



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2017-18 BUDGET BRIEFING SUMMARY

Office of the Governor

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, Office of Information Technology, and Colorado Energy Office. The Department's FY 2016-17 appropriation represents 1.1 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations.

FY 2016-17 APPROPRIATION AND FY 2017-18 REQUEST

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:						
HB 16-1405 (Long Bill)	306,849,429	35,996,004	43,978,954	220,362,604	6,511,867	1,090.0
Other legislation	403,183	0	0	403,183	0	0.0
TOTAL	\$307,252,612	\$35,996,004	\$43,978,954	\$220,765,787	\$6,511,867	1,090.0
FY 2017-18 APPROPRIATION:						
FY 2016-17 Appropriation	\$307,252,612	35,996,004	\$43,978,954	\$220,765,787	\$6,511,867	1,090.0
OFFICE OF THE GOVERNOR						
R1 (GOV) Marijuana Office sunset	(103,030)	0	(103,030)	0	0	(1.0)
R2 (GOV) LEAN initiatives	500,000	500,000	0	0	0	0.0
COLORADO ENERGY OFFICE						
R1 (CEO) Reauthorization of Clean and Innovative Fund	5,100,000	0	5,100,000	0	0	24.0
OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE						
R1 (OEDIT) EDC reauthorization	5,000,000	5,000,000	0	0	0	5.0
R2 (OEDIT) Outdoor Rec FTE	97,500	97,500	0	0	0	1.0
OFFICE OF INFORMATION TECHNOLOGY						
R1 (OIT) Secure Colorado	3,091,644	0	0	3,091,644	0	7.0
R2 (OIT) CO Technology Advancement and Emergency Fund	2,000,000	2,000,000	0	0	0	0.0
R3 (OIT) Marijuana data coordination	1,109,625	0	1,109,625	0	0	0.0
R4 (OIT) Deskside staffing	1,095,218	0	0	1,095,218	0	8.0
R5 (OIT) Enterprise applications realignment	0	0	0	0	0	0.0
R6 (OIT) Department of Revenue telephone replacement	791,172	0	0	791,172	0	0.0
OTHER CHANGES						
Annualize prior year budget actions	2,071,152	(5,000,000)	0	7,071,152	0	(4.0)
Centrally appropriated line items	1,505,615	216,027	(24,530)	1,344,965	(30,847)	0.0
Technical changes	1,500,000	0	1,500,000	0	0	0.0
Non-prioritized request items	403,358	23,035	0	380,323	0	0.0
Annualize prior year legislation	308,467	626,370	(3,700,000)	3,382,097	0	(24.0)
TOTAL	\$331,723,333	\$39,458,936	\$47,861,019	\$237,922,358	\$6,481,020	1,106.0
INCREASE/(DECREASE)	\$24,470,721	\$3,462,932	\$3,882,065	\$17,156,571	(\$30,847)	16.0

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Percentage Change	8.0%	9.6%	8.8%	7.8%	(0.5%)	1.5%

OFFICE OF THE GOVERNOR

R1 (GOV) MARIJUANA OFFICE SUNSET: The request includes a decrease \$103,030 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE for FY 2017-18 to close the Office of Marijuana Coordination and transfer the remaining \$97,199 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE to the Office of the Governor for long-term cross-agency coordination. The submittal indicates that the short-term work of the Office of Marijuana Coordination is approaching completion and the remaining work related to the State’s implementation of medical and recreational marijuana policy can be absorbed by agencies in conjunction with the 1.0 FTE requested for transfer to the Office of Governor proper.

Note, a budget change such as the one requested does not require a statutory change. However, statutory changes are required to sunset the Office of Marijuana Coordination and changes have been requested. The provisions of current law requested to be amended include sections related directly to the creation and duties of the Office (Sections 24-38.3-101 and 102, C.R.S.), as well as references to the Office included in other sections of statute (e.g. Section 25-3.5-1006, C.R.S.)

R2 (GOV) LEAN INITIATIVES: The request seeks an increase of \$500,000 General Fund for FY 2017-18 to provide process improvement and LEAN training opportunities to State employees. The Office of State Planning and Budgeting currently has funds in its base appropriation to administer a training program to approximately 80 State employees each year. The Office indicates that this program, dubbed the Performance Management Academy, is not sufficiently funded to build on its successes and to meet the training needs of a larger number of State employees. The goal of the request requested is to scale up the Academy through a new delivery mechanism in conjunction with the Department of Personnel’s Center for Organizational Effectiveness. The requested money would be used to provide equal matching funds to State agencies to increase training opportunities. The Office estimates that this appropriation would provide training for approximately 500 additional State employees.

COLORADO ENERGY OFFICE

R1 (CEO) REAUTHORIZATION OF CLEAN AND INNOVATIVE FUND: The request includes two components, each requiring statutory changes:

- The Colorado Energy Office received its final annual transfer of \$1.6 million General Fund to the Clean and Renewable Energy Fund on July 1, 2016. This transfer occurred for five consecutive fiscal years. Additionally, the Office received its final annual transfer of \$1.5 million of “off-the-top” severance tax to the Innovative Energy Fund on July 1, 2016. This transfer occurred for five consecutive fiscal years, as well. The Office requests that these two transfers be reauthorized for five additional fiscal years. These transfers have historically been used to fund the personal services and operating expenses associated with the Office’s functions.
- Under current law, the Colorado Energy Office receives an annual transfer of up to \$6.5 million from Tier 2 of the Operational Account of the Severance Tax Trust Fund to the Colorado Energy Office Low-income Energy Assistance Fund. This transfer is used by the Office to improve home energy efficiency through various weatherization initiatives. Per the September 2016 Legislative Council Services economic forecast, this transfer will not occur in FY 2016-17 or FY 2017-18 due to a decrease in the collection of severance tax revenue. To

continue providing weatherization services in the absence of revenue from severance tax collections, the Office requests a transfer of \$2.0 million General Fund to the Colorado Energy Office Low-income Energy Assistance Fund for five years beginning on July 1, 2017.

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

R1 (OEDIT) EDC REAUTHORIZATION: The Office of Economic Development and International Trade seeks a 10 year extension of the July 1, 2017 repeal date for the statutory provisions that create, authorize, and delineate the responsibilities of the Colorado Economic Development Commission. Additionally, the Office asks for a continuation-level appropriation of \$5.0 million General Fund for FY 2017-18 and future years to fund the activities of the Commission.

R2 (OEDIT) OUTDOOR REC FTE: The request includes an increase of \$97,500 General Fund and 1.0 FTE for FY 2017-18 for the Office of Economic Development and International Trade to hire a Deputy Director for the Colorado Outdoor Recreation Industry Office (ORec Office). The ORec Office provides a central point of contact, advocacy, and support at the state level for the constituents, businesses, communities, and groups that rely on the continued health of the outdoor recreation industry in Colorado for their economic well-being. This Office is currently staffed by one individual at the director level.

OFFICE OF INFORMATION TECHNOLOGY

R1 (OIT) SECURE COLORADO: The request seeks an increase of \$3,091,644 reappropriated funds transferred from State agencies to the Office of Information Technology and 7.0 FTE for FY 2017-18 for several initiatives related to the State’s cybersecurity program known as “Secure Colorado.” The initiatives include:

- An internship program to hire and train skilled military veterans;
- Acquiring a governance, risk, and compliance tool (GRC) to document security controls;
- Hiring additional staff to conduct internal and vendor security compliance monitoring;
- Adding to the existing capabilities of the Office of Information Technology to address existing high-risk security audit findings and build-out the capability to more quickly assess high-priority security needs; and
- Deploying a multi-factor authentication tool for enterprise identity management.

FY 2017-18 Secure Colorado Request		
Item	Amount	FTE
Veterans Internship Program	\$912,125	1.0
Governance, Risk, and Compliance Tool	476,506	2.0
Internal and Vendor Security Compliance Monitoring	453,013	4.0
High-risk Security Audit Findings / High Priority Threats	250,000	0.0
Identity Management	1,000,000	0.0
Total	\$3,091,644	7.0

R2 (OIT) CO TECHNOLOGY ADVANCEMENT AND EMERGENCY FUND: The request includes an increase of \$2,000,000 General Fund for FY 2017-18 and future fiscal years for the Office of Information Technology to make emergency IT expenditures, address deferred maintenance of State agency IT assets (network, systems, and voice), and to provide additional services as requested (but not funded) by State agencies. The requested money would be divided as follows:

- Emergency IT Expenditures – \$500,000;
- Deferred Maintenance of IT Assets – \$1,000,000; and
- Additional Services for Agencies – \$500,000.

The request indicates that an “IT Advancement Steering Committee” would be formed to review project status, allocate or revoke funding, and provide oversight to the technical operations of OIT as it relates to expenditures of money appropriated for these purposes. This committee would consist of five members at the Executive Director or Deputy Executive Director level from executive branch agencies under the legal jurisdiction of OIT.

R3 (OIT) MARIJUANA DATA COORDINATION: The request seeks \$1,109,625 cash funds from the Marijuana Tax Cash Fund for FY 2017-18 to create a data platform to identify, locate, assimilate, store, analyze, disseminate, and present marijuana-related information. A report commissioned by the Colorado Department of Public Safety found that the State has a medium to low capability to collect data related to the impact of legalized marijuana. The current model for exchanging data between agencies results in out-of-date information, issues with data ownership, issues with data security, and issues with data formatting. This request aims to correct these deficiencies.

Specifically, OIT will develop tools to bring together data from all data owners in real-time for use in a variety of applications specific to agency needs. This solution does not seek to remove data from its existing databases, but rather calls for a series of tools that access the data in a secure manner so that it can be combined with other data within applications used by agencies.

R4 (OIT) DESKSIDE STAFFING: The request includes an increase of \$1,095,218 reappropriated funds transferred from State agencies to the Office of Information Technology and 8.0 FTE for FY 2017-18 to add staff and contract resources to the Office’s End User Deskside team. This unit, consisting of 112 employees, services State employee computer devices, including peripheral equipment, such as printers. The Office indicates that the industry standard for deskside staff to customers is 1:175. OIT’s current ratio is 1:253 and this request seeks to move the Office to a ratio of 1:220.

For FY 2015-16, the group received 26,078 change orders, had an average of 1,194 open at the end of each month, and had an average resolution time of 10.22 days. Note, in FY 2015-16, OIT took the short-term step of enlisting six contract resources to address the backlog. For FY 2014-15, without the contract resources made available for one year, the average resolution time was 19.08 days.

R5 (OIT) ENTERPRISE APPLICATIONS REALIGNMENT: The request seeks a budget neutral transfer of appropriations between line items in the Office of Information Technology for FY 2017-18 to modify the current organizational structure of the unit providing support and maintenance of approximately 1,700 applications for 17 State agencies. The current organizational structure is based on a model of employees serving the needs of a specific application for a specific agency. As the number of applications has been reduced through a General Assembly-funded project dubbed “eliminate redundant applications,” the need to budget at the agency-type level (e.g. health services) has been replaced with a need to budget at the technology-level (e.g. shared services vs. agency services).

R6 (OIT) DEPARTMENT OF REVENUE TELEPHONE REPLACEMENT: The request includes an increase of \$791,172 reappropriated funds transferred from the Department of Revenue to the Office of Information Technology for FY 2017-18 to replace the legacy telecommunications system at six of the Department of Revenue’s locations.

Department of Revenue Telephone Replacement Equipment Count			
Location	Phones	Voicemail	Call Center Agents
1881 Pierce	806	800	200
1375 Sherman	176	176	127
720 S. Colorado	109	109	0
17301 Colfax	68	68	0
350 W. Carr	32	32	0
147 Lawrence	48	48	0
Total	1,239	1,233	327

Department of Revenue Telephone Replacement Budget			
Item	FY 2017-18	FY 2018-19	FY 2019-20 and Beyond
Phones	\$438,606	\$438,606	\$438,606
Voicemail	88,776	88,776	88,776
Call Center Services	128,790	128,790	128,790
Project Management	135,000	67,500	0
Total	\$791,172	\$723,672	\$656,172

OTHER CHANGES

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments related to prior year budget actions, primarily decision items. The table below itemizes each requested annualization for FY 2017-18.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize CBMS/PEAK annual base adjustment	\$4,009,792	\$0	\$0	\$4,009,792	\$0	0.0
Annualize HRIS/KRONOS capital project into operating budget	3,043,760	0	0	3,043,760	0	0.0
Annualize Voice services spending authority	300,854	0	0	300,854	0	0.0
Annualize CBMS client correspondence	59,844	0	0	59,844	0	0.0
Annualize OIT End user configuration management tool	6,605	0	0	6,605	0	0.0
Annualize prior year salary survey	0	0	0	0	0	0.0
Annualize EDC authority	(5,000,000)	(5,000,000)	0	0	0	(4.0)
Annualize HCPF Legacy systems and technology support	(325,000)	0	0	(325,000)	0	0.0
Annualize Niche Records Management System	(24,703)	0	0	(24,703)	0	0.0
TOTAL	\$2,071,152	(\$5,000,000)	\$0	\$7,071,152	\$0	(4.0)

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; payment to risk management and property funds; Capitol complex leased space; and Payments to OIT. The following table itemizes each requested centrally appropriated line item adjustment for FY 2017-18.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$2,305,604	\$173,146	\$103,841	\$2,004,506	\$24,111	0.0
Health, life, and dental adjustment	534,864	146,987	(1,691)	358,363	31,205	0.0
Indirect cost assessment adjustment	283,026	(283,026)	0	566,052	0	0.0
SAED adjustment	247,607	21,503	(33,341)	272,813	(13,368)	0.0
AED adjustment	205,589	18,382	(35,700)	236,882	(13,975)	0.0
Capitol Complex leased space adjustment	105,715	56,325	0	49,390	0	0.0
Workers' compensation adjustment	98,246	10,153	0	88,093	0	0.0
Legal services adjustment	28,193	17,290	1,546	9,357	0	0.0
Leased space adjustment	24,000	0	0	24,000	0	0.0
Short-term disability adjustment	2,491	655	(1,368)	3,737	(533)	0.0
Payments to OIT adjustment	(2,187,346)	223,573	0	(2,410,919)	0	0.0
Payment to risk management / property funds adjustment	(86,281)	(27,473)	0	(58,808)	0	0.0
CORE adjustment	(53,777)	(141,488)	(57,817)	203,815	(58,287)	0.0
Shift differential adjustment	(2,316)	0	0	(2,316)	0	0.0
TOTAL	\$1,505,615	\$216,027	(\$24,530)	\$1,344,965	(\$30,847)	0.0

TECHNICAL CHANGES: Represents revenue forecast adjustments and various technical adjustments included in the FY 2017-18 appropriation request.

TECHNICAL CHANGES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Advanced industries true-up	\$1,500,000	\$0	\$1,500,000	0.0

NON-PRIORITIZED REQUEST ITEMS: Includes the annual fleet vehicle request from the Department of Personnel and the Office of the Governor's (division) share of the Secure Colorado decision item in the Office of Information Technology. The table below itemizes each requested non-prioritized item for FY 2017-18.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP OIT HCPF Benefit Utilization System (BUS)	\$325,000	\$0	\$0	\$325,000	\$0	0.0
NP DPA OAC Electronic Case MS	54,429	0	0	54,429	0	0.0
NP OIT Secure Colorado	15,652	15,652	0	0	0	0.0
NP OIT Deskside support	6,259	6,259	0	0	0	0.0
NP Annual fleet vehicle request	2,018	1,124	0	894	0	0.0
TOTAL	\$403,358	\$23,035	\$0	\$380,323	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments related to prior year legislation. The table below itemizes each requested annualization for FY 2017-18.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 14-1203 (Funding For Digital Trunked Radio Sys Maintenance)	\$7,400,000	\$3,700,000	\$0	\$3,700,000	\$0	0.0
Annualize SB 16-069 (Community Paramedicine Regulation)	38,080	0	0	38,080	0	0.0
Annualize HB 12-1315 (Reorganization Of Governors Energy Office)	(3,700,000)	0	(3,700,000)	0	0	(24.0)

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 14-1011 (Advanced Industry Economic Development Funding)	(3,073,630)	(3,073,630)	0	0	0	0.0
Annualize HB 16-1227 (Exemptions Child Support Reqmnts Child Care Assist)	(268,562)	0	0	(268,562)	0	0.0
Annualize HB 16-1047 (Interstate Medical Licensure Compact)	(66,100)	0	0	(66,100)	0	0.0
Annualize SB 16-030 (Motor Vehicle Weight Violation Surcharges)	(12,566)	0	0	(12,566)	0	0.0
Annualize HB 16-1097 (PUC Permit For Medicaid Transportation Providers)	(8,755)	0	0	(8,755)	0	0.0
TOTAL	\$308,467	\$626,370	(\$3,700,000)	\$3,382,097	\$0	(24.0)

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

FUNDING THE COLORADO ENERGY OFFICE: Current law funds the operations of the Colorado Energy Office primarily with a combination of General Fund money and revenue from severance tax that is annually transferred into cash funds. The Office requests, and staff recommends, that the Joint Budget Committee sponsor legislation to continue funding the Office’s operations via transfers into its cash funds through FY 2021-22.

REAUTHORIZATION OF THE ECONOMIC DEVELOPMENT COMMISSION: The statutory provisions that create and delineate the roles and responsibilities of the Economic Development Commission are slated to expire on July 1, 2017. The Office requests, and staff recommends, that the Joint Budget Committee sponsor legislation to extend repeal of the Commission to July 1, 2027.

STATEWIDE INFORMATION TECHNOLOGY BASE BUDGET REQUEST: The Governor’s Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis, with OIT acting as a vendor to State agencies. The Office’s FY 2017-18 base budget (does not include new funding requests) request includes \$137.0 million total funds billed to State agencies for a variety of services.

CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY FUNDING REQUESTS: Executive branch agencies request \$37.9 million total funds, including \$23.8 million General Fund, for FY 2017-18 for eight new and continuing capital construction information technology projects. Additionally, the Colorado Commission on Higher Education requests \$19.0 million total funds, including \$18.3 million General Fund, for FY 2017-18 for six new capital construction information technology projects.

CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY POTENTIAL LEGISLATION: The Joint Technology Committee voted to draft legislation implementing a concept referred to as a “zero dollar contract.” The goal of the “zero dollar contract” is to revamp the budget and procurement process for future capital construction information technology projects to better predict vendor costs and provide the State with additional contract negotiation leverage.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2017-18_govbrf.pdf