labor and Employment will lead the deployment of the upgraded application by 2018.

- **2012-4 (part c) - Information Security Policies** - This references staff training which OIT agreed to do by June 30, 2016. This will continue in earnest during OIT's next quarterly training. Additionally, OIT has added performance measurements to annual staff plans requiring that all OIT policies be reviewed and understood. OIT has established multiple avenues to communicate policies to relevant staff including but not limited to quarterly newsletters, periodic trainings, and operational managers meetings. OIT has also revised the State Cyber security policy in 2015 bringing it into alignment with current best practices and standards across the nation. This finding is listed as partially implemented, thus reducing risk from "significant risk/high priority"; however, it is still included in the original count of 14.

- **2013-3 - IT Contract Management** - This finding relates to SIPA. OIT is unable to change the contract until renewal in 2017. This finding is listed as partially implemented so risk has been reduced from "significant risk/high priority"; however, it is still included in the original count of 14.

- **2013-1 (part b) - Gen Tax IT Control** Resolved in August 2015.

- **2010-38 (part c) - Gen Tax IT Controls** - Resolved in August 2015

In addition OIT has two more audit recommendations under performance audit which were presented as high risk:

- **inventory management (Consolidation 2012)**: this is partially implemented
- **web application firewall (Pen test 2010)**: this is also partially implemented.

Both are ongoing.

6. Based on the Department's most recent available record, what is the FTE vacancy rate by department and by division? What is the date of the report?

    **Response:**
    *GOV:* The current vacancy rate for the Office of the Governor is 0%.
    *Lt. GOV:* The current vacancy rate is 0%. There are no vacant FTE positions.
    *CEO:* The current vacancy rate is 5.9% (2 FTE vacancies). CEO's most recent available

record is dated September 2015.

*OSPB:* The current vacancy rate is 0.95% (1 vacant FTE)

*Office of Marijuana Coordination:* The current vacancy rate is 50%. The Deputy Director's position is currently vacant. An active search is underway to fill the position soon.

*OEDIT:* The current vacancy rating for the department is 11.5% (6 vacancies). Vacancy rates by division are as follows:

- Administration: 0%
- Economic Development Commission: 10% (1 vacancy)
- Council on Creative Industries: 0%
- Global Business Development: 12.8% (3 vacancies)
- Advanced Industries: 38.4 (1 vacancy0
- Colorado Promotion:27.39% (2 vacancies)
- Film: 0%
- Small Business Development Centers:0%

*OIT:* Based on internal labor statistics OIT is presently hovering at an approximately 8% vacancy rate as of November 2015.

7. For FY 2014-15, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2015-16? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?

   **Response:** The Office of the Governor submitted a Schedule 3 with its budget request on November 3rd that details all reversions by line item and fund source for FY 2014-15. At this time, none of the Departments within the Office of the Governor anticipate any material reversions for FY 2015-16.

8. Are you expecting an increase in federal funding with the passage of the FFY 2015-16 federal budget? If yes, in which programs and what is the match requirement for each of the programs?

   **Response:**
   *GOV, Lt. GOV, CEO, OSPB and OIT:* At this time, none of these offices anticipate an increase in federal funding with the passage of the FFY 2015-16 federal budget.

   *CEO:*
   - CEO's funding from the U.S. Department of Energy State Energy Program (SEP) increased by $390 from $619,650 in FFY 2014-2015 to $620,040 in FFY 2015-2016. SEP funding requires a 20% state match.

- The CEO's formula allocation from the U.S. Department of Energy's Weatherization Assistance Program increased by $292,767 from $4,297,937 in FFY 2014-2015 to $4,590,704 in FFY 2015-2016. There is no match requirement for these dollars.
- The CEO does not anticipate any additional federal funding or state match requirements in FFY 2015-16.

9. For FY 2014-15, did your department exercise a transfer between lines that is allowable under state statute? If yes, between which line items and programs did this transfer occur? What is the amount of each transfer by fund source between programs and/or line items? Do you anticipate transfers between line items and programs for FY 2015-16? If yes, between which line items/programs and for how much (by fund source)?

   **Response:** The Office of the Governor exercised C.R.S. 24-75-112(1)(i) and transferred $54,068 appropriated for Legal Services to its Administration line. At this time, it is not anticipated a transfer between line items and programs will occur for FY 2015-16.

10. Is the department spending money on public awareness campaigns related to marijuana? How is the department working with other state departments to coordinate the campaigns?

    **Response:** There were no funds spent on public awareness campaigns related to marijuana within the departments of the Office of the Governor.

11. Please provide a list of all tax credits or tax exemptions offered by the Office of Economic Development and International. Please include the purpose of the tax credit or tax exemption.

    **Response:**
    *OEDIT:* All of OEDIT's tax credits and tax exemptions exist for the same purpose: recruit, retain, and grow companies in Colorado, thereby creating jobs and strengthening the economy. OEDIT offers the following tax credits and tax exemptions:
    - Job Growth Incentive Tax Credit
    - Enterprise Zone Tax Credits
    - Advanced Industry Investment Tax Credit
    - Aviation Development Zone Tax Credit
    - Commercial Historic Preservation Tax Credit
    - Rural Jump-Start Zone Program

# OIT Budget Requests

## FY2016-17

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

Serving people serving Colorado

Suma Nallapati
Secretary of Technology & CIO
December 2015

# OIT: Our Impact by the Numbers

- 900+ OIT employees in 70 locations

- Serving 28,000 state employees

- 336,000 service tickets annually

- 8.4 million security events daily

- 1,700 projects across 17 agencies

- 1,300 locations supported in CO

# Organizational Structure

**Suma Nallapati**
Secretary of Technology
& State Chief Information Officer

**David McCurdy**
Chief Technology
Officer

- Agency Applications & Services
- Development & Support
- CBMS
- Data Centers
- Data Services
- Deskside Support & Services
- Enterprise Applications & Services
- Google Apps for Govt
- Mainframe, System & Server Administration
- Major Incident/Change Management
- Network & Voice Services
- Public Safety Communications Network (DTRS)
- Security Operations & Access Control

**William Chumley**
Chief Customer
Officer

- Agency IT Directors
- Business Portfolio
- Change Leadership
- IT EcoSystem (includes Customer Service Portal)
- Process Transformation
- Project Management
- Service Desk

**Brenda Berlin**
Deputy CIO &
Chief Financial
Officer

- Budget
- Contracts
- Finance
- Human Resources
- Legislative Affairs
- Payroll
- Procurement
- Vendor Services

**Monica Coughlin**
Chief Strategy
Officer

- Broadband Mapping
- Broadband Strategy, Planning & Outreach
- Business Operations
- FirstNet
- GIS
- IT Economic Development
- Strategy Development & Execution

**Deborah Blyth**
Chief Information
Security Officer

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

**Tauna Lockhart**
Chief
Communications
Officer & PIO

- Agency Communications
- CBMS Communications
- Internal Communications
- Marketing & Branding
- Media Relations

# OIT's Wildly Important Goals (WIGs)

**Back to Basics with Cutting Edge Technology:**

**15%** increase in Service Excellence by close of FY16

**Securing Colorado Through Innovation:**

**10%** reduction in information security risk by close of FY16

**Empowering, Engaging & Energizing Employees:**

**4%** increase in Employee Engagement by close of FY16

**Strengthening Colorado's Technology Landscape:**

**1,000** more IT jobs in Colorado by close of FY16

# Secure Colorado – Program Accomplishments

**Risk Management and Reduction**
- *16% risk reduction in FY15*
- *Agency Risk Assessments*
- *Focused effort toward continuous risk reduction*

**Compliance and IT Audit Support**
- *Oversight to ensure compliance with Federal and regulatory security requirements*

**Malware Reduction**
- *75% fewer worms, viruses (malware)*

**Best Practice & Leading Edge Security**
- *Automation, consolidation, & consistency for all agencies*
- *Next Generation firewall technology*
- *Email enhancements & encryption*
- *Increased visibility into security events*
- *Project oversight to ensure security is built-in*

**National Recognition**
- *Center for Digital Government*
- *National Association of State CIOs*
- *CSO Magazine*

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5

# Other Recent Accomplishments

- **Security Risk Dashboards:** rolled out to Executive Branch agencies

- **OIT Major Incident & Change Management**: tracking system greatly improved, resulting in 96% decrease in change failures each month

- **CBMS**: service tickets down; October build successful ahead of Open Enrollment; Incident Response team created

- **Major Agency Initiatives:** (DOR: DRIVES; DPA: HRIS; DOC: DeCORuM)

- **5-Year IT plans:** Created for each executive branch agency in tandem with enterprise plan

# Our Budget Request:

*What it means to our customers*

- **Secure Colorado:** ongoing reduction of risk for the state

- **CBMS/PEAK:** ongoing required program changes affecting multiple agencies, stakeholders

- **System Management Tool:** proactive monitoring & support of state systems & assets

- **CDPS Records Management:** will allow for critical analysis & intelligence-led policing

- **PSCN Microwave Infrastructure (Year 2):** much needed upgrade for critical public safety communications system

# FY 2016-17 Secure Colorado

- New software to eliminate potential security risks related to onboarding & offboarding employees

- Limits potential liabilities from cyber attacks

- Maintains current trend of reducing risks for the state

## Reappropriated Funds:

### $1,000,000 ongoing

# CBMS/PEAK Annual Base Request

- Primary interface for enrollment in and management of public assistance programs

- Constantly evolving federal rules and requirements necessitates constant updates which require more vendor pool hours

- CBMS/PEAK has received national recognition for changes and investments made over the last several years

Reappropriated Funds:

$22,428,801 (FY 2016-17)
$26,438,619 (FY 2017-18 & ongoing)

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# Five-Year IT Plans
### Aligning Business Goals with Technology Forecasts

- Establishes a five-year planning horizon

- Provides insight into IT funding gaps

- Shows an enterprise IT initiative timeline

- Serves as the first cohesive executive branch IT strategy

- Creates view into required maintenance, technical debt

- Ensures regulatory compliance

- Improves planning with collaborative effort between OIT functional groups & the agency

# Updates on Strategic Initiatives

- *Human Resources Information System:* Vendor selection December 2015 - contract finalized February 2016. Implementation July 2017.

- *DRIVES:* Working multiple fronts and on track to replace Drivers License Functionality in February 2017.

- *Eliminate Redundant Applications:* Over 95 apps eliminated; three enterprise platforms established; migrations continue with agencies.

- *Customer Portal:* Over 17 services implemented; CDA adopting Onboarding and Access Control; enterprise reporting available to all agencies on service tickets.

- *Offender Management System:* On track with more than 100 users trained; gap analysis complete; data center set up and hardware/interface testing in progress.

# OIT Broadband Role & Activities

## Executive Order D 2012-037

*"The Governor's Office of Information Technology is hereby formally directed to oversee and coordinate broadband activity across State agencies."*

**OIT Broadband Roles & Responsibilities**
- **Educate**: Bring stakeholders up to speed on key issues in the broadband environment.
- **Facilitate**:  Convene key stakeholders (public and private / local and state) on important broadband topics and initiatives.
- **Coordinate**: Ensure local, regional and statewide efforts are synchronized.
- **Map**: Map broadband availability across the state using provider data.

**Key Efforts**
- Development of Local Technology Planning Teams (LTPT) and Regional Planning groups
- Development and enhancement of the Colorado Broadband Map and Portal
- Convening broadband stakeholders quarterly through "Conversations for a Connected Colorado"
- Creating of initial state-owned broadband asset inventory
- Significant progress towards greater utilization of federal funding sources

# QUESTIONS?