

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2015-16 STAFF BUDGET BRIEFING  
OFFICE OF THE GOVERNOR**

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

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## OFFICE OF THE GOVERNOR

### Department Overview

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

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

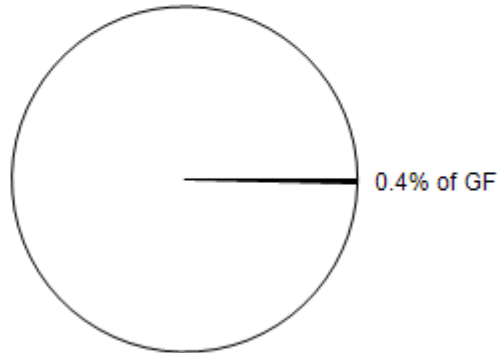
### Department Budget: Recent Appropriations

Funding Source	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 *
General Fund	\$18,524,704	\$26,567,386	\$34,366,530	\$50,934,022
Cash Funds	33,007,504	37,122,540	41,625,618	41,885,685
Reappropriated Funds	149,228,302	165,570,329	202,523,283	160,885,576
Federal Funds	<u>5,618,193</u>	<u>6,755,621</u>	<u>6,428,227</u>	<u>6,448,577</u>
<b>Total Funds</b>	<b>\$206,378,703</b>	<b>\$236,015,876</b>	<b>\$284,943,658</b>	<b>\$260,153,860</b>
Full Time Equiv. Staff	1,036.1	1,060.9	1,071.6	1,087.9

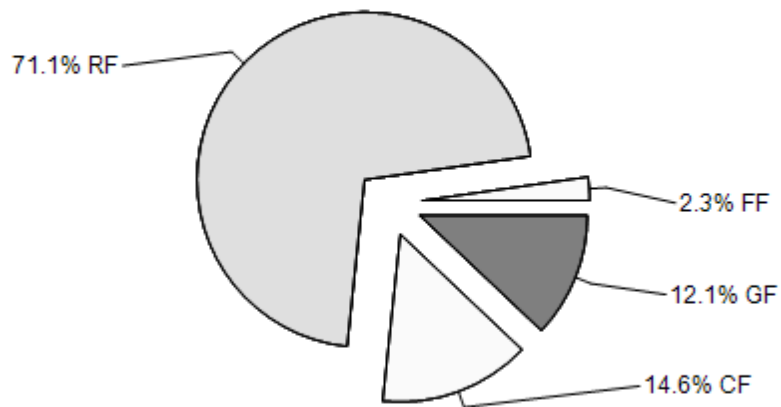
\*Requested appropriation.

## Department Budget: Graphic Overview

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

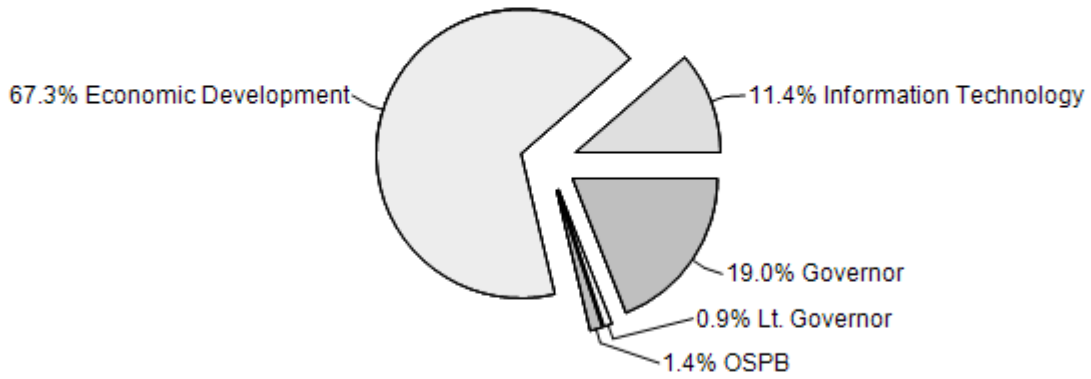


**Department Funding Sources**

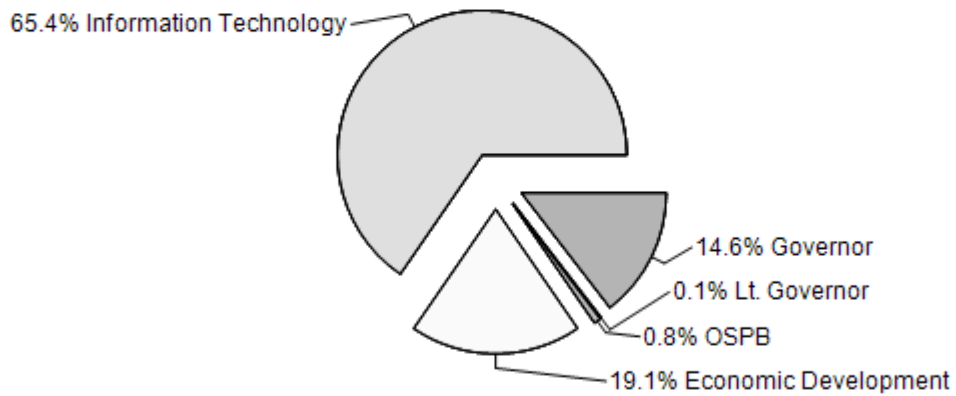


All charts are based on the FY 2014-15 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts are based on the FY 2014-15 appropriation.

## **General Factors Driving the Budget**

### **Energy Efficiency and Renewable Energy Resource Development Initiatives**

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

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

### **Economic Development Programs**

Funding for the Office of Economic Development and International Trade (OEDIT) is heavily dependent on cash funds. Much of the increase in cash funds occurred in the 2006 legislative session through the passage of H.B. 06-1201 (Increase Ltd Gaming Funds For Tourism). The legislation increased the amount of Limited Gaming Fund moneys transferred to the tourism, and authorized additional transfers to arts promotion, film production incentives, and new job creation incentives.

Revenues available for transfer to the Limited Gaming Fund vary from year to year. Senate Bill 13-133 (Distribution Of State Share Of Ltd Gaming Revenues) modified the distribution of the State share of the Limited Gaming Fund to bring more consistency to the transfers. Specifically, the bill amended the distribution to various cash funds at the close of each fiscal year from a percentage-based amount to a fixed-dollar amount.

<b>Gaming Transfers to OEDIT per S.B. 13-133</b>	
Travel and Tourism Promotion Fund	\$15,000,000
Bioscience Discovery Evaluation / Advanced Industries	5,500,000
Creative Industries	2,000,000
Film, TV, and Media	500,000

In addition to limited gaming tax revenue, in recent years the legislature has provided OEDIT with \$5.0 million General Fund to provide new job creation incentives for companies relocating to Colorado and expanding in Colorado, \$5.0 million General Fund to provide job creation incentives for the film industry, and \$5.0 million General Fund for advanced industries development.

It is important to note that OEDIT is also responsible for implementing the State's Job Growth Incentive Tax Credit program established via H.B. 09-1001 (Income Tax Credit For CO Job Growth). The incentive provides a State income tax credit equal to 50 percent of FICA paid by the business on the net job growth for each calendar year in the credit period. Businesses need to create at least 20 new jobs in Colorado, with an average yearly wage of at least 110 percent of the county average wage rate based on where the business is located, and all new jobs must be maintained for at least one year after the positions are hired to qualify. For FY 2012-13 and FY 2013-14, tax credits of \$84.5 million (\$10,307 per job) were conditionally approved by the Economic Development Commission. This amount is based on 8,195 projected jobs created for an average annual salary of \$82,916. Final approval is based on a completed contract, and tax credits are not granted until jobs are created and maintained for one year. While this does not impact State appropriations, it does decrease the amount of General Fund revenue available to the State for appropriations.

### **Consolidation of Statewide Information Technology Resources**

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

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

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

Funding historically dedicated to the associated information technology staff in specific State agencies and programs continues to be appropriated to those agencies in order for them to maintain consistency of program, State, and federal funding streams and reporting standards. Agencies make payments to OIT for their share of information technology staff payroll costs,

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including centrally appropriated items and personal services expenses. With the exception of costs associated with the operation of the Colorado Benefits Management System (CBMS), the payments are made from an information technology common policy line item (Payments to OIT) appropriation. Expenses associated with CBMS are billed directly to the Department of Human Services and Department of Health Care Policy and Financing outside of the information technology common policy structure.

The OIT budget has also been driven by CBMS modernization projects begun with the passage of H.B. 12-1339 (Colorado Benefits Management System Project). The bill reappropriated funds to OIT from the Department of Human Services and the Department of Health Care Policy and Financing, and implemented a system of oversight for the project.

<b>CBMS Modernization Project, Phases I and II</b>	
<b>Appropriations to OIT</b>	
FY 2011-12	\$8,950,260
FY 2012-13	12,279,762
FY 2013-14	14,571,587
FY 2014-15	35,342,773
<b>Total</b>	<b>\$71,144,382</b>

The following table summarizes total appropriation levels for OIT for FY 2008-09 through FY 2014-15. This period includes the Office’s budget from the beginning of the consolidation of information technology personnel resources through the full implementation of the personnel consolidation.

<b>Office of Information Technology - Appropriation Change from FY 2008-09 through FY 2014-15</b>							
	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
FTE	227.3	218.8	898.8	902.8	897.5	920.0	925.9
Change	n/a	(3.7%)	310.8%	0.4%	(0.6%)	2.5%	0.6%
Appropriation	\$46,808,750	\$44,974,711	\$121,981,006	\$125,669,817	\$136,339,882	\$151,424,250	\$186,446,064
Change	n/a	(3.9%)	171.2%	3.0%	8.5%	11.1%	23.1%



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**Summary: FY 2014-15 Appropriation & FY 2015-16 Request**

<b>Governor - Lieutenant Governor - State Planning and Budgeting</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
H.B. 14-1336 (Long Bill)	\$276,156,502	\$31,523,647	\$41,178,760	\$197,025,868	\$6,428,227	1,068.6
Other legislation	<u>8,787,156</u>	<u>2,842,883</u>	<u>446,858</u>	<u>5,497,415</u>	<u>0</u>	<u>3.0</u>
<b>TOTAL</b>	<b>\$284,943,658</b>	<b>\$34,366,530</b>	<b>\$41,625,618</b>	<b>\$202,523,283</b>	<b>\$6,428,227</b>	<b>1,071.6</b>
<b>FY 2015-16 Requested Appropriation</b>						
FY 2014-15 Appropriation	\$284,943,658	\$34,366,530	\$41,625,618	\$202,523,283	\$6,428,227	1,071.6
<u>Office of State Planning and Budgeting</u>						
OSPBR1 Ongoing staffing for Results First and performance planning	157,800	157,800	0	0	0	2.0
<u>Office of Economic Development and International Trade</u>						
OEDIT R1 Competitive intelligence and marketing plan	1,600,000	1,600,000	0	0	0	1.0
OEDIT R2 Colorado Tourism Office	3,000,000	3,000,000	0	0	0	0.0
OEDIT R3 Aerospace and defense industry champion	298,393	298,393	0	0	0	1.0
OEDIT R4 Colorado FIRST and Existing Industry Program	1,774,978	1,774,978	0	0	0	0.0
OEDIT R5 Colorado Credit Reserve	400,000	400,000	0	0	0	0.0
OEDIT R6 Film incentive rebate program	5,000,000	5,000,000	0	0	0	0.0
OEDIT R7 Leading Edge Program	25,000	25,000	0	0	0	0.0
<u>Office of Information Technology</u>						
OIT R1 IT infrastructure refresh	3,407,200	3,407,200	0	0	0	0.0
OIT R2 Systems infrastructure staff	796,726	796,726	0	0	0	7.3
OIT R3 Active directory consolidation	606,956	606,956	0	0	0	0.0
OIT R4 Enterprise wireless	300,000	300,000	0	0	0	0.0
OIT R5 Elevation data acquisition and comprehensive GIS coordination	2,574,716	2,574,716	0	0	0	3.7
OIT R6 CDPHE network infrastructure	508,200	0	0	508,200	0	0.0
OIT R7 Colorado Information Marketplace	65,000	65,000	0	0	0	0.0
OIT R8 Data governance and analytics planning	226,800	226,800	0	0	0	0.0

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<b>Governor - Lieutenant Governor - State Planning and Budgeting</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<u>Base Changes</u>						
Centrally appropriated line items	5,219,153	402,660	464,845	4,331,366	20,282	0.0
NPI Fleet adjustment	7,155	0	0	7,155	0	0.0
Annualize prior year funding	(49,353,375)	(4,812,134)	(972)	(44,540,337)	68	0.8
Annualize prior year legislation	<u>(1,404,500)</u>	<u>743,397</u>	<u>(203,806)</u>	<u>(1,944,091)</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$260,153,860</b>	<b>\$50,934,022</b>	<b>\$41,885,685</b>	<b>\$160,885,576</b>	<b>\$6,448,577</b>	<b>1,087.9</b>
<b>Increase/(Decrease)</b>	(\$24,789,798)	\$16,567,492	\$260,067	(\$41,637,707)	\$20,350	16.3
Percentage Change	(8.7%)	48.2%	0.6%	(20.6%)	0.3%	1.5%

Office of State Planning and Budgeting

**OSPB R1 Ongoing staffing for Results First and performance planning:** The request seeks \$157,800 General Fund and 2.0 FTE for FY 2015-16 to continue funding for two staff currently working on the Pew-MacArthur Results First Initiative. For FY 2014-15, there are two positions housed in the Office of State Planning and Budgeting that are responsible for the implementation of this Statewide initiative. The funding for FY 2014-15 is provided jointly by the executive and legislative branches. The goal of the project is to implement cost-benefit analysis tools to assist in analyzing programmatic funding. The requested increase is ongoing in future years at an increased level of \$158,835 General Fund beginning in FY 2016-17.

Office of Economic Development and International Trade

**OEDIT R1 Competitive intelligence and marketing plan:** The request includes an increase of \$1,600,000 General Fund and 1.0 FTE for FY 2015-16 to enhance the agency’s ability to target businesses and markets to recruit to the state. The proposal includes three components: hiring a marketing officer dedicated to marketing Colorado to businesses worldwide and recruiting them to move to Colorado, hiring a contract employee to be a data analyst for the marketing officer to aide in formulating a marketing plan for the state, and procuring analytical tools and database subscriptions to better mine prospect data. The requested increase is ongoing in future years. *For more information on this request, see staff’s briefing issue in this document entitled “Economic Development Funding Requests.”*

**OEDIT R2 Colorado Tourism Office:** The request seeks \$3,000,000 General Fund for FY 2015-16 to market Colorado to a wider audience in an effort to increase the number of visitors to the state. Specifically, the proposal calls for funds to buy additional television and digital ads in primary markets, to buy ads in national magazines, to expand the Office’s agrotourism program, and to gain access to new international markets. The requested increase is ongoing in future years. *For more information on this request, see staff’s briefing issue in this document entitled “Economic Development Funding Requests.”*

**OEDIT R3 Aerospace and defense industry champion:** The request includes an increase of \$298,393 General Fund and 1.0 FTE for FY 2015-16 to oversee the implementation of the state’s aerospace strategic plan and develop and align strategies for the state’s military bases, including Base Realignment and Closure (BRAC) activities. The FY 2014-15 appropriation includes one-time funding for these activities. This request seeks to make this funding ongoing beginning with FY 2015-16. The requested increase is ongoing in future years at least through FY 2016-17. *For more information on this request, see staff’s briefing issue in this document entitled “Economic Development Funding Requests.”*

**OEDIT R4 Colorado FIRST and Existing Industry Program:** The request seeks to add \$1,774,978 General Fund for FY 2015-16 to increase funding for the Colorado FIRST and Existing Industry Program from \$2.7 million to \$4.5 million. The moneys are reappropriated to the Department of Higher Education for allocation to the State’s community colleges. The Program provides grants to companies locating or expanding operations in Colorado to pay costs associated with job training. The requested increase is ongoing in future years. *For more information on this request, see staff’s briefing issue in this document entitled “Economic Development Funding Requests.”*

**OEDIT R5 Colorado Credit Reserve:** The request includes an increase of \$400,000 General Fund for FY 2015-16 to maintain the existing Colorado Credit Reserve Program that is administered by the Colorado Housing and Financing Authority (CHFA). Senate Bill 09-067 (Colorado Credit Reserve Program) appropriated \$2.5 million General Fund to the Office to fund the initiative for five years (\$500,000 per year). This appropriation has been fully expended. The anticipated funding would be used by CHFA to provide lenders with an incentive to provide working capital to Colorado businesses. The requested increase is ongoing in future years. *For more information on this request, see staff’s briefing issue in this document entitled “Economic Development Funding Requests.”*

**OEDIT R6 Film incentive rebate program:** The request seeks funding in the amount of \$5,000,000 General Fund for FY 2015-16 to continue the Colorado Office of Film, Television, and Media’s 20.0 percent rebate for production related expenses incurred in Colorado, subject to approval from the Economic Development Commission. The requested funding level equals the current FY 2014-15 appropriation for this purpose. The requested increase is for one-time moneys. *For more information on this request, see staff’s briefing issue in this document entitled “Economic Development Funding Requests.”*

**OEDIT R7 Leading Edge Program:** The request includes an increase of \$25,000 General Fund for FY 2015-16 to increase business training opportunities administered via the Office’s Leading Edge Program through the state’s Small Business Development Centers. The funding would be used to increase the number of programmatic opportunities available across the state. The opportunities consist of comprehensive training on how to start and operate a small business. The requested increase is ongoing in future years.

Office of Information Technology

**OIT R1 IT infrastructure refresh:** The request seeks \$3,407,200 General Fund for FY 2015-16 to implement a standardized refresh (replacement) cycle for network, systems, and voice infrastructure. Network infrastructure consists of routers and switches, while systems infrastructure consists of physical servers, hosting storage, shared storage, and backup systems. Voice systems include newer Voice over IP (VoIP) technologies and Managed IP Communications (MIPC). The requested increase is ongoing in future years at a lesser level of \$3,172,200 General Fund beginning in FY 2016-17. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R2 Systems infrastructure staff:** The request includes an increase \$796,726 General Fund and 7.3 FTE for FY 2015-16 for the enterprise server unit to provide enhanced operational support to agencies. The anticipated moneys are to be used to supplement the Office's staffing in the areas of physical server support, central virtual server support, and infrastructure administration support. The requested increase is ongoing in future years at a greater level of \$827,318 General Fund and 8.0 FTE beginning in FY 2016-17. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R3 Active directory consolidation:** The request seeks \$606,956 General Fund for FY 2015-16 to consolidate the systems that are used to authenticate and authorize all users and computers in a network. The underlying system, known as an Active Directory, is used by the Office to assign and enforce security policies for all computers, install or update software, determine login settings, and grant permissions for access to resources (e.g. printers). The funding sought would be used to consolidate the disparate systems used for this purpose by 13 executive branch agencies. The requested increase is ongoing in future years at an annually decreasing level until it reaches \$193,960 General Fund for FY 2017-18 and beyond. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R4 Enterprise wireless:** The request includes an increase of \$300,000 General Fund for FY 2015-16 for the operating, maintenance, and licensing expenses associated with moving all State agency wireless access points to one wireless controller managed by the Office. The goals of the initiative include providing wireless access to employees across multiple locations, allowing and controlling vendor and partner wireless access, and managing guest access at appropriate locations. The requested increase is ongoing in future years at a lesser level of \$72,000 General Fund beginning in FY 2016-17. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R5 Elevation data acquisition and comprehensive GIS coordination:** The request seeks \$2,574,716 General Fund and 3.7 FTE for FY 2015-16 to acquire digital elevation data and hire additional staff to coordinate statewide geographic information systems (GIS) activities. The goal of the proposal is to provide the state with baseline elevation data for modeling various

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incidents (e.g. floods) and the staffing resources needed to comprehensively organize and provide access to geographic information created and maintained by various entities. The requested increase is ongoing in future years at a lesser level of \$456,858 General Fund and 4.0 FTE beginning in FY 2016-17. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R6 CDPHE network infrastructure:** The request includes an increase of \$508,200 in reappropriated funds transferred from the Department of Public Health and Environment (CDPHE) for FY 2015-16 to enhance network connectivity between the State's data center (E-Fort) and the Department. The proposal calls for CDPHE using moneys from departmental indirect costs recoveries to pay for the transition from a 300 megabyte to 10 gigabyte connection to E-Fort. The requested increase is ongoing in future years at a lesser level of \$268,200 reappropriated funds beginning in FY 2016-17. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R7 Colorado Information Marketplace:** The request seeks \$65,000 General Fund for FY 2015-16 to fund the website subscription service that supports the Colorado Information Marketplace. The subscription covers services related to a data repository, data sharing, charting capabilities, mapping capabilities, and interfaces for entities to create mobile applications using public information. The website was created in 2012, and has relied on inconsistent funding from the Department of Education and other sources. The request asks for a consistent funding source for this purpose. The requested increase is ongoing in future years. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

**OIT R8 Data governance and analytics planning:** The request includes an increase of \$226,800 General Fund for FY 2015-16 to hire a private vendor to facilitate the creation of a data governance model. The anticipated funding would be used for a study recommending whether a service that provides a central repository for analysis across departments is feasible, and if so what it would entail, what the optimal configuration would be, and where it would fit best structurally within the State. The current process is to create an independent data sharing infrastructure with interfaces requiring initial investment and ongoing maintenance. The requested increase is for one-time moneys. *For more information on this request, see staff's briefing issue in this document entitled "New Information Technology Funding Requests (Operating/Capital)."*

Base Changes

**Centrally appropriated line items:** 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. *With the exception of the Payments to OIT line item, all of these requests will be addressed in a separate*

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*staff briefing presented by Alfredo Kemm for the Department of Personnel on Wednesday, December 3<sup>rd</sup>. The Payments to OIT request is addressed in a briefing issue in this document entitled “Statewide Information Technology Base Budget Request.”*

**NPI Fleet adjustment:** The request includes the annual fleet vehicle change from the Department of Personnel. *This request item will be addressed in a separate staff briefing presented by Alfredo Kemm for the Department of Personnel on Wednesday, December 3<sup>rd</sup>.*

**Annualize prior year funding:** The request includes adjustments related to prior year budget actions. The reduction in funding is primarily driven by the anticipated conclusion of the Colorado Benefits Management System (CBMS) modernization (phase II) project and the one-time nature of FY 2014-15 funding increases in the Office of Economic Development and International Trade.

**Annualize prior year legislation:** The request includes adjustments related to prior year legislation. The reduction in funding is primarily driven by the anticipated conclusion of several information technology initiatives performed by the Office of Information Technology and funded by the Departments of Human Services and Revenue.

## **Issue: Economic Development Funding Requests**

The FY 2015-16 budget request for the Office of Economic Development and International Trade seeks an increase of \$8.0 million General Fund and 2.7 FTE for business marketing, tourism promotion, aerospace industry advancement, job training, lending assistance, and film incentives.

### **SUMMARY:**

- The Colorado Office of Economic Development and International Trade (OEDIT) is tasked with assisting in creating a positive business climate, encouraging economic development, and building sustainable job growth across the state; and
- OEDIT's FY 2015-16 budget request seeks an increase of \$1.6 million General Fund and 1.0 FTE for business marketing, \$3.0 million General Fund for tourism promotion, \$0.3 million General Fund and 1.0 FTE for aerospace industry advancement, \$1.8 million General Fund for job training, \$0.4 million General Fund for lending assistance, and \$5.0 million for film incentives.

### **DISCUSSION:**

#### ***Background***

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

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

#### ***Proposal One – Competitive intelligence and marketing plan***

OEDIT uses tax credits, funding, training grants, and a plethora of other statutorily authorized tools to market Colorado to businesses seeking to change locations or grow activities in the state. The Office indicates that its Corporate Development team must be more systematic and data driven in how it recruits, retains, and promotes the growth of companies using the available tools. The lack of necessary data, which informs a strategic marketing plan and its associated

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implementation, limits the agency’s ability to target companies in a more efficient and effective manner.

OEDIT’s proposal calls for new resources to develop and implement a strategic business marketing program. The funding will also be used to collect and analyze the data and information necessary to develop such a plan. Specifically, the Office requests an increase of \$1.6 million and 1.0 FTE for the following:

- Hiring a Chief Marketing Officer to market the state to businesses and help OEDIT’s Corporate Development team and regional partners in recruiting businesses to move to Colorado;
- Hiring a contract data analyst or economist to help the Chief Marketing Officer in developing a strategic marketing plan for the state focused on business recruitment, retention, and growth of companies; and
- Procuring and developing analytic tools, database subscriptions, and marketing materials to implement the strategic marketing plan.

<b>Proposal One – Competitive intelligence and marketing plan</b>	
<b>Request Component</b>	<b>Request Cost</b>
Chief Marketing Officer (1.0 FTE)	\$152,491
Contract Data Analyst	65,000
Analytic Tools, Database Subscriptions, Consulting, and Contract Costs	1,382,509
<b>Total</b>	<b>\$1,600,000</b>

**Staff recommends the following:**

- Reject the Office’s request to hire a Chief Marketing Officer and contract employee to analyze data. In addition to a leadership structure that includes an Executive Director and Special Projects Manager, OEDIT currently employs the following positions within its Corporate Development team (note, this list does not include the nine positions within its Business Funding and Incentives team):
  - Director, Corporate Development
  - Corporate Development Manager
  - Senior Corporate Development Manager
  - Business Development Field Representative
  - Health and Wellness Champion and Senior Regional Manager for Regional Development
  - Regional Development
  - Aerospace and Defense Industry Champion
  - Senior Manager - Advanced Industries
  - Advanced Industries Grant Coordinator
  - Business Development Specialist

It is staff’s opinion that the combination of the number of and type of positions currently on staff at OEDIT is ample for accomplishing the tasks associated with the Chief Marketing



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Officer and Data Analyst's positional duties, as described in the agency's request. Additionally, employees in the Office are not in the classified system, providing OEDIT with greater flexibility to restructure existing positions and skills to meet evolving needs.

- Tentatively approve OEDIT's request to procure and develop data and analytical tools to inform the development of a strategic marketing plan. Data subscriptions and enhanced analytical tools are required to guide the targeting strategy and activities conducted by the agency's employees in a way that maximizes the return on the State's investment in personnel, as well as the State's investment in financial incentives.

Staff also recommends that the Committee work with OEDIT during the hearing and figure setting process to more accurately identify the costs associated with procuring and developing data and analytical tools. The current proposal indicates the agency is still collecting information on the cost of analytic tools and database subscriptions. It is feasible that the actual costs will allow for a reduction in the General Fund amount requested.

- Remain neutral on providing funds for consulting and contracting services to be used in the creation and execution of a data-driven strategic marketing plan until the Committee is satisfied that these types of services are beyond the scope of what can be accomplished using existing staffing resources.
- Reject the agency's request for a like amount of funding in ongoing fiscal years (\$1.6 million General Fund). Staff is skeptical that the same amount of moneys will be needed in out years after the initial start-up consulting and contracting services are procured and obtained in FY 2015-16.

***Proposal Two – Colorado Tourism Office***

The Colorado Tourism Office (CTO) promotes Colorado as a tourism destination to potential tourists through domestic and international advertising, a marketing and public relations campaign, the Official State Vacation Guide and Official State Map, [www.Colorado.com](http://www.Colorado.com) and by providing traveler services at state Welcome Centers. The agency is steered by a 15-member board of directors from hotel, restaurant, attraction, and other tourism related businesses, as well as several members of the General Assembly.

State funding appropriated to the agency to accomplish its purposes is derived from General Fund and cash funds from limited gaming tax revenue. The FY 2014-15 appropriation to CTO equaled \$17.0 million total funds (\$15.0 million cash funds and \$2.0 million General Fund). The cash funds level of \$15.0 million is set in statute, while the level of General Fund appropriated to the agency fluctuates year-to-year based on the discretion of the General Assembly. For FY 2015-16, CTO is requesting a continuation of the \$2.0 million General Fund appropriated for tourism promotion in FY 2013-14 and FY 2014-15 and an increase of \$3.0 million General Fund (total of \$5.0 General Fund requested for FY 2015-16).

The requested increase would be used for the following:

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<b>Proposal One – Competitive intelligence and marketing plan</b>	
<b>Request Component</b>	<b>Request Cost</b>
Expand "Come to Life" Campaign	\$2,150,000
Promote Colorado Abroad	500,000
Agrotourism Initiative	350,000
<b>Total</b>	<b>\$3,000,000</b>

- Expand the “Come to Life” campaign – moneys would be used to expand domestic market support, increase ad aware households using request for information television (an interactive prompt or “overlay” on a :30 or :60 TV spot that allows viewers to request additional information by pressing “OK“ on their remote controls) and addressable television (enables advertisers to selectively segment TV audiences and serve different ads or groups of ads within a common program or navigation screen), and refresh and expand the current pool of television commercials, digital advertising, and content assets.
- Promote Colorado Abroad – moneys would be used to increase the State’s spend on international tourism marketing from \$222,000 in FY 2014-15 to \$722,000 for FY 2015-16. Areas of focus for these initiatives would be the Americas (Brazil and Latin America), Asia-Pacific (China, Singapore, South Korea, Australia, and New Zealand), and Europe and the Middle East (Italy, Netherlands, Nordic countries, and the United Arab Emirates).
- Agrotourism Initiative – moneys would be used to increase the State’s investment in agrotourism (an agriculturally-based operation or activity that brings visitors to a farm or ranch) promotion from \$350,000 in FY 2014-15 to \$700,000 for FY 2015-16. It is anticipated that investments would be made in marketing activities (both national and international) to raise awareness of the agrotourism opportunities that exist in the state.

**Staff recommends that the Committee remain neutral on this request until data on return on investment (ROI) for tourism promotion can be better understood.** Staff has reviewed the ROI figures provided by the Tourism Office, and is aware that a consultant to the agency, Strategic Marketing and Research, Inc., calculates the return of investment on the State’s flagship marketing campaign, “Come to Life,” at \$228 per dollar spent on marketing in 2012 and \$334 per dollar spent on marketing in 2013. It is also known that Colorado attracted 31 million visitors in 2013, an increase of more than five percent over 2012 visitor numbers. The increase certainly boosted the State’s ROI figures, however staff is unclear on whether the State’s investment played a larger role than (or complementary role to) the ongoing economic recovery in increasing the number of visitors to Colorado.

***Proposal Three – Aerospace and defense industry champion***

The Colorado Blueprint identifies aerospace as one of the state’s 14 key industries for the purposes of creating an industry strategic growth plan. The Brookings Institution and OEDIT partnered together to create a foundation-level strategic plan to support the aerospace industry in Colorado. This, coupled with OEDIT’s traditional strategic planning processes, highlighted a need for a single industry voice to champion the Colorado aerospace industry and build networks to unite the various industry network groups. Additionally, a need existed for an individual to work with the state’s military bases, including efforts involving Base Realignment and Closure

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(BRAC) activities. As a result, the agency received an appropriation of \$175,000 General Fund for FY 2013-14 to hire Major General Jay H. Lindell as Colorado’s Aerospace and Defense Industry Champion. The funding was increased to \$300,000 General Fund for FY 2014-15 as a one-time appropriation. For FY 2015-16, OEDIT requests a near continuation level of funding of \$298,393 General Fund and 1.0 FTE.

**Staff recommends funding this position for FY 2015-16.** The Office is in the process of developing and implementing the State’s strategic plans for both aerospace industry development and BRAC activities. If the Office does not receive continued funding for these purposes, the State will get only limited benefit from its prior year investment of funds.

***Proposal Four – Colorado FIRST and Existing Industry Program***

The Colorado FIRST and Existing Industry grants are jointly administered by OEDIT and the Colorado Community College System to provide matching funds to employers to train their employees in skills that increase productivity and promote employment. Colorado FIRST grants are for companies that are relocating to or expanding in Colorado, and provide funds only to net new hires. Existing Industry grants focus on providing assistance to established Colorado companies in order to remain competitive within their industry, adapt to new technology and prevent layoffs. The programs increase transferable job skills that support both the company’s economic competitiveness and enhance worker’s resumes and long-term employment opportunities.

OEDIT indicates that the Colorado FIRST and Existing Industry has experienced more qualifying applications than it can fulfill each year within existing appropriations (\$2.7 million General Fund from FY 1996-97 through FY 2014-15).

<b>Colorado FIRST and Existing Industry Grants</b>			
	<b>Trainees</b>		
<b>Year</b>	<b>Applicants</b>	<b>Approved</b>	<b>Difference</b>
2011	9,764	6,965	2,799
2012	5,179	3,985	1,194
2013	6,418	5,087	1,331
2014	7,108	5,587	1,521
<b>Totals</b>	<b>28,469</b>	<b>21,624</b>	<b>6,845</b>

The Office indicates the additional funding will provide training opportunities for 1,458 workers per year at a rate of \$1,200 per employee (up from \$800 per employee under current program rules). The increased grant per employee is sought to remain competitive with neighboring states, such as New Mexico, offering comparable training opportunities to employees at a higher rate per employee.

**Staff recommends that the Committee remain neutral on this request until OEDIT and the community colleges can provide data illustrating that companies and employees receiving grant moneys for this purpose remain in Colorado for a reasonable period of time to warrant the investment in what is traditionally an investment borne by a private sector company as a cost of doing business.**

***Proposal Five – Colorado Credit Reserve***

The Colorado Credit Reserve Program increases the availability of credit to small businesses in Colorado by establishing a pooled loan-loss reserve fund that banks or sponsored lending entities may access to recover losses associated with loans registered with the program. The loans registered with the program are generally issued to small businesses to assist in situations where the credit rationing is occurring in this market. OEDIT works with the Colorado Housing and Finance Authority (CHFA) to administer this program.

OEDIT claims that credit enhancement tools, like Colorado Credit Reserve, can help incentivize lenders to provide more capital. By reducing the expected losses from loan defaults, these programs increase lender returns at a given interest rate structure, causing lenders to provide more capital to smaller businesses. This public private partnership encourages banks to extend credit to Colorado small businesses that may not qualify under normal bank standards by offering small amounts of public matching funds to help cover any losses associated with loans registered in the program.

Senate Bill 09-067 (Colorado Credit Reserve Program) appropriated \$2.5 million General Fund to the Office to fund the initiative for five years (\$500,000 per year). This appropriation has been fully expended. The moneys have been dispersed to participating lenders' credit reserve pools. As of July 30, 2014, 21 lenders have registered 1,149 loans with the program, providing a total of \$43.9 million in private sector loans to Colorado small businesses as part of the program. For FY 2015-16, OEDIT requests an appropriation of \$400,000 General Fund to continue the program in conjunction with CHFA.

**Staff recommends that the Committee remain neutral on providing funds for the Colorado Credit Reserve program** until it determines that the program meets a need in financing for small businesses that can only be filled with the investment of government funding rather than traditional private sector lending practices. It is unclear to staff how a relatively small amount of government moneys (\$400,000 General Fund per year, as requested) can provide more certainty to a lender to disburse funding to small businesses than if the funding was not in place. Staff is concerned that the State's intervention into this market may cause lenders to take on riskier loans at the expense of taxpayers (via General Fund) if the business is unable to fulfill their obligations.

***Proposal Six – Film incentive rebate program***

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

For FY 2013-14, the Office of Film, Television, and Media received an appropriation of \$500,000 cash funds from limited gaming tax revenue and \$800,000 General Fund. The cash funds level of \$500,000 is set in statute (most recently amended via S.B. 13-133), while the level

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of General Fund appropriated to the agency fluctuates year-to-year based on the discretion of the General Assembly. For FY 2014-15, the legislature appropriated \$5.0 million General Fund for film incentives.

The Office's FY 2015-16 request seeks a one-time increase of \$5,000,000 General Fund (equaling the FY 2014-15 appropriation of General Fund moneys), in addition to the \$500,000 cash funds from limited gaming tax revenue. **Staff recommends that the Committee reject the Office's request and instead return the agency to its FY 2013-14 level appropriation (\$800,000 General Fund and \$500,000 cash funds) for FY 2015-16.**

It is staff's opinion that the agency has been successful in implementing a program that provides financial incentives to companies for performing portions (or all) of production activities in Colorado. The agency reports that:

*“Since the beginning of last fiscal year (starting July 1, 2013) through the present, 24 projects have been approved. These 24 projects will bring over \$31.0 million to Colorado and create 615 full-time jobs. Using the multiplier effect developed by the University of Colorado Leeds School of Business, as much as \$60.0 million could be spent and 935 jobs created.”*

However, it is also staff's opinion that this FY 2015-16 request exemplifies the concept of the “race to the bottom” that occurs when government entities compete with each other to provide state revenue-supported incentives to private businesses at the expense of core governmental functions.

The request represents the State's effort to keep pace with states like New Mexico and Michigan, that offer up to \$50 million of incentives, or states like Georgia and North Carolina, that do not have a cap on the amount of incentives offered each year. It is staff's opinion that the comparatively meager investment made by Colorado, in comparison to other states, coupled with the crowded field of states providing incentives for film production, indicates that Colorado should not compete in this industry by expending more moneys. If an expansion of this program is funded, the appetite for financial incentives will not subside (nor will other states' appetites for providing them), forcing the State to continually invest more and more State revenue to keep the program viable. Each dollar spent on providing financial incentives results in less funding available for education, public safety, public welfare safety nets for vulnerable citizens, and infrastructure, eventually resulting in deficiencies in these core programs.

## **Issue: 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 2015-16 base budget (does not include new funding requests) request includes \$114.6 million billed to State agencies for a variety of services.

### **SUMMARY:**

- Services offered by OIT to State agencies have a mixture of costs (e.g. operating expenses, depreciation of assets, personal services, and overhead) associated with the service delivery. The costs are allocated to agencies based on the level of service consumed;
- For FY 2015-16, OIT requests \$114.6 million from State agencies for base-level services (does not include new funding requests) provided. Agencies request General Fund appropriations of \$46.7 million of the total \$114.6 million sought; and
- The FY 2015-16 request for base-level services represents a 10.0 percent increase compared to FY 2014-15. The change is due to a variety of factors, including increases in centrally appropriated costs (salary survey and merit pay), increases in server storage and hosting costs, and an increase in public safety radio network costs due to prior year decision items.

### **DISCUSSION:**

The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis, with OIT acting as a vendor to State agencies. Each service offered by OIT to agencies has a mixture of costs associated with its delivery. These costs include personal services and operating expenses (including central appropriations such as workers' compensation, risk management, leased space, and health/life/dental insurance), depreciation, strategy development and management, overhead, and OIT's use of OIT resources in the delivery of services to agencies. For FY 2015-16, the Office requests base funding for these items across 31 service categories. The following table summarizes the request for \$113.2 million for FY 2015-16 to cover costs across these categories. Note, this number does not align with the \$114.6 million cost figure discussed above. This gap will be discussed later in this briefing issue.

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<b>FY 2015-16 Requested OIT Recoverable Costs by Service Category</b>							
<b>Service Name</b>	<b>Operating Expenses</b>	<b>Personal Services</b>	<b>Depreciation</b>	<b>Service Strategy and Management</b>	<b>FY 2015-16 Overhead</b>	<b>OIT Services Use of OIT Services</b>	<b>FY 2015-16 Request</b>
Mainframe Computing	\$2,349,681	\$1,992,207	\$1,500	\$440,224	\$538,059	\$82,719	<b>\$5,404,390</b>
ADABAS	1,519,098	294,693	0	183,837	224,692	0	<b>2,222,320</b>
Middleware	74,600	0	0	7,561	9,241	0	<b>91,403</b>
Enterprise Data Center Housing	2,304,971	680,399	74,043	58,423	379,000	0	<b>3,496,837</b>
Server Hosting	1,408,759	5,292,159	72,133	540,287	839,045	1,177,878	<b>9,330,262</b>
MF Disk Storage	5,100	0	0	517	632	69,917	<b>76,166</b>
MF Virtual Tape Storage (VTS)	206,293	0	0	20,909	25,556	23,634	<b>276,391</b>
Server Storage	517,910	0	3,158	41,566	64,550	91,581	<b>718,765</b>
Enterprise Email	1,369,000	277,257	0	131,947	203,938	0	<b>1,982,142</b>
Google - Encryption	278,400	0	0	21,061	0	0	<b>299,461</b>
Google - Archive	50,000	0	0	3,782	0	0	<b>53,782</b>
Enterprise Service Desk	88,238	3,661,091	0	159,955	464,467	11,817	<b>4,385,568</b>
Enterprise Deskside Support	0	9,252,158	0	394,718	1,146,157	0	<b>10,793,033</b>
DBA Services	0	1,813,236	0	34,626	224,624	0	<b>2,072,486</b>
Enterprise KRONOS	116,071	0	0	9,037	14,379	0	<b>139,487</b>
CORE (alias COFRS & FDW)	89,897	344,465	0	33,818	53,809	0	<b>521,989</b>
CPPS & HRDW	406,553	1,379,145	0	139,029	221,212	628,397	<b>2,774,336</b>
Electronic Data Warehouse (EDW)	65,000	73,917	0	10,816	17,209	23,634	<b>190,575</b>
Contract Mgmt System (CMS)	54,548	0	47,174	7,920	12,601	0	<b>122,242</b>
Agency LOB Applications	513,105	28,792,830	0	878,591	3,630,417	0	<b>33,814,942</b>
Colorado State Network (CSN)	6,016,138	0	0	0	0	269,821	<b>6,285,958</b>
CSN CORE	2,345,705	3,552,321	0	999,489	730,647	416,221	<b>8,044,382</b>
Security - Access Control	0	1,018,940	0	160,724	126,226	0	<b>1,305,890</b>
Security - Governance & Compliance	0	591,311	242,019	131,447	103,233	402,372	<b>1,470,382</b>
Security - Operations	154,030	1,264,018	0	223,678	175,668	0	<b>1,817,394</b>
Secure Colo - Phase I	1,075,700	0	0	0	0	0	<b>1,075,700</b>
DTR/Public Safety Network	2,013,440	4,185,258	123,171	1,071,314	783,153	23,634	<b>8,199,970</b>
EPPMO Services	0	1,681,462	0	97,571	208,299	0	<b>1,987,332</b>
IT Directors	0	1,769,068	0	102,654	219,152	0	<b>2,090,874</b>
Portfolio Mgmt Services	0	1,530,400	0	88,805	189,586	0	<b>1,808,791</b>
Project Coordinators	0	315,544	0	18,310	39,090	0	<b>372,944</b>
<b>Total</b>	<b>\$23,022,237</b>	<b>\$69,761,879</b>	<b>\$563,198</b>	<b>\$6,012,616</b>	<b>\$10,644,642</b>	<b>\$3,221,625</b>	<b>\$113,226,194</b>

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The following table compares the FY 2015-16 request to the FY 2014-15 appropriation across the 31 service categories, including a brief note describing how the request differs from the current appropriation. In summary, the major changes include:

- Centrally appropriated costs (e.g. health, life, and dental insurance, PERA contributions, salary survey, and merit pay) increased by \$4.7 million;
- Server storage and hosting costs increased \$3.3 million as a result of investments in personal services and infrastructure capacity to meet increasing demand;
- Digital Trunked Radio System (DTRS) costs increased \$2.3 million due to a \$1.1 million investment in the infrastructure (prior year decision item) and a reallocation from other services of associated overhead costs based on the weighted average methodology; and
- Mainframe costs decreased by \$0.5 million due to a decrease in usage.

<b>Comparison of 2015-16 Requested Service Category Costs and FY 2014-15 Service Category Costs</b>			
<b>Service</b>	<b>FY 2015-16</b>	<b>Change</b>	<b>Notes</b>
Mainframe Computing	\$5,404,390	(\$539,330)	Decrease in usage
ADABAS	2,222,320	(232,655)	Renegotiation of maintenance contract
Middleware	91,403	(11,581)	Decrease in maintenance costs
Enterprise Data Center Housing	3,496,837	106,534	Increase in contract and personnel
Server Hosting	9,330,262	3,082,462	Increase in personnel and hosted services
MF Disk Storage	76,166	41,867	Increase in refresh costs
MF Virtual Tape Storage (VTS)	276,391	73,012	Increase in lease renewal costs
Server Storage	718,765	210,021	Increase in storage demand
Enterprise Email	1,982,142	(6,980)	Collection of small adjustments
Google - Encryption	299,461	17,558	Collection of small adjustments
Google - Archive	53,782	(98,105)	Reduced demand for service
Enterprise Service Desk	4,385,568	(1,286,286)	Decrease due to personnel service category reallocation
Enterprise Deskside Support	10,793,033	170,314	Increase in personnel costs
DBA Services	2,072,486	2,072,486	Service reallocation into a new category
Enterprise KRONOS	139,487	(23,201)	Collection of small adjustments
CORE (alias COFRS & FDW)	521,989	(911,487)	A portion of CORE costs are transferred to Personnel
CPPS & HRDW	2,774,336	930,191	Increased investment
Electronic Data Warehouse (EDW)	190,575	(38,142)	Collection of small adjustments
Contract Mgmt System (CMS)	122,242	(11,596)	Collection of small adjustments
Agency LOB Applications	33,814,942	(3,863,731)	Decrease due to service category reallocation
Colorado State Network (CSN)	6,285,958	269,818	Collection of small adjustments
CSN CORE	8,044,382	(1,858,124)	Decrease due to service category reallocation
Security - Access Control	1,305,890	1,305,890	Service reallocation into a new category
Security - Governance & Compliance	1,470,382	1,470,382	Service reallocation into a new category
Security - Operations	1,817,394	1,817,394	Service reallocation into a new category
Secure Colo - Phase I	1,075,700	0	No change
DTR/Public Safety Network	8,199,970	2,296,270	Increase due to FY 2014-15 decision items
EPPMO Services	1,987,332	1,047,443	Increase in project mgmt resources from other categories
IT Directors	2,090,874	2,090,874	Service reallocation into a new category
Portfolio Mgmt Services	1,808,791	1,808,791	Service reallocation into a new category
Project Coordinators	372,944	372,944	Service reallocation into a new category
<b>Total</b>	<b>\$113,226,194</b>	<b>\$10,303,033</b>	



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The expenses shown above are billed out to State agencies to cover the costs. A unit of measurement (e.g. transactions per month) is selected to gauge usage so that the costs can be allocated to State agencies based on projected consumption. Consumption multiplied by the rate equals the funding level an agency must receive and transfer to OIT to receive services from the various categories.

<b>FY 2015-16 Requested OIT Service Rates by Service Category</b>				
<b>Service Name</b>	<b>Utilization Criteria</b>	<b>FY 2015-16 Recoverable Costs</b>	<b>FY 2015-16 Utilization</b>	<b>FY 2015-16 Service Rate</b>
Mainframe Computing	per service unit (in 1000's)	\$5,404,390	54,170,269	\$0.1
ADABAS	per service unit (in 1000's)	2,222,320	59,977,788	0.0
Middleware	per transaction per month	91,403	15,537,480	0.0
Enterprise Data Center Housing	per rack equivalent per month	3,496,837	3,551	984.7
Server Hosting	VM instance per month	9,330,262	32,568	286.5
MF Disk Storage	per MB per day	76,166	606,790,138	0.0
MF Virtual Tape Storage (VTS)	per tape per day	276,391	2,448,504	0.1
Server Storage	GB per month	718,765	21,206,556	0.0
Enterprise Email	per mailbox per month	1,982,142	319,344	6.2
Google - Encryption	Per Mailbox per month	299,461	68,328	4.4
Google - Archive	Per Mailbox per month	53,782	75,960	0.7
Enterprise Service Desk	per FTE per month	4,385,568	284,953	15.4
Enterprise Deskside Support	per FTE per month	10,793,033	284,953	37.9
DBA Services	per Hour	2,072,486	26,316	78.8
Enterprise KRONOS	licenses per month	139,487	84,084	1.7
CORE (alias COFRS & FDW)	Records created per month	521,989	1.0	521,988.6
CPPS & HRDW	Advise + warrants per month	2,774,336	450,996	6.2
Electronic Data Warehouse (EDW)	GB per month	190,575	62,348	3.1
Contract Mgmt System (CMS)	per contract per month	122,242	773,052	0.2
Agency LOB Applications	per Hour	33,814,942	424,102	79.7
Colorado State Network (CSN)	per of circuit per month	6,285,958	5,531,068	1.1
CSN CORE	per FTE per month	8,044,382	349,654	23.0
Security - Access Control	per FTE per month	1,305,890	349,654	3.7
Security - Governance & Compliance	per FTE per month	1,470,382	349,654	4.2
Security - Operations	per FTE per month	1,817,394	349,654	5.2
Secure Colo - Phase I	n/a	1,075,700	349,654	3.1
DTR/Public Safety Network	per radio per month	8,199,970	162,636	50.4
EPPMO Services	per Hour	1,987,332	23,220	85.6
IT Directors	per Hour	2,090,874	18,824	111.1
Portfolio Mgmt Services	per Hour	1,808,791	19,737	91.6
Project Coordinators	per Hour	372,944	7,740	48.2
<b>Total</b>		<b>\$113,226,194</b>		

Agencies receive appropriations to cover the expense of the services provided by OIT through a single common policy line item called Payments to OIT that generally appears in a department's Executive Director's Office budgetary division. There are, however, three additional components included in the request that change the total amount of moneys allocated to agencies.

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<b>FY 2015-16 Requested Allocation Factors</b>	
Service Category Costs	\$113,226,194
FY 2013-14 True Up	(2,276,385)
Items Outside of Core Billing Items	6,950,857
Double Counting Avoidance	(3,298,434)
<b>Total</b>	<b>\$114,602,229</b>

- True-up – Each fiscal year, OIT submits a forecasted service utilization plan as part of the request. Joint Budget Committee staff then analyzes the forecast and makes changes based on a variety of factors (e.g. different forecasting). Due to the nature of forecasting, the funding appropriated to agencies for OIT services does not match up exactly with actual service utilization. A true-up is required to even out the differences. For FY 2015-16, the request includes a decrease of \$2.3 million to remedy discrepancies between forecasted service utilization and actual service utilization that occurred in FY 2013-14.
- There are services that agencies are appropriated funds for in the Payments to OIT line item that are not included in the utilization and rate billing structure shown previously. This category of services includes fixed cost items that do not fluctuate over time or services that are consumed only by a smaller subset of agencies. The FY 2015-16 request includes \$7.0 million for these services.
- One OIT service category may rely on a secondary service category in the delivery of the service. As an example, an email service category may use resources from the server hosting service category. This adds complexity to the rate setting and billing process, but brings greater service category billing accuracy. Part of this process involves accounting for secondary service categories twice in developing the initial service rate plan. The FY 2015-16 request includes a decrease of \$3.3 million to avoid double counting that would result in overbilling of agencies.

The following table summarizes the allocations by agency for the FY 2015-16 request.

<b>FY 2015-16 Requested Payments to OIT Appropriation by Agency</b>		
<b>Agency</b>	<b>FY 2015-16 Total Funds</b>	<b>FY 2015-16 General Fund</b>
Agriculture	\$1,057,286	\$804,546
Corrections	14,912,447	14,822,972
Education	593,493	593,493
Governor's Office	4,352,823	2,128,625
Health Care Policy and Financing	3,319,062	1,649,384
Higher Education	318,295	0
Human Services	22,282,087	11,993,170
Judicial	3,107,174	3,107,174
Labor and Employment	9,200,650	12,965
Law	348,903	96,634
Legislature	39,370	39,370
Local Affairs	996,432	179,062

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<b>FY 2015-16 Requested Payments to OIT Appropriation by Agency</b>		
<b>Agency</b>	<b>FY 2015-16 Total Funds</b>	<b>FY 2015-16 General Fund</b>
Military	240,919	240,919
Natural Resources	6,797,811	552,561
Personnel	3,180,591	842,825
Public Health and Environment	7,737,535	0
Public Safety	7,008,147	2,946,016
Regulatory Affairs	3,310,821	139,163
Revenue	12,520,066	6,510,434
Transportation	13,254,953	0
Treasury	23,364	23,364
<b>Total</b>	<b>\$114,602,229</b>	<b>\$46,682,677</b>

## **Issue: New Information Technology Funding Requests (Operating/Capital)**

Executive branch agencies requested \$132.6 million total funds, including \$108.3 million General Fund, for FY 2015-16 for new information technology projects. The projects include 14 operating budget items requested by six different agencies and 10 capital construction items requested by six different agencies. The operating budget items and capital construction budget items requested were submitted to the Joint Budget Committee in a combined prioritized list for FY 2015-16.

### **SUMMARY:**

- The Governor's Office of Information Technology (OIT) submitted nine proposals (eight operating budget items and one capital construction budget item) as the lead agency for new funding for FY 2015-16. The requested projects total \$19.6 million total funds, including \$19.1 million General Fund;
- In consultation with OIT, other executive branch agencies submitted 15 proposals (six operating budget items and nine capital construction budget item) for new funding for FY 2015-16. The requested projects total \$112.9 million total funds, including \$89.2 million General Fund;
- Senate Bill 14-169 (Office Of Information Technology Reports To GA), sponsored by the Joint Budget Committee, requires OIT to work in conjunction with the Office of State Planning and Budgeting to form a working group to annually evaluate and prioritize all information technology-related budget requests from State executive branch agencies. The prioritized list must be submitted to the Joint Budget Committee and the Joint Technology Committee with each year's November budget submittal. For FY 2015-16, OIT provided its inaugural statewide prioritized submission, which includes both operating budget and capital construction budget requests; and
- House Bill 14-1395 (Information Technology Budget Requests) requires the Joint Technology Committee to review each information technology budget request submitted as capital construction requests and report back to the Joint Budget Committee with a prioritized list of recommendations on each such request.

### **DISCUSSION:**

#### **Senate Bill 14-169 Reporting Requirements**

Senate Bill 14-169 (Office Of Information Technology Reports To GA), sponsored by the Joint Budget Committee, requires OIT to work in conjunction with the Office of State Planning and Budgeting to form a working group to annually evaluate and prioritize all information technology-related budget requests from State executive branch agencies. The prioritized list must be submitted to the Joint Budget Committee and the Joint Technology Committee with

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each year's November budget submittal. For FY 2015-16, OIT provided its inaugural Statewide prioritized submission, which includes both operating budget and capital construction budget requests.

<b>FY 2015-16 Complete Statewide Information Technology Prioritized Request List</b>					
<b>Statewide Priority</b>	<b>Category Type</b>	<b>Requesting Agency</b>	<b>Request Title</b>	<b>FY 2015-16 Total Funds Request</b>	<b>FY 2015-16 General Fund Request</b>
1	Capital	Revenue	DMV Drives	\$52,350,833	\$52,350,833
2	Capital	Personnel	Human Resource Information System	9,407,500	9,407,500
3	Capital	OIT	Public Safety Communications Network (PSCN) Microwave Infrastructure Replacement	11,151,036	11,151,036
4	Capital	Corrections	Offender Management System, Phase II	11,409,761	11,409,761
5	Operating	Labor and Employment	Technology Fund Automation Project	7,395,468	0
6	Capital	Human Services	Electronic Health Record, Phase II	4,863,145	4,863,145
7	Capital	Public Safety	Capitol Complex Security Surveillance System Replacement	812,000	812,000
8	Operating	Higher Education	Geologic Hazard Mitigation FTE	105,494	105,494
9	Capital	Human Services	Modernization of Child Welfare Case Management System	6,824,567	4,648,707
10	Operating	OIT	IT Infrastructure Refresh	3,407,200	3,407,200
11	Operating	OIT	Colorado Information Marketplace	65,000	65,000
12	Operating	Corrections	Radio Replacement Plan	2,081,665	2,081,665
13	Operating	OIT	Active Directory Consolidation	606,956	606,956
14	Operating	Health Care Policy and Financing	DDDWeb Stabilization	205,260	102,629
15	Operating	OIT	Infrastructure Staff	796,726	796,726
16	Operating	OIT	Enterprise Wireless	300,000	300,000
17	Capital	Human Services	IT Interoperability	14,139,300	1,413,930
18	Operating	Revenue	Colorado Automated Testing System (CATS) Maintenance and Support	179,010	179,010
19	Operating	Health Care Policy and Financing	Personal Health Records and Online Health Education	772,570	122,257
20	Operating	OIT	Data Governance and Analytics Planning	226,800	226,800
21	Capital	Human Services	Enterprise Content Management	500,000	500,000
22	Capital	Human Services	Data Integration and System Analysis	1,893,364	1,200,949
23	Operating	OIT	Elevation Data Acquisition and Comprehensive GIS Coordination	2,574,716	2,574,716
24	Operating	OIT	CDPHE Network Infrastructure	508,200	0
<b>Total</b>				<b>\$132,576,571</b>	<b>\$108,326,314</b>

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**House Bill 14-1395 Reporting Requirements**

Per H.B. 14-1395 ((Information Technology Budget Requests), the Joint Technology Committee is tasked with producing written reports setting forth recommendations, prioritization, findings, and other comments with respect to each information technology budget request submitted as capital construction requests. The reports must be submitted to the Joint Budget Committee by February 15th of each year. The Joint Budget Committee is required to consider the prioritized list of information technology budget requests made by the Joint Technology Committee, and, if the Joint Budget Committee alters the determinations of priority established by the Joint Technology Committee, the Joint Budget Committee is required to notify the Joint Technology Committee of the changes and allow for a joint meeting of the two committees to discuss the differences.

**New Funding Requests Submitted by OIT**

OIT submitted nine budget requests (eight operating budget items and one capital construction budget item) as the lead agency for new funding for FY 2015-16. The requested projects total \$19.6 million total funds, including \$19.1 million General Fund, as is shown in the table below. Note, the table organizes the requests in Statewide priority order.

<b>FY 2015-16 OIT Information Technology Prioritized Request List</b>					
<b>Statewide Priority</b>	<b>Category Type</b>	<b>Requesting Agency</b>	<b>Request Title</b>	<b>FY 2015-16 Total Funds Request</b>	<b>FY 2015-16 General Fund Request</b>
3	Capital	OIT	Public Safety Communications Network Microwave Infrastructure Replacement	\$11,151,036	\$11,151,036
10	Operating	OIT	IT Infrastructure Refresh	3,407,200	3,407,200
11	Operating	OIT	Colorado Information Marketplace	65,000	65,000
13	Operating	OIT	Active Directory Consolidation	606,956	606,956
15	Operating	OIT	Infrastructure Staff	796,726	796,726
16	Operating	OIT	Enterprise Wireless	300,000	300,000
20	Operating	OIT	Data Governance and Analytics Planning	226,800	226,800
23	Operating	OIT	Elevation Data Acquisition and Comprehensive GIS Coordination	2,574,716	2,574,716
24	Operating	OIT	CDPHE Network Infrastructure	508,200	0
<b>Total</b>				<b>\$19,636,634</b>	<b>\$19,128,434</b>

***Statewide Priority 3 – Public Safety Communications Network Microwave Infrastructure Replacement (Capital)***

The Colorado Statewide Digital Trunked Radio System (DTRS) provides interoperable radio communications for public safety purposes between State, local, regional, federal, and tribal agencies. The system represents a cross-agency collaboration funded by a variety of State Capital Construction Fund moneys, user fees, local government General Fund, and federal grants.

Microwave connections are used by the DTRS to provide backhaul capability between remote transceiver sites (e.g. Lookout Mountain) and dispatchers at centralized or regional communications centers (e.g. State Patrol dispatch or local government dispatch). The term microwave refers to the part of the radio spectrum that is used to transmit data from one radio site to another. Microwaves have the ability to transmit large amounts of information, but

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because of their poor propagation abilities (they cannot penetrate structures or terrain features such as vegetation or mountains), each microwave transmitter must have a direct-line-of-sight connection to the device it is communicating with. This means that a network of transmitters, typically located on tall buildings, transmission towers or mountaintops, is required to connect across large distances. A microwave radio relay is a technology for transmitting microwave signals between two locations on a line-of-sight radio path using pairs of directional antennas, which create a fixed radio connection between the two points. Long daisy-chained series of such links form the microwave network. The State is responsible for ownership and maintenance of 91 percent of the microwave system that supports the DTRS.

For FY 2013-14, OIT received an appropriation of \$300,000 cash funds from the Public Safety Communications Trust Fund for an assessment of the microwave infrastructure that supports the DTRS. The independent consultant found that 60 percent of the 377 microwave radio stations in the state have reached a point in their lifecycle where the manufacturer no longer supplies parts and services (the remaining 40 percent can be reused, and is currently supported by the manufacturer). The consultant indicates that this represents a dangerous system liability with potential to negatively impact first responders if a portion of the microwave network malfunctions and cannot be serviced.

The microwave backhaul supporting the DTRS also has two other restrictions that hamper the system’s overall security and performance, as identified by the independent consultant. First, the current microwave network functions like chain. If one of the links of the chain is not functioning, all communications past that point of failure will not be routed to the user. Second, certain areas of the microwave network have ongoing circuit over-capacity issues (too many communications for the infrastructure to handle) and transmission issues due to the physics of how microwave paths travel.

The capital construction budget request for FY 2015-16 includes funds to mitigate these concerns over a five year period ending at the conclusion of FY 2019-20.

<b>Statewide Priority 3 – Public Safety Communications Network Microwave Infrastructure Replacement</b>						
	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>Total</b>
<b>Requested General Fund</b>	\$11,151,036	\$11,193,784	\$11,193,784	\$11,193,784	\$11,193,784	<b>\$55,926,172</b>

The requested funding would be used for the following three broad categories of projects:

- Replacement of obsolete microwave equipment at approximately 60 percent of Colorado’s 377 radio stations to avoid system failure resulting in communication issues for first responders;
- Implementation of ring technology (versus chain technology), which allows for sending all communication traffic in multiple directions, thereby bypassing any malfunctioning nodes on the network. Rings would be implemented on the western slope, southeast Colorado, northeast Colorado, southwest Colorado, and metro Denver;

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- Construction of six new sites in Grand Junction, Gunnison, Castle Peak, between Boyero and Haswell, between Boyero and Anton, and at the Akron and Logan County Communications Center. These new communications transmitter sites are intended to resolve ongoing circuit over-capacity issues and transmission issues due to the physics of how microwave paths travel.

**Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.**

***Statewide Priority 10 – IT Infrastructure Refresh (Operating)***

OIT’s service offerings include enterprise services for servers (physical servers, hosting infrastructure, storage, and backup and recovery), network equipment (routers, switches, controllers, and firewall tools), and voice infrastructure (switches, trunk lines, power supplies, PBC systems, and wiring and cabling). The Office traditionally operates under the “break-fix” model whereby infrastructure supporting State agencies is repaired and replaced as it malfunctions. This strategy does not offer proactive anticipation and remediation of problems and, as a consequence, exposes agencies to less efficient infrastructure that is susceptible to unplanned downtime.

OIT desires to move from the break-fix model to a standardized refresh (replacement) cycle for centralized and decentralized systems infrastructure. The Office’s request includes an increase of \$3,407,200 General Fund for FY 2015-16 to implement this strategy for server, network, and voice infrastructure.

<b>FY 2015-16 IT Infrastructure Refresh Request</b>	
<b>Refresh Category</b>	<b>General Fund</b>
Server	\$2,023,000
Network	944,200
Voice	440,000
<b>Total</b>	<b>\$3,407,200</b>

Staff is supportive of moving from the current break-fix model to a standardized refresh cycle to manage infrastructure in these three categories. The break-fix model does not align with the investments made by the legislature in prior fiscal years for tracking physical assets and developing plans to forecast future expenses associated with asset maintenance and replacement.

The request to fund a structured replacement plan is the next step in realizing the benefits of prior investments. Staff questions, however, if a comprehensive asset inventory for server, network, and voice infrastructure is in place to estimate costs of a refresh cycle. Senate Bill 14-169 (Office Of Information Technology Reports To GA) requires OIT to submit information on the State's information technology (IT) asset inventory and the Office's refresh cycle schedule, including cost projections each November 1<sup>st</sup>. The report for network assets is due to the Joint Budget Committee on November 1, 2015, for server assets on November 1, 2016, and is silent on



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voice infrastructure. Staff is concerned that the funding for this request will satisfy immediate refresh needs, while the need may grow in the future as assets are tracked and reported per the requirements of S.B. 14-169.

***Statewide Priority 11 – Colorado Information Marketplace (Operating)***

The Colorado Information Marketplace is a framework for sharing data across to a wide variety of users. It encompasses data and information governance, the publishing of the information, and the identity resolution of the information across any contributing entity. It is a portal for public consumption of state data sets. Notably, Go Code Colorado, an initiative of the Colorado’s Secretary of State’s Business Intelligence Center, depends on the application programming interfaces (APIs) provided through the website to allow applications to link with the data sets on the website. This functionality enables Go Code Colorado to conduct Apps Challenges with the goal of solving business problems and growing the Colorado economy.

The Marketplace, first operational in November 2011, is licensed by OIT through a platform referred to as software as a service. This is a licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. It is sometimes referred to as "on-demand software".

The Marketplace does not have a consistent source of funding to continue in the software as a service model. It was created and has been supported from various sources over the past three years, including via federal grants and OIT operating budgets intended for other purposes. There is currently no funding identified or available for FY 2015-16, and the current website subscription will expire June 30, 2015.

OIT requests an ongoing appropriation of \$65,000 General Fund beginning in FY 2015-16. **Staff recommends funding the request.**

***Statewide Priority 13 – Active Directory Consolidation (Operating)***

Active Directory, a Windows Operating System tool, is used by the Office to assign and enforce security policies for all computers, install or update software, determine login settings, and grant permissions for access to resources (e.g. printers). Currently, only three agencies have their Active Directory consolidated and managed centrally by OIT.

OIT seeks an appropriation of \$606,956 General Fund for FY 2015-16 to contract with a third party vendor to consolidate Active Directories across agencies, blending these separate directories into one enterprise directory. The moneys would be used to consolidate the following:

<b>Active Directory - Consolidation Status</b>	
<b>Department</b>	<b>Status</b>
Agriculture	Targeted for Consolidation
Corrections	Targeted for Consolidation
Education	Not Participating
Governor’s Office	Presently Consolidated
Health Care Policy and Financing	Targeted for Consolidation

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<b>Active Directory - Consolidation Status</b>	
<b>Department</b>	<b>Status</b>
Higher Education	Not Participating
Human Services	Targeted for Consolidation
Labor and Employment	Targeted for Consolidation
Law	Not Participating
Legislature	Not Participating
Local Affairs	Targeted for Consolidation
Military and Veterans Affairs	Targeted for Consolidation
Natural Resources	Targeted for Consolidation
Personnel and Administration	Presently Consolidated
Public Health and Environment	Targeted for Consolidation
Public Safety	Targeted for Consolidation
Regulatory Agencies	Targeted for Consolidation
Revenue	Targeted for Consolidation
Secretary of State	Not Participating
Transportation	Targeted for Consolidation
Treasury	Presently Consolidated

**Staff recommends that the Committee fund the Office’s request for \$606,956 General Fund for FY 2015-16** to begin consolidating user data from 13 additional agencies into the centralized Active Directory. This migration represents an effort to improve upon the efficiency of services provided to agencies by OIT and improve system-wide user security.

***Statewide Priority 15 – Infrastructure Staff (Operating)***

OIT supports a total of 2,714 servers, consisting of 1,156 physical servers and 1,558 virtual servers for 15 different Departments. There are currently 26 FTE within the Office that provide server support. These FTE consist of 19.5 Server Administrators providing physical server support and 6.5 Virtual Infrastructure Administrators working on the virtualized environment. OIT services supported by the server team have steadily been growing since IT was consolidated in 2011. The infrastructure storage from 2011 to 2014 has grown from 125 terabytes to 1,250 terabytes. Since 2011, the support team has remained steady at 26 FTE.

The Office seeks \$796,726 General Fund and 7.3 FTE for FY 2015-16 to hire eight additional Server Administrators (and) to augment the team. Six of the FTE have been identified specifically for physical server support, while the other two are identified for central virtual server and infrastructure administration support.

**Staff recommends approving the request.** Workload has increased for the team. Server Administrator and Virtual Infrastructure Administrator workload is managed and tracked by OIT through the use of an automated system in which users submit tickets and Administrators complete the work required to resolve those tickets. Calendar Year data indicates that incidents increased 30.9 percent from 2012 to 2013 and change orders increased 18.5 percent. This trend is continuing in 2014, as year-to-date data indicate that the number of tickets is trending up by 12.8 percent for incidents and 31.2 percent for change orders.

***Statewide Priority 16 – Enterprise Wireless (Operating)***

A wireless network pilot program was implemented by OIT in 2011 at its Pearl Plaza offices to determine if a solution could be implemented for managing employees' access to and use of wireless technology at this location to perform business operations. The Governor's Office was added to the pilot in 2012 (as were several other agencies) and it proved successful. Today, the pilot program has grown to include nine agencies across 19 locations using 237 access points. Nearly 500 concurrent clients take advantage of the pilot project daily. This early success leads OIT to propose an enterprise wireless service offering for State agencies.

The Office's budget request includes an increase of \$300,000 General Fund for FY 2015-16 for the operating, maintenance, and licensing expenses associated with moving all State agency wireless access points to one wireless controller managed by the Office. **Staff recommends funding this request.** Staff's opinion is based on the following benefits of moving all wireless access points to one controller:

- Provides wireless access to employees across multiple locations (increased productivity);
- Controls vendor and partner wireless access (increased security);
- Manages guest access at appropriate locations (increased security);
- Reduces duplicitous equipment installations (cost savings);
- Meets increased demand for wireless services (enhanced customer service); and
- Centrally manages support and maintenance (cost savings).

***Statewide Priority 20 – Data Governance and Analytics Planning (Operating)***

OIT provides standard and common services to State agencies. These services include, but not limited to, data center housing, email services, network services, and security services. OIT does not, however, offer a service for projects requiring data analysis. The current process is for agencies to create an independent data sharing infrastructure with interfaces that require significant initial investment and ongoing maintenance. Once the analysis is complete those investments are lost when the infrastructure is no longer needed.

State agencies create this data without adherence to a common Statewide standard for data sharing or data security. This leads to data creation that is stand-alone in nature and cannot be reused or leveraged for other purposes. OIT requests \$226,800 General Fund for FY 2015-16 to study how to best implement a Statewide service offering to ensure that data created and maintained by agencies meets standards and can be shared, as appropriate, with other entities who may benefit from the data for analytical purposes.

**Staff recommends that the Committee approve this funding for FY 2015-16.** The State is plagued with examples of programs creating data for a specific purpose (e.g. legislative mandate) that are not usable for incorporation into outside agency analytical tools due to the lack of standardization. The State will achieve cost avoidance in the future if OIT offers a service for data planning on behalf of agencies that results in data reuse rather than data recreation.

***Statewide Priority 23 – Elevation Data Acquisition and Comprehensive GIS Coordination (Operating)***

A geographic information system (GIS) is a computer system that maps, models, queries, and analyzes large quantities of data within a single database according to their location. These systems are used by State agencies (and local government entities) for a variety of purposes including emergency management, public safety, regulating and permitting, facilities and resource use, natural resources, and health and human services. A GIS consists hardware, software, and data. It is helpful to think of the hardware and software as the car and the data as the gas.

There are several data sets that are commonly needed for GIS use, and maintaining them is an intensive process involving integrating data from local governments and other sources. Many of the data sets, which are critical for a variety of uses, often do not fall within the direct purview of a particular agency. One of the critical data sets is elevation information for the entire state, which is of benefit to a variety of purposes, especially emergency management.

For FY 2015-16, OIT requests one-time funding in the amount of \$2.0 million General Fund to acquire Light Detection and Ranging data (LiDAR) of the state. LiDAR is an optical remote-sensing technique that uses laser light to densely sample the surface of the earth, producing highly accurate x (longitude), y (latitude), and z (elevation) measurements. Airplanes and helicopters are the most commonly used platforms for acquiring LIDAR data over broad areas.

**Staff recommends that the Committee approve one-time funding for FY 2015-16 to acquire highly accurate LiDAR data for the entire state for three reasons.** First, accurate elevation data for the state does not exist across the state. A variety of federal and State agencies have collected LiDAR data, but only in limited areas. A comprehensive data set for the entire state is needed. Second, accurate elevation data is essential for emergency management purposes. For example, elevation data is critical to identify potential flood areas and measure changes to the landscape as a result of such events. Third, OIT has worked with the federal United States Geological Survey (USGS) to develop a funding partnership whereby the agency will provide 50 percent of the funding needed by OIT to acquire LiDAR data. The timing of this request represents a unique opportunity for the two levels of government to collaborate and share costs to obtain mutual benefit.

In addition to the request for LiDAR data acquisition, OIT requests ongoing funding beginning in FY 2015-16 to add staff (\$574,716 General Fund and 3.8 FTE, four employees) to develop the organizational and technical infrastructure to provide easy access to State-owned and maintained data, as well as access to other sources of data (e.g. federal and local government data sets), for the purpose of compilation into various analyses. The strategic plan for this type of GIS coordination included in the request articulates the following goals that would be achieved if funding is approved:

- Data Discovery – creates a searchable inventory of geographic data in the Colorado Information Marketplace;
- Data Access – provides a variety of modes for individuals to access data; and

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- Data Stewardship – establishes a stewardship program to produce seamless statewide data sets for use with many tasks. Many of these data sets are created and maintained by local government entities, and significant work is required to integrate them into a standard structure.

**Staff recommends that the Committee approve the Office’s request.** The positions include the following:

- GIS Analyst – work with State and local government agencies with a goal of adding data to the Colorado Data Marketplace and providing access through other forums;
- GIS Analyst – manage maintenance of statewide data sets, including parcel maps and perform data quality assessment on data received from local government sources;
- Geospatial Database Administrator – maintain the GIS databases; and
- Geospatial Application Developer – manage GIS web applications hosted for agencies by OIT and develop applications to automate data importing functions.

It is staff’s opinion that increased GIS coordination will improve the State’s ability to provide data in an on demand manner for daily operations of State and local government agencies, as well as for situations that occur randomly (e.g. fires and floods) that require data for mapping and analysis.

***Statewide Priority 24 – CDPHE Network Infrastructure (Operating)***

The Colorado Department of Public Health and Environment (CDPHE) currently has the servers that support its programs onsite at its offices. The advantage to having the servers onsite is that a fast connection (1 gigabyte) exists between staff workstations and the servers that host the programmatic applications that support customers of the agency. However, the disadvantage to having the servers onsite is that there is limited ability to recover from equipment failures. Moving the servers to the State’s data center (E-Fort) solves this problem, however the network connectivity between CDPHE and E-Fort is only 300 megabytes rather than the 1 gigabyte to which the agency is accustomed to at its location.

OIT and CDPHE propose the addition of a dedicated 10 gigabyte network connection to increase bandwidth and allow the Departments servers to be located at E-fort without negatively impacting the responsiveness of the applications staff rely upon to do their work and serve their customers. This strategy mirrors action taken by OIT and the Department of Transportation whereby the agencies added a 10 gigabyte connection between E-Fort and CDOT’s main building. The results of that initiative have been successful. **Staff recommends that OIT’s request for \$508,200 in reappropriated funds transferred from CDPHE for FY 2015-16 to add a similar connection be approved.** The recommended funding originates in CDPHE as moneys from departmental indirect costs recoveries.

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**New Funding Requests Submitted by Other Executive Branch Departments**

In consultation with OIT, other executive branch agencies submitted 15 proposals (six operating budget items and nine capital construction budget item) for new funding for FY 2015-16. The requested projects total \$112.9 million total funds, including \$89.2 million General Fund, as is shown in the table below. Note, the table organizes the requests in Statewide priority order.

<b>FY 2015-16 Agency Information Technology Prioritized Request List</b>					
<b>Statewide Priority</b>	<b>Category Type</b>	<b>Requesting Agency</b>	<b>Request Title</b>	<b>FY 2015-16 Total Funds Request</b>	<b>FY 2015-16 General Fund Request</b>
1	Capital	Revenue	DMV Drives	\$52,350,833	\$52,350,833
2	Capital	Personnel	Human Resource Information System	9,407,500	9,407,500
4	Capital	Corrections	Offender Management System, Phase II	11,409,761	11,409,761
5	Operating	Labor and Employment	Technology Fund Automation Project	7,395,468	0
6	Capital	Human Services	Electronic Health Record, Phase II	4,863,145	4,863,145
7	Capital	Public Safety	Capitol Complex Security Surveillance System Replacement	812,000	812,000
8	Operating	Higher Education	Geologic Hazard Mitigation FTE	105,494	105,494
9	Capital	Human Services	Modernization of Child Welfare Case Management System	6,824,567	4,648,707
12	Operating	Corrections	Radio Replacement Plan	2,081,665	2,081,665
14	Operating	Health Care Policy and Financing	DDDWeb Stabilization	205,260	102,629
17	Capital	Human Services	IT Interoperability	14,139,300	1,413,930
18	Operating	Revenue	Colorado Automated Testing System (CATS) Maintenance and Support	179,010	179,010
19	Operating	Health Care Policy and Financing	Personal Health Records and Online Health Education	772,570	122,257
21	Capital	Human Services	Enterprise Content Management	500,000	500,000
22	Capital	Human Services	Data Integration and System Analysis	1,893,364	1,200,949
<b>Total</b>				<b>\$112,939,937</b>	<b>\$89,197,880</b>

***Statewide Priority 1 – DMV Drives (Capital)***

The Department of Revenue requests \$52.4 million General Fund for FY 2015-16 to replace the Driver’s License System, Colorado State Titling and Registration System (CSTARS), and supporting systems. This replacement project is commonly referred to as the DRIVES project for which the Department of Revenue received an appropriation of \$41.0 million for FY 2014-15. **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the

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Department of Revenue on Tuesday, December 23<sup>rd</sup> and/or the hearing for the Department of Revenue on Monday, January 5<sup>th</sup>.

***Statewide Priority 2 – Human Resource Information System (Capital)***

The Department of Personnel received funds for FY 2014-15 to purchase licenses of human resources software applications to be used by all executive branch departments. The agencies did not submit a detailed description of the components of this related FY 2015-16 request. **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Personnel on Wednesday, December 3<sup>rd</sup> and/or the hearing for the Department of Personnel on Thursday, December 11<sup>th</sup>.

***Statewide Priority 4 – Offender Management System, Phase II (Capital)***

The Department of Corrections seeks \$11.0 million General Fund for FY 2015-16 to complete the implementation of a fully-integrated electronic offender management system. **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Corrections on Monday, December 22<sup>nd</sup> and/or the hearing for the Department of Corrections on Tuesday, January 5<sup>th</sup>.

***Statewide Priority 5 – Technology Fund Automation Project (Operating)***

The Department of Labor and Employment's request includes an increase of \$7.4 million cash funds from the Employment and Training Technology Fund for FY 2015-16 to continue the implementation of the automation initiatives in the Unemployment Insurance premium and benefits systems called WyCAN. If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the hearing for the Department of Labor and Employment on Monday, December 8<sup>th</sup>.

***Statewide Priority 6 – Electronic Health Record, Phase II (Capital)***

The Department of Human Services seeks an increase of \$4.9 million General Fund for FY 2015-16 to complete the phase II in the acquisition of an electronic health record (EHR) system. Moneys would be used to finalize the replacement of the existing electronic health information and billing systems at the State's two inpatient psychiatric hospitals (Fort Logan and Pueblo). **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of

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this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Human Services' Office of Behavioral Health on Tuesday, December 9<sup>th</sup> and/or the hearing for the Department of Human Services' Office of Behavioral Health on Tuesday, December 16<sup>th</sup>.

***Statewide Priority 7 – Capitol Complex Security Surveillance System Replacement (Capital)***

The Department of Public Safety's request includes an increase of \$0.8 million General Fund for FY 2015-16 to implement and internet protocol (IP) video surveillance system within Capitol Complex. The funding is intended to procure a system capable of easier identification of potential suspects, a greater area of footage with fewer cameras, better record retention, and greater scalability for potential future needs. **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Public Safety on Tuesday, December 23<sup>rd</sup> and/or the hearing for the Department of Public Safety on Tuesday, January 6<sup>th</sup>.

***Statewide Priority 8 – Geologic Hazard Mitigation FTE (Operating)***

The Department of Higher Education seeks an increase of \$0.1 million General Fund and 1.0 FTE for FY 2015-16 to create geologic hazard maps from geologic maps, provide post disaster response and recovery technical assistance, and provide hazard planning technical assistance to State agencies and local government entities. If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Higher Education on Thursday, December 4<sup>th</sup> and/or the hearing for the Department of Higher Education on Monday, December 15<sup>th</sup>.

***Statewide Priority 9 – Modernization of Child Welfare Case Management System (Capital)***

The Department of Human Services request includes an increase of \$6.8 million total funds, including \$4.6 million General Fund for FY 2015-16 to modernize the Statewide Automated Child Welfare Information System (SACWIS) compliant case management system known as TRAILS. The funding is intended to improve TRAILS to allow for faster implementation of system modifications that reflect changing child welfare practices (rules and policies). **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Human Services' Division of Child Welfare on Thursday, December 4<sup>th</sup> and/or



the hearing for the Department of Human Services' Division of Child Welfare on Thursday, December 11<sup>th</sup>.

***Statewide Priority 12 – Radio Replacement Plan (Operating)***

The Department of Corrections seeks an increase of \$2.1 million General Fund for FY 2015-16 to support a seven year radio replacement plan and annual battery replacement schedule for 3,314 radios that use the Digital Trunked Radio System for communication. The existing inventory of the Department's radios needs to be replaced because the current model will not be available for purchase after December 2014 (no longer manufactured) and will lose manufacturer support after 2019. The support from the manufacturer during the interim period will be limited to technical issues as any parts required for repair must be purchased through a secondary market. If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Corrections on Monday, December 22<sup>nd</sup> and/or the hearing for the Department of Corrections on Tuesday, January 5<sup>th</sup>.

***Statewide Priority 14 – DDDWeb Stabilization (Operating)***

The Department of Health Care Policy and Financing request includes an increase of \$0.2 million total funds, including \$0.1 million General Fund, for FY 2015-16 to transfer DDDWeb, which is the Department's case management system for clients with intellectual and developmental disabilities, from the Department of Human Services' servers to OIT's virtual server environment. Additionally, the request includes funding to update the operating system and software supporting the system. The funding is intended to mitigate risk of system failure due to aging and unsupported infrastructure. If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Health Care Policy and Financing on Tuesday, December 2<sup>nd</sup> and/or the hearing for the Department of Health Care Policy and Financing on Tuesday, December 9<sup>th</sup>.

***Statewide Priority 17 – IT Interoperability (Capital)***

The Department of Human Services seeks an increase of \$14.1 million total funds, including \$1.4 million General Fund for FY 2015-16 to standardize all existing information technology systems the agency uses in an effort to allow the data contained in the systems to be made available without removing the data from the core systems. The solution would create interfaces to access the data directly rather than exporting data from the core systems for import into other systems. **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Human Services' Office of Information Technology Services

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on Monday, December 8<sup>th</sup> and/or the hearing for the Department of Human Services' Office of Information Technology Services on Monday, December 15<sup>th</sup>.

***Statewide Priority 18 – Colorado Automated Testing System (CATS) Maintenance and Support (Operating)***

The Department of Revenue's budget request includes an increase of \$0.2 million General Fund for FY 2015-16 for ongoing maintenance and support and of CATS. The funds would be used to keep current with software and hardware updates. If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Revenue on Tuesday, December 23<sup>rd</sup> and/or the hearing for the Department of Revenue on Monday, January 5<sup>th</sup>.

***Statewide Priority 19 – Personal Health Records and Online Health Education (Operating)***

The Department of Health Care Policy and Financing request includes an increase of \$0.8 million total funds, including \$0.1 million General Fund, for FY 2015-16 to implement online health education resources and personal health records technology for Medicaid clients, who could access these services through a single online portal. The funds are intended to be used to contract with the Colorado Regional Health Information Organization (CORHIO) to create and host the tools. If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Health Care Policy and Financing on Tuesday, December 2<sup>nd</sup> and/or the hearing for the Department of Health Care Policy and Financing on Tuesday, December 9<sup>th</sup>.

***Statewide Priority 21 – Enterprise Content Management (Capital)***

The Department of Human Services seeks an increase of \$0.5 million General Fund for FY 2015-16 to implement a department-wide system to manage documents and files. The system that would be deployed would use the same content management software that OIT uses for the Colorado Operations Resource Engine (CORE), Colorado Benefits Management System (CBMS), and Colorado Program Eligibility and Application Kit (PEAK). **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions on the technology component of this request during this briefing presentation, staff will note them at this time and include them in the OIT hearing agenda. If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Human Services' Office of Information Technology Services on Monday, December 8<sup>th</sup> and/or the hearing for the Department of Human Services' Office of Information Technology Services on Monday, December 15<sup>th</sup>.

***Statewide Priority 22 – Data Integration and System Analysis (Capital)***

The Department of Human Services request includes an increase of \$1.6 million total funds, including \$1.2 million General Fund for FY 2015-16 to develop data systems that will meet the

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needs of programs in the Division of Community and Family Support (early childhood mental health, early childhood councils, Early Intervention Colorado, community based child abuse prevention) and allow data in these systems to be shared and integrated across all programs in the Office of Early Childhood programs. **Staff recommends that the Committee evaluate this request during figure setting after it has been reviewed and prioritized by the Joint Technology Committee, per the process articulated in H.B. 14-1395.** If the Committee has questions concerning the programmatic business processes as they relate to this request, they may be considered during the briefing for the Department of Human Services' Office of Information Technology Services on Monday, December 8<sup>th</sup> and/or the hearing for the Department of Human Services' Office of Information Technology Services on Monday, December 15<sup>th</sup>.

## **Issue: Senate Bill 14-169 (OIT Reports To General Assembly) Asset Update**

Pursuant to S.B. 14-169 (Office Of Information Technology Reports To GA), the Governor’s Office of Information Technology (OIT) is required to annually submit an asset inventory and refresh cycle information to the Joint Budget Committee and the Joint Technology Committee for personal computers, including operating systems and productivity software, network infrastructure, servers, and non-productivity software.

### **SUMMARY:**

- Per the requirements of S.B. 14-169, OIT submitted an asset inventory report to the Joint Budget Committee and Joint Technology Committee by November 1, 2014 on personal computers deployed in State agencies. This represents the first time that such data has been provided to legislature in a comprehensive manner;
- Data reported includes count of computers by type, operating system, productivity software, proposed fiscal year hardware refresh, recommended professional services, and recommended project planning; and
- OIT estimates that refresh costs for hardware and software (including service hours) averages \$12.0 million per year from FY 2015-16 to FY 2018-19.

### **DISCUSSION:**

The report indicates that executive branch agencies (and the Treasury) have 30,283 total personal computers, including 20,056 desktop computer and 10,227 laptop computers. 26,129 of the computers are five years old or less, while 4,154 are greater than five years old. OIT indicates that trends show that some agencies are replacing desktops with laptops as the work environment becomes more mobile.

<b>Computer Assets by Agency as of September 15, 2014</b>			
<b>Agency</b>	<b>Desktop</b>	<b>Laptop</b>	<b>Total</b>
Agriculture	150	131	<b>281</b>
Corrections	5,231	538	<b>5,769</b>
Governor	249	251	<b>500</b>
Health Care Policy and Financing	4	561	<b>565</b>
Historical Society	91	104	<b>195</b>
Human Services	5,476	2,387	<b>7,863</b>
Labor and Employment	1,387	371	<b>1,758</b>
Local Affairs	145	60	<b>205</b>
Military and Veterans Affairs	43	10	<b>53</b>
Natural Resources	907	1,268	<b>2,175</b>
Personnel	238	126	<b>364</b>

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<b>Computer Assets by Agency as of September 15, 2014</b>			
<b>Agency</b>	<b>Desktop</b>	<b>Laptop</b>	<b>Total</b>
Public Health and Environment	1,045	992	<b>2,037</b>
Public Safety	614	1,204	<b>1,818</b>
Regulatory Agencies	415	238	<b>653</b>
Revenue	2,591	455	<b>3,046</b>
Transportation	1,456	1,531	<b>2,987</b>
Treasury	14	0	<b>14</b>
<b>Total</b>	<b>20,056</b>	<b>10,227</b>	<b>30,283</b>

The report illustrates that the personal computers run four flavors of operating systems (iOS, Windows XP, Windows 7, and Windows 9).

<b>Computer Operating System Assets by Agency as of September 15, 2014</b>				
	<b>iOS</b>	<b>XP</b>	<b>Windows 7</b>	<b>Windows 9</b>
Agriculture	0	0	281	0
Corrections	7	4,725	1,037	0
Governor	44	13	427	16
Health Care Policy and Financing	11	4	550	0
Historical Society	0	2	193	0
Human Services	1	1,855	6,007	0
Labor and Employment	8	23	1,660	67
Local Affairs	0	0	205	0
Military and Veterans Affairs	0	0	53	0
Natural Resources	0	507	1,662	6
Personnel	4	3	352	5
Public Health and Environment	10	198	1,138	691
Public Safety	5	17	1,793	3
Regulatory Agencies	0	0	653	0
Revenue	0	1,176	1,870	0
Transportation	0	0	2,957	30
Treasury	0	0	5	9
<b>Total</b>	<b>90</b>	<b>8,523</b>	<b>20,843</b>	<b>827</b>

The report shows that the personal computers use nine types of productivity software from Google, Apple, and Microsoft, with Google and Microsoft 2007 being the most often installed;

<b>Computer Productivity Software Assets by Agency as of September 15, 2014</b>									
<b>Agency</b>	<b>Google</b>	<b>iWork</b>	<b>XP</b>	<b>MS 2000</b>	<b>MS 2003</b>	<b>MS 2007</b>	<b>MS 2010</b>	<b>MS 2013</b>	<b>MS 365</b>
Agriculture	281	0	0	0	0	0	281	0	0
Corrections	3,863	7	4,098	0	1	25	138	79	0
Governor	500	44	0	0	0	438	1	6	10
Health Care Policy and Financing	565	11	0	0	0	2	0	0	552
Historical Society	195	0	0	0	2	193	0	0	0
Human Services	3,749	1	0	1,855	0	4,114	1,893	0	0
Labor and Employment	1,758	8	0	0	23	0	1,727	0	0
Local Affairs	205	0	0	0	0	0	205	0	0

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**Computer Productivity Software Assets by Agency as of September 15, 2014**

Agency	Google	iWork	XP	MS 2000	MS 2003	MS 2007	MS 2010	MS 2013	MS 365
Military and Veterans Affairs	53	0	0	0	0	0	53	0	0
Natural Resources	2,175	0	2	0	10	2,124	26	13	0
Personnel	364	4	0	0	0	352	4	4	0
Public Health and Environment	2,037	10	0	3	25	286	1,310	403	0
Public Safety	1,818	5	0	0	0	0	0	1,813	0
Regulatory Agencies	653	0	0	0	0	0	653	0	0
Revenue	1,812	0	0	0	1,372	1,674	0	0	0
Transportation	2,987	0	0	0	0	0	875	2,112	0
Treasury	14	0	0	0	5	9	0	0	0
<b>Total</b>	<b>23,029</b>	<b>90</b>	<b>4,100</b>	<b>1,858</b>	<b>1,438</b>	<b>9,217</b>	<b>7,166</b>	<b>4,430</b>	<b>562</b>

Senate Bill 14-169 dictates that the report submitted annually by OIT must include a refresh cycle schedule for assets, including cost projections. The estimates submitted by the Office include the following assumptions:

Yearly Asset Refresh Cycle Cost Estimates				
Infrastructure	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Desktop	\$820	\$829	\$838	\$847
Laptop	1033	1044	1055	1066
Productivity	354	354	354	354
Google Apps	74	74	74	74
Configuration Management	18.10	18.10	18.10	7.76

The proposed refresh cycle is primarily based on a four year cycle. Cost estimates were generated using vendor quotes, existing contract costs, and contractor costs and standard hours for asset replacement. The data show that Statewide costs for personal computer replacement, including operating system and productivity software, would cost \$12.0 million per year on average from FY 2015-16 through FY 2018-19.

**Refresh Cost Summary by Fiscal Year**

Fiscal Year	Desktop Computers	Laptop Computers	HW Refresh Cost	SW Refresh Cost	Professional Services	Total Cost
FY 2015-16	4,990	2,761	\$6,943,913	\$4,448,000	\$484,438	\$11,876,351
FY 2016-17	4,989	2,760	7,017,321	4,447,292	484,313	11,948,926
FY 2017-18	4,989	2,760	7,092,582	4,447,292	484,313	12,024,187
FY 2018-19	4,989	2,760	7,167,843	4,447,292	484,313	12,099,448
<b>Total</b>	<b>19,957</b>	<b>11,041</b>	<b>\$28,221,659</b>	<b>\$17,789,876</b>	<b>\$1,937,377</b>	<b>\$47,948,912</b>

Costs for personal computers and software are generally covered out of the operating expenses line item appropriations, not with OIT appropriations. This is due to the fact that the consolidation of resources from State agencies into OIT did not include operating expenses, only personal services. If the legislature opts to work with OIT to fund a refresh cycle for personal computers, a plan must be put in place in parallel to reduce appropriations to agencies for operating expenses used currently for information technology assets (*see the briefing issue in this document entitled Information Technology Expenditures Outside of OIT for more information*).

## **Issue: Information Technology Expenditures Outside of OIT**

Senate Bill 08-155 (Centralize IT Management In OIT) consolidated information technology resources from State agencies in the Governor’s Office of Information Technology (OIT) for the purpose of coordinating and directing the use of information technology by executive branch agencies. During FY 2010-11, the executive branch completed the transfer of personnel resources, yet a plan has not yet been submitted to transfer operating expenses for information technology assets from executive branch agencies to OIT.

### **SUMMARY:**

- The Governor's Office of Information Technology (OIT) is responsible for the operation and delivery of information and communications technology services across all executive branch State agencies;
- OIT oversees technology initiatives, recommending strategies and maximizing efficiencies of service delivery in a cost-effective manner through the application of enterprise technology solutions with the goals of saving money through service sharing across agencies and providing effective services that allow agencies to focus on programmatic objectives; and
- During FY 2010-11, the executive branch completed the transfer of personnel resources, yet a plan has not yet been submitted to transfer operating expenses for information technology assets from executive branch agencies to OIT; and
- Without OIT’s ownership of the Statewide information technology budget, agencies continue to procure information technology products (e.g. personal computers and software) and services (e.g. project-based consulting) that may not be aligned with the overall goals and objectives of the State. Thus, the ability of OIT to have complete oversight of information technology costs is compromised due to potentially redundant or expensive purchases made at the agency level

### **DISCUSSION:**

#### ***Background***

Senate Bill 08-155 (Centralize IT Management In OIT) consolidated information technology resources from State agencies in the Governor’s Office of Information Technology (OIT) for the purpose of coordinating and directing the use of information technology by executive branch agencies. During FY 2010-11, the executive branch completed the transfer of personnel resources from agencies to the centralized service provider, OIT. However, OIT does not have full control of the overall information technology spending for the State, as envisioned. Executive branch agencies continue to receive appropriations that are expended on information technology assets, such as computers, software, and network equipment. Agencies are able to procure the assets in conjunction with OIT or outside of OIT’s formal processes.

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**Issue**

The Office of the State Auditor indicated in its March 2012 report that OIT controlled “roughly 20 percent of the State’s IT operating expenditures, while approximately 80% has been controlled by the agencies.” In the same report, the Auditor reported that agency expenses for information technology operating assets totaled \$83.2 million total funds while OIT costs amounted to \$24.5 million in the same year. The State Auditor concluded that “we found that IT operating expenditures continue to remain decentralized when comparing state agencies’ IT operating expenditures over the past three fiscal years with the operating expenses controlled by OIT during the same period.”

It is staff’s opinion that this is a problem because, as echoed by the State Auditor in the March 2012 report, without OIT’s ownership of the statewide information technology budget, State agencies will continue to procure information technology products (e.g. personal computers and software) and services (e.g. project-based consulting) that may not be aligned with the overall goals and objectives of the State. Thus, the ability of OIT to have complete oversight of information technology costs is compromised due to potentially redundant or expensive purchases made at the agency level that could have been avoided if OIT had a larger role in coordinating such expenditures.

For example, if an agency buys a new server in an effort to meet programmatic goals in a timely manner without consulting OIT, the server may cost more than OIT would have been able to provide the agency within existing server capacity. This example illustrates a key tenant of the S.B. 08-155 aim to establish OIT in the roll of providing insight into the existence of unused information technology resources at another agency that can be repurposed and further introduce potential cost savings.

**Current Data on the Issue**

The Joint Budget issued a request for information (RFI) to OIT during the 2014 legislative session asking for the following information needed to better understand this issue:

*“The Governor’s Office of Information Technology is requested to submit a report to the Joint Budget Committee on November 1, 2014. At a minimum, the report shall specify information technology expenditures made by executive branch State agencies in FY 2013-14 from appropriations outside of the Governor’s Office of Information Technology budget. The report shall be organized by agency and by expenditure purpose (e.g. computers, network equipment, etc.).”*

OIT undertook the cumbersome task of collecting this data and submitted FY 2012-13 and FY 2013-14 information technology expenditure information to the Committee by the deadline. Joint Budget Committee staff then analyzed the data to determine what agencies spent money on in recent fiscal years and which agencies spent the most funds on information technology assets. Before viewing the following two tables, it is important to note that Committee staff only reported out a subset of data provided by OIT. Staff was very conservative in reporting out only data that is clearly identified from rather confusing financial data as information technology asset expenditures. It is feasible (and perhaps, wholly the case) that staff omitted information



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technology asset expenditures that should be reported here. This was done to ensure that the issue described above is not overstated.

The following table summarizes information technology expenditures made by executive branch agencies outside of OIT for FY 2013-14 by expenditure type.

<b>IT Expenditures Outside of OIT by Expenditure Type</b>		
<b>Expenditure Type</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Software	\$23,029,084	\$27,203,548
Other IT Purchases	10,395,637	8,830,575
Computers	7,888,399	8,402,837
General Hardware Maintenance	3,596,647	3,017,240
Network	2,016,024	2,387,651
Data Processing Supplies	1,447,633	1,390,856
Servers	1,368,121	1,262,101
<b>Total</b>	<b>\$49,741,545</b>	<b>\$52,494,807</b>

The following table summarizes information technology expenditures made by executive branch agencies outside of OIT for FY 2013-14 by agency.

<b>IT Expenditures Outside of OIT by Agency</b>		
<b>Agency</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Agriculture	\$540,120	\$585,129
Corrections	3,568,722	3,549,036
Education	1,872,043	1,828,996
Health Care Policy and Financing	441,355	1,791,164
Human Services	6,771,899	6,495,998
Labor and Employment	4,291,581	4,065,117
Local Affairs	126,346	153,485
Military and Veterans Affairs	120,811	141,908
Natural Resources	2,258,159	2,422,852
Personnel	1,713,601	1,395,983
Public Health and Environment	2,832,106	3,161,339
Public Safety	10,245,190	10,453,579
Regulatory Agencies	1,593,189	1,461,531
Revenue	4,870,888	5,225,759
Transportation	8,495,536	9,762,931
<b>Total</b>	<b>\$49,741,545</b>	<b>\$52,494,807</b>

***Recommendation***

The State Auditor’s March 2012 report contains the following recommendation, which has been discussed in prior years by the Joint Budget Committee, yet not acted on.

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*“OIT should work with the Governor’s Office of State Planning and Budgeting, Joint Budget Committee, and General Assembly to move all Executive Branch IT appropriations so as to be under the control of OIT.”*

OIT agreed with this recommendation, yet has not submitted a plan to the legislature. The lack of a plan may result in future funding issues whereby OIT asks the legislature to backfill its operating needs in absence of a plan. For example, staff can envision a future proposal submitted to the Committee by OIT to fund the personal computer refresh schedule outlined in staff’s briefing issue above entitled *“Senate Bill 14-169 (OIT Reports To General Assembly) Asset Update”*.

Staff recommends that the Committee strongly support a centrally-funded plan if one is submitted by OIT, but if, and only if, the proposal is submitted with a plan to reduce operating appropriations in executive branch agencies that are currently used to cover the costs associated with information technology asset expenditures. At the very minimum, the Committee should expect to receive a detailed proposal from the Governor’s Office of State Planning and Budgeting articulating why executive branch agencies should retain operating appropriations if a plan is put forth to centrally fund personal computers (or any other information technology asset, for that matter) through OIT.

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
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**GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING**

**John Hickenlooper, Governor**

**(1) OFFICE OF THE GOVERNOR**

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

**(A) Governor's Office**

Administration of Governor's Office and Residence	<u>2,138,027</u>	<u>2,224,702</u>	<u>2,231,463</u>	<u>2,326,735</u>	
FTE	31.4	31.7	31.4	31.4	
General Fund	2,118,898	2,117,003	2,212,334	2,307,606	
Cash Funds	0	88,570	0	0	
Reappropriated Funds	19,129	19,129	19,129	19,129	
Discretionary Fund	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	
General Fund	19,500	19,500	19,500	19,500	
Mansion Activity Fund	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	200,000	200,000	200,000	200,000	
<b>SUBTOTAL - (A) Governor's Office</b>	<b>2,357,527</b>	<b>2,444,202</b>	<b>2,450,963</b>	<b>2,546,235</b>	<b>3.9%</b>
FTE	<u>31.4</u>	<u>31.7</u>	<u>31.4</u>	<u>31.4</u>	<u>0.0%</u>
General Fund	2,138,398	2,136,503	2,231,834	2,327,106	4.3%
Cash Funds	200,000	288,570	200,000	200,000	0.0%
Reappropriated Funds	19,129	19,129	19,129	19,129	0.0%

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(B) Special Purpose</b>					
Health, Life, and Dental	<u>6,659,886</u>	<u>7,190,684</u>	<u>7,417,650</u>	<u>8,444,715</u>	*
General Fund	503,387	417,135	539,734	578,157	
Cash Funds	222,374	25,253	324,562	454,183	
Reappropriated Funds	5,702,856	6,395,504	6,464,873	7,309,503	
Federal Funds	231,269	352,792	88,481	102,872	
Short-term Disability	<u>117,695</u>	<u>136,250</u>	<u>164,289</u>	<u>178,524</u>	*
General Fund	9,987	7,694	11,121	13,607	
Cash Funds	4,175	2,841	7,411	10,183	
Reappropriated Funds	99,896	124,496	143,633	152,153	
Federal Funds	3,637	1,219	2,124	2,581	
S.B. 04-257 Amortization Equalization Disbursement	<u>2,368,571</u>	<u>2,604,881</u>	<u>2,999,560</u>	<u>3,590,391</u>	*
General Fund	250,590	145,583	202,970	273,444	
Cash Funds	93,043	54,174	135,176	204,740	
Reappropriated Funds	1,959,187	2,381,875	2,622,679	3,060,376	
Federal Funds	65,751	23,249	38,735	51,831	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>2,034,638</u>	<u>2,351,165</u>	<u>2,812,088</u>	<u>3,467,992</u>	*
General Fund	397,745	130,964	190,284	264,123	
Cash Funds	79,961	48,907	126,727	197,760	
Reappropriated Funds	1,500,427	2,150,305	2,458,762	2,956,045	
Federal Funds	56,505	20,989	36,315	50,064	

\*Line item contains a decision item.

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Salary Survey	0	<u>1,581,030</u>	<u>2,016,472</u>	<u>884,090</u>	
General Fund	0	80,822	136,732	58,589	
Cash Funds	0	32,460	91,117	50,917	
Reappropriated Funds	0	1,453,818	1,762,510	761,675	
Federal Funds	0	13,930	26,113	12,909	
Merit Pay	0	<u>1,161,444</u>	<u>789,829</u>	<u>821,199</u>	
General Fund	0	65,376	56,422	59,178	
Cash Funds	0	23,947	37,160	50,005	
Reappropriated Funds	0	1,061,720	686,002	700,759	
Federal Funds	0	10,401	10,245	11,257	
Shift Differential	<u>75,981</u>	<u>81,671</u>	<u>89,289</u>	<u>74,362</u>	
Reappropriated Funds	75,981	81,671	89,289	74,362	
Workers' Compensation	<u>372,433</u>	<u>445,361</u>	<u>392,682</u>	<u>386,970</u>	
General Fund	163,263	57,353	41,695	41,088	
Reappropriated Funds	209,170	388,008	350,987	345,882	
Legal Services	<u>380,411</u>	<u>958,116</u>	<u>540,687</u>	<u>477,370</u>	
General Fund	380,411	958,116	540,687	210,168	
Reappropriated Funds	0	0	0	267,202	

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
Payment to Risk Management and Property Funds	<u>189,825</u>	<u>214,323</u>	<u>287,212</u>	<u>234,902</u>	
General Fund	91,498	66,316	91,451	74,795	
Cash Funds	0	148,007	0	0	
Reappropriated Funds	98,327	0	195,761	160,107	
Vehicle Lease Payments	<u>71,798</u>	<u>67,117</u>	<u>80,548</u>	<u>87,703</u>	*
General Fund	0	0	0	0	
Reappropriated Funds	71,798	67,117	80,548	87,703	
Leased Space	<u>2,371,521</u>	<u>3,147,964</u>	<u>3,148,018</u>	<u>3,148,018</u>	
Reappropriated Funds	2,371,521	3,147,964	3,148,018	3,148,018	
Capitol Complex Leased Space	<u>457,377</u>	<u>591,187</u>	<u>527,813</u>	<u>713,311</u>	
General Fund	258,997	366,921	331,419	447,895	
Reappropriated Funds	198,380	224,266	196,394	265,416	
Payments to OIT	<u>0</u>	<u>0</u>	<u>3,076,665</u>	<u>4,352,823</u>	
General Fund	0	0	1,626,294	2,128,625	
Reappropriated Funds	0	0	1,450,371	2,224,198	
COFRS Modernization	<u>58,372</u>	<u>42,859</u>	<u>67,179</u>	<u>67,179</u>	
General Fund	22,407	21,141	22,407	22,407	
Cash Funds	23,019	21,718	23,019	23,019	
Federal Funds	12,946	0	21,753	21,753	
Purchase of Services from Computer Center	<u>2,070,805</u>	<u>972,982</u>	<u>0</u>	<u>0</u>	
General Fund	2,070,805	256,298	0	0	
Cash Funds	0	716,684	0	0	
Reappropriated Funds	0	0	0	0	

\*Line item contains a decision item.

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Colorado State Network	<u>162,880</u>	<u>400,791</u>	<u>0</u>	<u>0</u>	
General Fund	162,880	168,641	0	0	
Reappropriated Funds	0	232,150	0	0	
Information Technology Security	<u>0</u>	<u>14,036</u>	<u>0</u>	<u>0</u>	
General Fund	0	14,036	0	0	
Reappropriated Funds	0	0	0	0	
<b>SUBTOTAL - (B) Special Purpose</b>	17,392,193	21,961,861	24,409,981	26,929,549	10.3%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	4,311,970	2,756,396	3,791,216	4,172,076	10.0%
Cash Funds	422,572	1,073,991	745,172	990,807	33.0%
Reappropriated Funds	12,287,543	17,708,894	19,649,827	21,513,399	9.5%
Federal Funds	370,108	422,580	223,766	253,267	13.2%

**JBC Staff Budget Briefing: FY 2015-16**  
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(C) Colorado Energy Office</b>					
Program Administration	8,987,870	4,997,099	6,425,019	6,495,813	
FTE	26.6	26.4	32.3	32.3	
General Fund	0	0	0	0	
Cash Funds	2,783,799	3,356,050	2,900,688	2,959,296	
Federal Funds	6,204,071	1,641,049	3,524,331	3,536,517	
Low-Income Energy Assistance	<u>3,644,862</u>	<u>7,505,165</u>	<u>7,100,000</u>	<u>7,100,000</u>	
Cash Funds	3,644,862	7,505,165	7,100,000	7,100,000	
Clean Energy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0	0	
School Energy Efficiency	<u>181,571</u>	<u>121,218</u>	<u>210,318</u>	<u>210,318</u>	
FTE	1.4	0.5	1.4	1.4	
Cash Funds	181,571	121,218	210,318	210,318	
Legal Services	<u>0</u>	<u>73,088</u>	<u>108,911</u>	<u>103,961</u>	
Cash Funds	0	73,088	73,088	69,766	
Federal Funds	0	0	35,823	34,195	
Indirect Cost Assessment	<u>0</u>	<u>29,890</u>	<u>80,593</u>	<u>94,255</u>	
Cash Funds	0	29,890	0	94,255	
Federal Funds	0	0	80,593	0	
<b>SUBTOTAL - (C) Colorado Energy Office</b>	12,814,303	12,726,460	13,924,841	14,004,347	0.6%
<b>FTE</b>	<u>28.0</u>	<u>26.9</u>	<u>33.7</u>	<u>33.7</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	6,610,232	11,085,411	10,284,094	10,433,635	1.5%
Federal Funds	6,204,071	1,641,049	3,640,747	3,570,712	(1.9%)



**JBC Staff Budget Briefing: FY 2015-16**  
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(D) Other Programs and Grants</b>					
Disabled Parking Education	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	499,000	499,000	
Cash Funds	0	0	1,000	1,000	
Reappropriated Funds	0	0	0	0	
Office of Marijuana Coordination	<u>0</u>	<u>0</u>	<u>190,097</u>	<u>190,097</u>	
FTE	0.0	0.0	2.0	2.0	
Cash Funds	0	0	190,097	190,097	
<b>SUBTOTAL - (D) Other Programs and Grants</b>	<b>0</b>	<b>0</b>	<b>690,097</b>	<b>690,097</b>	<b>0.0%</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0%</u>
General Fund	0	0	499,000	499,000	0.0%
Cash Funds	0	0	191,097	191,097	0.0%
Reappropriated Funds	0	0	0	0	0.0%
<b>TOTAL - (1) Office of the Governor</b>	<b>32,564,023</b>	<b>37,132,523</b>	<b>41,475,882</b>	<b>44,170,228</b>	<b>6.5%</b>
FTE	<u>59.4</u>	<u>58.6</u>	<u>67.1</u>	<u>67.1</u>	<u>0.0%</u>
General Fund	6,450,368	4,892,899	6,522,050	6,998,182	7.3%
Cash Funds	7,232,804	12,447,972	11,420,363	11,815,539	3.5%
Reappropriated Funds	12,306,672	17,728,023	19,668,956	21,532,528	9.5%
Federal Funds	6,574,179	2,063,629	3,864,513	3,823,979	(1.0%)

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(2) OFFICE OF THE LIEUTENANT GOVERNOR**

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

Administration	<u>221,233</u>	<u>221,233</u>	<u>232,491</u>	<u>242,254</u>	
FTE	2.7	2.7	2.7	2.7	
General Fund	221,233	221,233	232,491	242,254	
Reappropriated Funds	0	0	0	0	
Discretionary Fund	<u>2,800</u>	<u>2,875</u>	<u>2,875</u>	<u>2,875</u>	
General Fund	2,800	2,875	2,875	2,875	
Commission of Indian Affairs	<u>76,902</u>	<u>78,123</u>	<u>82,041</u>	<u>85,441</u>	
FTE	1.0	1.0	2.3	2.3	
General Fund	76,902	78,123	80,857	84,257	
Cash Funds	0	0	1,184	1,184	

<b>TOTAL - (2) Office of the Lieutenant Governor</b>	300,935	302,231	317,407	330,570	4.1%
FTE	<u>3.7</u>	<u>3.7</u>	<u>5.0</u>	<u>5.0</u>	0.0%
General Fund	300,935	302,231	316,223	329,386	4.2%
Cash Funds	0	0	1,184	1,184	0.0%
Reappropriated Funds	0	0	0	0	0.0%

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(3) OFFICE OF STATE PLANNING AND BUDGETING**

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

Personal Services	<u>1,824,811</u>	<u>2,618,528</u>	<u>2,085,496</u>	<u>2,055,580</u> *
FTE	13.9	19.5	19.5	21.5
General Fund	494,847	1,214,553	456,627	576,232
Cash Funds	0	0	176,454	0
Reappropriated Funds	1,329,964	1,403,975	1,452,415	1,479,348
Operating Expenses	<u>40,607</u>	<u>50,944</u>	<u>61,614</u>	<u>62,744</u> *
General Fund	0	0	10,670	11,800
Reappropriated Funds	40,607	50,944	50,944	50,944
Economic Forecasting Subscriptions	<u>8,689</u>	<u>6,196</u>	<u>16,362</u>	<u>16,362</u>
Reappropriated Funds	8,689	6,196	16,362	16,362

<b>TOTAL - (3) Office of State Planning and Budgeting</b>	1,874,107	2,675,668	2,163,472	2,134,686	(1.3%)
FTE	<u>13.9</u>	<u>19.5</u>	<u>19.5</u>	<u>21.5</u>	<u>10.3%</u>
General Fund	494,847	1,214,553	467,297	588,032	25.8%
Cash Funds	0	0	176,454	0	(100.0%)
Reappropriated Funds	1,379,260	1,461,115	1,519,721	1,546,654	1.8%

\*Line item contains a decision item.

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(4) ECONOMIC DEVELOPMENT PROGRAMS**

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

Administration	<u>584,214</u>	<u>597,994</u>	<u>611,535</u>	<u>649,164</u>	
FTE	6.0	6.0	6.0	6.0	
General Fund	576,730	590,510	599,466	637,095	
Cash Funds	0	0	2,435	2,435	
Reappropriated Funds	7,484	7,484	7,484	7,484	
Federal Funds	0	0	2,150	2,150	
Vehicle Lease Payments	<u>15,161</u>	<u>12,166</u>	<u>9,516</u>	<u>9,516</u>	
General Fund	15,161	12,166	9,516	9,516	
Leased Space	<u>231,540</u>	<u>346,525</u>	<u>346,525</u>	<u>346,525</u>	
General Fund	231,540	346,525	346,525	346,525	
Global Business Development	<u>1,515,799</u>	<u>1,974,777</u>	<u>3,604,871</u>	<u>5,413,092</u>	*
FTE	8.8	21.2	21.7	23.4	
General Fund	1,467,716	1,928,019	2,694,192	4,500,610	
Cash Funds	15,029	26,487	540,000	540,408	
Federal Funds	33,054	20,271	370,679	372,074	
Leading Edge Program Grants	<u>51,024</u>	<u>50,976</u>	<u>126,407</u>	<u>151,407</u>	*
General Fund	50,976	50,976	50,976	75,976	
Cash Funds	48	0	75,431	75,431	

\*Line item contains a decision item.

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Small Business Development Centers	<u>1,593,467</u>	<u>2,241,309</u>	<u>1,639,189</u>	<u>1,667,666</u>	
FTE	4.0	4.0	4.0	4.0	
General Fund	84,522	284,522	386,397	392,029	
Cash Funds	0	0	0	0	
Federal Funds	1,508,945	1,956,787	1,252,792	1,275,637	
Colorado Office of Film, Television, and Media	<u>639,240</u>	<u>2,410,228</u>	<u>5,500,000</u>	<u>5,509,322</u>	*
FTE	4.5	4.5	4.5	4.5	
General Fund	0	800,000	5,000,000	5,000,000	
Cash Funds	639,240	1,610,228	500,000	509,322	
Colorado Promotion - Colorado Welcome Centers	<u>500,000</u>	<u>515,096</u>	<u>500,000</u>	<u>507,377</u>	
FTE	3.3	3.3	3.3	3.3	
Cash Funds	500,000	515,096	500,000	507,377	
Colorado Promotion - Other Program Costs	<u>13,633,496</u>	<u>16,731,444</u>	<u>16,500,000</u>	<u>19,526,624</u>	*
FTE	4.0	4.0	4.0	4.0	
General Fund	3,700,000	2,000,000	2,000,000	5,000,000	
Cash Funds	9,933,496	14,731,444	14,500,000	14,526,624	
Economic Development Commission - General					
Economic Incentives and Marketing	<u>2,092,280</u>	<u>4,929,304</u>	<u>4,298,516</u>	<u>5,833,482</u>	*
FTE	0.0	4.0	4.0	5.5	
General Fund	2,013,764	4,850,788	4,220,000	5,696,280	
Cash Funds	78,516	78,516	78,516	137,202	
Colorado First Customized Job Training	<u>2,725,022</u>	<u>4,275,022</u>	<u>2,725,022</u>	<u>4,500,000</u>	*
General Fund	2,725,022	4,275,022	2,725,022	4,500,000	

\*Line item contains a decision item.

**JBC Staff Budget Briefing: FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
CAPCO Administration	80,000	48,829	81,852	84,036	
FTE	2.0	2.0	2.0	2.0	
Reappropriated Funds	80,000	48,829	81,852	84,036	
Council on Creative Industries	1,948,350	2,348,086	2,964,397	2,776,052	
FTE	3.0	3.0	3.0	3.0	
General Fund	300,000	0	100,000	0	
Cash Funds	883,953	1,792,645	2,000,000	2,011,655	
Reappropriated Funds	0	0	100,000	0	
Federal Funds	764,397	555,441	764,397	764,397	
Bioscience Discovery Evaluation	3,598,173	5,634,245	5,500,000	5,507,580	
FTE	0.6	2.5	1.1	1.1	
Cash Funds	3,598,173	5,634,245	5,500,000	5,507,580	
Advanced Industries	0	0	10,080,307	10,000,000	
FTE	0.0	0.0	0.5	0.0	
General Fund	0	0	5,000,000	5,000,000	
Cash Funds	0	0	5,080,307	5,000,000	
Indirect Cost Assessment	7,484	30,713	52,696	89,340	
Cash Funds	7,484	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	30,713	52,696	89,340	
<b>TOTAL - (4) Economic Development Programs</b>	29,215,250	42,146,714	54,540,833	62,571,183	14.7%
<b>FTE</b>	<u>36.2</u>	<u>54.5</u>	<u>54.1</u>	<u>56.8</u>	<u>5.0%</u>
General Fund	11,165,431	15,138,528	23,132,094	31,158,031	34.7%
Cash Funds	15,655,939	24,388,661	28,776,689	28,818,034	0.1%
Reappropriated Funds	87,484	56,313	189,336	91,520	(51.7%)
Federal Funds	2,306,396	2,563,212	2,442,714	2,503,598	2.5%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(5) OFFICE OF INFORMATION TECHNOLOGY**

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

**(A) OIT Central Administration**

OIT Central Administration	<u>0</u>	<u>0</u>	<u>11,185,433</u>	<u>8,661,550</u>	
FTE	0.0	0.0	82.0	82.0	
Reappropriated Funds	0	0	11,185,433	8,661,550	
Project Management	<u>0</u>	<u>0</u>	<u>3,232,229</u>	<u>3,334,952</u>	
FTE	0.0	0.0	30.0	30.0	
Reappropriated Funds	0	0	3,232,229	3,334,952	
Legal Services	<u>0</u>	<u>0</u>	<u>48,416</u>	<u>46,215</u>	
Reappropriated Funds	0	0	48,416	46,215	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>350,223</u>	<u>378,861</u>	
Reappropriated Funds	0	0	350,223	378,861	
<b>SUBTOTAL - (A) OIT Central Administration</b>	<b>0</b>	<b>0</b>	<b>14,816,301</b>	<b>12,421,578</b>	<b>(16.2%)</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>112.0</u>	<u>112.0</u>	<u>0.0%</u>
Reappropriated Funds	0	0	14,816,301	12,421,578	(16.2%)

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(B) IT Infrastructure</b>					
Infrastructure Administration	<u>0</u>	<u>0</u>	<u>558,085</u>	<u>2,645,816</u>	*
FTE	0.0	0.0	7.0	7.0	
General Fund	0	0	0	2,023,000	
Reappropriated Funds	0	0	558,085	622,816	
Data Center Services	<u>0</u>	<u>0</u>	<u>709,403</u>	<u>725,700</u>	
FTE	0.0	0.0	8.0	8.0	
Reappropriated Funds	0	0	709,403	725,700	
Mainframe Services	<u>0</u>	<u>0</u>	<u>8,073,445</u>	<u>8,129,097</u>	
FTE	0.0	0.0	52.0	52.0	
Cash Funds	0	0	2,328	2,328	
Reappropriated Funds	0	0	8,071,117	8,126,769	
Server Management	<u>0</u>	<u>0</u>	<u>4,658,545</u>	<u>6,086,455</u>	*
FTE	0.0	0.0	44.0	51.3	
General Fund	0	0	0	1,289,601	
Reappropriated Funds	0	0	4,658,545	4,796,854	
<b>SUBTOTAL - (B) IT Infrastructure</b>	<b>0</b>	<b>0</b>	<b>13,999,478</b>	<b>17,587,068</b>	<b>25.6%</b>
<b>FTE</b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>111.0</u></b>	<b><u>118.3</u></b>	<b><u>6.6%</u></b>
General Fund	0	0	0	3,312,601	0.0%
Cash Funds	0	0	2,328	2,328	0.0%
Reappropriated Funds	0	0	13,997,150	14,272,139	2.0%

\*Line item contains a decision item.



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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(C) Network Services</b>					
Network Administration	<u>0</u>	<u>0</u>	<u>3,098,558</u>	<u>4,877,456</u> *	
FTE	0.0	0.0	9.6	10.0	
General Fund	0	0	0	1,244,200	
Reappropriated Funds	0	0	3,098,558	3,633,256	
Colorado State Network Core	<u>0</u>	<u>0</u>	<u>6,088,942</u>	<u>5,624,499</u>	
FTE	0.0	0.0	36.0	36.0	
Reappropriated Funds	0	0	6,088,942	5,624,499	
Colorado State Network Circuits	<u>0</u>	<u>0</u>	<u>6,016,138</u>	<u>6,016,138</u>	
Reappropriated Funds	0	0	6,016,138	6,016,138	
Data Services	<u>0</u>	<u>0</u>	<u>219,000</u>	<u>219,000</u>	
Reappropriated Funds	0	0	219,000	219,000	
Voice Services	<u>0</u>	<u>0</u>	<u>7,213,782</u>	<u>7,677,428</u> *	
FTE	0.0	0.0	15.0	15.0	
General Fund	0	0	0	440,000	
Cash Funds	0	0	1,200,000	1,200,000	
Reappropriated Funds	0	0	6,013,782	6,037,428	
Public Safety Network	<u>0</u>	<u>0</u>	<u>12,189,165</u>	<u>12,279,428</u>	
FTE	0.0	0.0	45.0	45.0	
General Fund	0	0	3,500,000	3,500,000	
Cash Funds	0	0	48,600	48,600	
Reappropriated Funds	0	0	8,519,565	8,609,828	
Federal Funds	0	0	121,000	121,000	

\*Line item contains a decision item.

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	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (C) Network Services</b>	0	0	34,825,585	36,693,949	5.4%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>105.6</u>	<u>106.0</u>	<u>0.4%</u>
General Fund	0	0	3,500,000	5,184,200	48.1%
Cash Funds	0	0	1,248,600	1,248,600	0.0%
Reappropriated Funds	0	0	29,955,985	30,140,149	0.6%
Federal Funds	0	0	121,000	121,000	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(D) Information Security</b>					
Security Administration	<u>0</u>	<u>0</u>	<u>282,083</u>	<u>289,133</u>	
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	0	0	282,083	289,133	
Security Governance	<u>0</u>	<u>0</u>	<u>6,159,666</u>	<u>6,199,203</u>	
FTE	0.0	0.0	9.8	10.0	
Reappropriated Funds	0	0	6,159,666	6,199,203	
Security Operations	<u>0</u>	<u>0</u>	<u>1,107,631</u>	<u>1,170,609</u>	
FTE	0.0	0.0	13.0	13.0	
Reappropriated Funds	0	0	1,107,631	1,170,609	
<b>SUBTOTAL - (D) Information Security</b>	0	0	7,549,380	7,658,945	1.5%
FTE	<u>0.0</u>	<u>0.0</u>	<u>23.8</u>	<u>24.0</u>	<u>0.8%</u>
Reappropriated Funds	0	0	7,549,380	7,658,945	1.5%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(E) Applications</b>					
Applications Administration	<u>0</u>	<u>0</u>	<u>6,246,139</u>	<u>8,237,152</u> *	
FTE	0.0	0.0	27.0	30.7	
General Fund	0	0	428,866	3,363,590	
Reappropriated Funds	0	0	5,817,273	4,873,562	
Enterprise Services	<u>0</u>	<u>0</u>	<u>3,319,712</u>	<u>3,432,262</u>	
FTE	0.0	0.0	36.0	36.0	
Reappropriated Funds	0	0	3,319,712	3,432,262	
Health Services	<u>0</u>	<u>0</u>	<u>10,421,437</u>	<u>9,426,889</u>	
FTE	0.0	0.0	99.0	99.0	
Reappropriated Funds	0	0	10,421,437	9,426,889	
Colorado Benefits Management System	<u>0</u>	<u>0</u>	<u>64,996,580</u>	<u>24,787,269</u>	
FTE	0.0	0.0	58.5	58.5	
Reappropriated Funds	0	0	64,996,580	24,787,269	
Revenue and Regulatory Services	<u>0</u>	<u>0</u>	<u>8,116,371</u>	<u>7,994,421</u>	
FTE	0.0	0.0	96.0	96.0	
Reappropriated Funds	0	0	8,116,371	7,994,421	
Financial Management Services	<u>0</u>	<u>0</u>	<u>835,027</u>	<u>864,960</u>	
FTE	0.0	0.0	9.0	9.0	
Reappropriated Funds	0	0	835,027	864,960	

\*Line item contains a decision item.

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Personnel Management Services	<u>0</u>	<u>0</u>	<u>1,169,458</u>	<u>1,188,886</u>	
FTE	0.0	0.0	7.0	7.0	
Reappropriated Funds	0	0	1,169,458	1,188,886	
Safety and Transportation Services	<u>0</u>	<u>0</u>	<u>4,372,628</u>	<u>4,484,435</u>	
FTE	0.0	0.0	50.0	50.0	
Reappropriated Funds	0	0	4,372,628	4,484,435	
Labor and Employment Services	<u>0</u>	<u>0</u>	<u>1,788,666</u>	<u>1,857,030</u>	
FTE	0.0	0.0	19.0	19.0	
Reappropriated Funds	0	0	1,788,666	1,857,030	
<b>SUBTOTAL - (E) Applications</b>	<b>0</b>	<b>0</b>	<b>101,266,018</b>	<b>62,273,304</b>	<b>(38.5%)</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>401.5</u>	<u>405.2</u>	<u>0.9%</u>
General Fund	0	0	428,866	3,363,590	684.3%
Reappropriated Funds	0	0	100,837,152	58,909,714	(41.6%)

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	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
<b>(F) End User Services</b>					
End User Administration	<u>0</u>	<u>0</u>	<u>331,745</u>	<u>340,830</u>	
FTE	0.0	0.0	2.0	2.0	
Reappropriated Funds	0	0	331,745	340,830	
Service Desk Services	<u>0</u>	<u>0</u>	<u>4,086,290</u>	<u>4,172,455</u>	
FTE	0.0	0.0	61.0	61.0	
Reappropriated Funds	0	0	4,086,290	4,172,455	
Deskside Support Services	<u>0</u>	<u>0</u>	<u>7,644,398</u>	<u>7,862,609</u>	
FTE	0.0	0.0	106.0	106.0	
Reappropriated Funds	0	0	7,644,398	7,862,609	
Email Services	<u>0</u>	<u>0</u>	<u>1,926,869</u>	<u>1,936,455</u>	
FTE	0.0	0.0	3.0	3.0	
Reappropriated Funds	0	0	1,926,869	1,936,455	
<b>SUBTOTAL - (F) End User Services</b>	<b>0</b>	<b>0</b>	<b>13,989,302</b>	<b>14,312,349</b>	<b>2.3%</b>
<b>FTE</b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>172.0</u></b>	<b><u>172.0</u></b>	<b><u>0.0%</u></b>
<b>Reappropriated Funds</b>	<b>0</b>	<b>0</b>	<b>13,989,302</b>	<b>14,312,349</b>	<b>2.3%</b>

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(A) Management and Administration of OIT</b>					
Personal Services	<u>1,122,442</u>	<u>1,028,883</u>	<u>0</u>	<u>0</u>	
FTE	7.6	8.5	0.0	0.0	
General Fund	0	0	0	0	
Reappropriated Funds	1,122,442	1,028,883	0	0	
Operating Expenses	<u>294,108</u>	<u>558,744</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	294,108	558,744	0	0	
Statewide IT Management	<u>5,250,193</u>	<u>5,709,212</u>	<u>0</u>	<u>0</u>	
FTE	61.4	52.2	0.0	0.0	
General Fund	0	196,332	0	0	
Reappropriated Funds	5,250,193	5,512,880	0	0	
Office of Information Security Program	<u>0</u>	<u>1,075,700</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	0	1,075,700	0	0	
Legal Services	<u>0</u>	<u>44,538</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	0	44,538	0	0	
Indirect Cost Assessment	<u>34,506</u>	<u>71,667</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	34,506	71,667	0	0	
<b>SUBTOTAL - (A) Management and Administration of OIT</b>	<b>6,701,249</b>	<b>8,488,744</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
FTE	<u>69.0</u>	<u>60.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	196,332	0	0	0.0%
Reappropriated Funds	6,701,249	8,292,412	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(B) Computer Center Services</b>					
<b>(I) Computer Services</b>					
Personal Services	<u>44,348,661</u>	<u>46,237,637</u>	<u>0</u>	<u>0</u>	
FTE	537.8	550.4	0.0	0.0	
Reappropriated Funds	44,348,661	46,237,637	0	0	
Operating Expenses	<u>7,752,343</u>	<u>8,524,588</u>	<u>0</u>	<u>0</u>	
General Fund	0	430,337	0	0	
Cash Funds	2,328	0	0	0	
Reappropriated Funds	7,750,015	8,094,251	0	0	
Rental, Lease, or Lease/Purchase of Central Processing Unit	<u>336,034</u>	<u>336,034</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	336,034	336,034	0	0	
Indirect Cost Assessment	<u>70,484</u>	<u>149,839</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	70,484	149,839	0	0	
<b>SUBTOTAL - FTE</b>	<b>52,507,544</b>	<b>55,248,098</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
General Fund	0	430,337	0	0	0.0%
Cash Funds	2,328	0	0	0	0.0%
Reappropriated Funds	52,505,194	54,817,761	0	0	



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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(II) Statewide Information Technology Services Administration</b>					
Personal Services	443,163	354,978	0	0	
FTE	6.7	6.7	0.0	0.0	
Reappropriated Funds	443,163	354,978	0	0	
Operating Expenses	5,732	4,712	0	0	
Reappropriated Funds	5,732	4,712	0	0	
<b>SUBTOTAL - *K'Ucgy lf g'K'Ugt xleg' Cf o lplnt cvlp</b>	448,895	359,690	0	0	0.0%
FTE	6.7	6.7	0.0	0.0	0.0%
Reappropriated Funds	448,895	359,690	0	0	0.0%
<b>(III) Customer Service</b>					
Personal Services	927,535	814,226	0	0	
FTE	13.5	13.6	0.0	0.0	
Reappropriated Funds	927,535	814,226	0	0	
Operating Expenses	13,107	14,624	0	0	
Reappropriated Funds	13,107	14,624	0	0	
<b>SUBTOTAL - *K'Ucgy lf g'K'Ugt xleg</b>	940,642	828,850	0	0	0.0%
FTE	13.5	13.6	0.0	0.0	0.0%
Reappropriated Funds	940,642	828,850	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(IV) Technology Management Unit</b>					
Personal Services	<u>2,859,100</u>	<u>2,786,213</u>	<u>0</u>	<u>0</u>	
FTE	29.2	27.7	0.0	0.0	
Reappropriated Funds	2,859,100	2,786,213	0	0	
Operating Expenses	<u>364,371</u>	<u>364,369</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	364,371	364,369	0	0	
<b>SUBTOTAL - (A) Technology Management Unit</b>	3,223,471	3,150,582	0	0	0.0%
FTE	<u>29.2</u>	<u>27.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	3,223,471	3,150,582	0	0	0.0%
<b>SUBTOTAL - (B) Computer Center Services</b>	57,120,530	59,587,220	0	0	0.0%
FTE	<u>587.2</u>	<u>598.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	430,337	0	0	0.0%
Cash Funds	2,328	0	0	0	0.0%
Reappropriated Funds	57,118,202	59,156,883	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(C) Network Services</b>					
<b>(I) Network Services</b>					
Personal Services	<u>7,505,593</u>	<u>7,332,211</u>	<u>0</u>	<u>0</u>	
FTE	73.5	72.2	0.0	0.0	
Reappropriated Funds	7,505,593	7,332,211	0	0	
Operating Expenses	<u>17,922,736</u>	<u>17,616,685</u>	<u>0</u>	<u>0</u>	
General Fund	0	57,499	0	0	
Cash Funds	1,200,000	228,342	0	0	
Reappropriated Funds	16,722,736	17,330,844	0	0	
Toll-free Telephone Access to Members of the General Assembly	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	25,000	25,000	0	0	
Indirect Cost Assessment	<u>6,667</u>	<u>38,763</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	6,667	38,763	0	0	
<b>SUBTOTAL - *K P g y q t m U g t x l e g u</b>	25,459,996	25,012,659	0	0	0.0%
<b>FTE</b>	<u>73.5</u>	<u>72.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	57,499	0	0	0.0%
Cash Funds	1,200,000	228,342	0	0	0.0%
Reappropriated Funds	24,259,996	24,726,818	0	0	0.0%
<b>(II) Order Billing</b>					
Personal Services	<u>620,946</u>	<u>600,566</u>	<u>0</u>	<u>0</u>	
FTE	7.9	7.6	0.0	0.0	
Reappropriated Funds	620,946	600,566	0	0	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Operating Expenses	<u>10,505</u>	<u>5,098</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	10,505	5,098	0	0	
<b>SUBTOTAL - (A) Operating Expenses</b>	631,451	605,664	0	0	0.0%
<b>FTE</b>	<u>7.9</u>	<u>7.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	631,451	605,664	0	0	0.0%
<b>SUBTOTAL - (C) Network Services</b>	26,091,447	25,618,323	0	0	0.0%
<b>FTE</b>	<u>81.4</u>	<u>79.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	57,499	0	0	0.0%
Cash Funds	1,200,000	228,342	0	0	0.0%
Reappropriated Funds	24,891,447	25,332,482	0	0	0.0%

**(D) Communication Services**

Personal Services	<u>3,604,175</u>	<u>7,958,662</u>	<u>0</u>	<u>0</u>
FTE	41.5	40.4	0.0	0.0
Cash Funds	0	4,337,588	0	0
Reappropriated Funds	3,604,175	3,621,074	0	0
Operating Expenses	<u>183,230</u>	<u>3,980,853</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0
Cash Funds	48,600	3,846,222	0	0
Reappropriated Funds	134,630	134,631	0	0
Training	<u>21,948</u>	<u>7,308</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	21,948	7,308	0	0

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(D) Communication Services</b>					
Personal Services	<u>3,604,175</u>	<u>7,958,662</u>	<u>0</u>	<u>0</u>	
FTE	41.5	40.4	0.0	0.0	
Cash Funds	0	4,337,588	0	0	
Reappropriated Funds	3,604,175	3,621,074	0	0	
Operating Expenses	<u>183,230</u>	<u>3,980,853</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	48,600	3,846,222	0	0	
Reappropriated Funds	134,630	134,631	0	0	
Training	<u>21,948</u>	<u>7,308</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	21,948	7,308	0	0	
Utilities	<u>182,325</u>	<u>182,480</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	182,325	182,480	0	0	
Local Systems Development	<u>219,224</u>	<u>230,842</u>	<u>0</u>	<u>0</u>	
Federal Funds	219,224	230,842	0	0	
Indirect Cost Assessment	<u>22,424</u>	<u>66,909</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	22,424	66,909	0	0	
<b>SUBTOTAL - (D) Communication Services</b>	4,233,326	12,427,054	0	0	0.0%
<b>FTE</b>	<u>41.5</u>	<u>40.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	48,600	8,183,810	0	0	0.0%
Reappropriated Funds	3,965,502	4,012,402	0	0	0.0%
Federal Funds	219,224	230,842	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(E) Colorado Benefits Management System**

Personal Services	<u>3,845,143</u>	<u>4,741,821</u>	<u>0</u>	<u>0</u>	
FTE	39.9	44.2	0.0	0.0	
Reappropriated Funds	3,845,143	4,741,821	0	0	
Operating Expenses - Contract Costs	<u>18,106,512</u>	<u>21,575,518</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	18,106,512	21,575,518	0	0	
H.B. 12-1339 CBMS Modernization Project	<u>4,058,178</u>	<u>11,604,877</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	4,058,178	11,604,875	0	0	

<b>SUBTOTAL - (E) Colorado Benefits Management System</b>	26,009,833	37,922,214	0	0	0.0%
FTE	<u>39.9</u>	<u>46.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	26,009,833	37,922,214	0	0	0.0%

<b>TOTAL - (5) Office of Information Technology</b>	120,156,385	144,043,555	186,446,064	150,947,193	(19.0%)
FTE	<u>819.0</u>	<u>825.7</u>	<u>925.9</u>	<u>937.5</u>	<u>1.3%</u>
General Fund	0	684,168	3,928,866	11,860,391	201.9%
Cash Funds	1,250,928	8,412,152	1,250,928	1,250,928	0.0%
Reappropriated Funds	118,686,233	134,716,393	181,145,270	137,714,874	(24.0%)
Federal Funds	219,224	230,842	121,000	121,000	0.0%

<b>TOTAL - Governor - Lieutenant Governor - State Planning and Budgeting</b>	184,110,700	226,300,691	284,943,658	260,153,860	(8.7%)
FTE	<u>932.2</u>	<u>962.0</u>	<u>1,071.6</u>	<u>1,087.9</u>	<u>1.5%</u>
General Fund	18,411,581	22,232,379	34,366,530	50,934,022	48.2%
Cash Funds	24,139,671	45,248,785	41,625,618	41,885,685	0.6%
Reappropriated Funds	132,459,649	153,961,844	202,523,283	160,885,576	(20.6%)
Federal Funds	9,099,799	4,857,683	6,428,227	6,448,577	0.3%

## **Appendix B:** **Recent Legislation Affecting Department Budget**

### **2013 Session Bills**

**S.B. 13-004 (Electronic Renewal Senior Identification Card):** Allows the holder of a State issued identification card who is sixty-five years of age to renew by electronic means or mail for every renewal period, provided that the holder attests, under penalty of perjury, that he/she is lawfully present in the United States and a resident of Colorado. Reappropriates \$4,588 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to modify the Department's Driver's License System.

**S.B. 13-039 (Regulate Audiology Practice):** Requires that audiologists be licensed by the Division of Professions and Occupations in the Department of Regulatory Agencies. Reappropriates \$10,993 from the Department of Regulatory Agencies to the Governor's Office of Information Technology for FY 2013-14 to make conforming changes to the licensing system for audiologists.

**S.B. 13-060 (Civil Air Patrol Motor Vehicle License Plate):** Creates the Civil Air Patrol special license plate. Reappropriates \$2,972 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to modify the Colorado State Titling and Registration System.

**S.B. 13-120 (Navy SEAL Motor Vehicle License Plate):** Creates the Navy SEAL special license plate. Reappropriates \$2,960 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to modify the Colorado State Titling and Registration System.

**S.B. 13-180 (Sunset Review Occupational Therapy Practice Act):** Continues the regulation of occupational therapists in the Division of Professions and Occupations in the Department of Regulatory Agencies until September 1, 2018. Reappropriates \$7,104 from the Department of Regulatory Agencies to the Governor's Office of Information Technology for FY 2013-14 to create and administer a new license type for occupational therapist assistants, and to create systems for tracking continued competency requirements.

**S.B. 13-188 (Landowner Preference Wildlife Hunting License):** Replaces the current landowner preference programs for allocating hunting licenses with a single program. Reappropriates \$51,800 from the Department of Natural Resources to the Governor's Office of Information Technology for FY 2013-14 to update the system that assists in electronically allocating hunting license vouchers for the landowner preference program.

**S.B. 13-224 (Protect Our Rivers Motor Vehicle License Plate):** Creates the Protect Our Rivers special license plate. Reappropriates \$2,972 from the Department of Revenue to the

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Governor's Office of Information Technology for FY 2013-14 to modify the Colorado State Titling and Registration System.

**S.B. 13-230 (Long Bill):** General appropriations act for FY 2013-14.

**S.B. 13-250 (Drug Sentencing Changes):** Makes a number of changes to current law concerning the sentencing of individuals convicted of drug-related offenses. Reappropriates \$0.5 million and 1.5 FTE from the Department of Corrections to the Governor's Office of Information Technology for FY 2013-14 to modify a large number of Department computer programs, applications, and databases impacted by the sentencing changes.

**S.B. 13-251 (Driver's License & Identification Documentation):** Allows the State to issue a driver's license, minor driver's license, instruction permit or State identification card to a non-resident who cannot furnish proof of lawful presence in the United States, upon presenting the documents required for issuance. Reappropriates \$35,774 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to change the existing related tables, pass new data to Morpho Trust, and track sworn statements and tax returns.

**S.B. 13-276 (Disability Investigational And Pilot Support Fund):** Directs the Disability-Benefit Support Contract Committee to make grants and loans to study or pilot programs in support of persons with disabilities or to the License Plate Auction Group. Establishes cash funds spending authority up to \$0.3 million in the Governor's Office to facilitate the auction of uniquely valuable license plate numbers. For more information on S.B. 13-280, please see the "Recent Legislation" section in the Department of Personnel section of this document.

**S.B. 13-280 (Title Off-highway Vehicles):** Requires off-highway vehicles to be titled in the same manner as motor vehicles except under statutory provisions that apply to salvage vehicles and assume the vehicle will be registered with the Department of Revenue. Reappropriates \$25,900 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to modify the Colorado State Titling and Registration System.

**H.B. 13-1001 (Advanced Industries Acceleration Act):** Creates the Advanced Industries Acceleration (AIA) grant program in the Office of Economic Development and International Trade to distribute funding to a variety of advanced manufacturing, aerospace, bioscience, and energy and natural resources industries. Additionally, the bill states that:

- In accordance with S.B. 13-133 (Distribution Of State Share Of Ltd Gaming Revenues), for the 2012-13 and 2013-14 fiscal years, the Bioscience Discovery Evaluation Cash Fund will receive a transfer of \$5,500,000 from the Limited Gaming Fund;
- For FY 2014-15, and each fiscal year thereafter, the transfer of \$5,500,000 from the Limited Gaming Fund to the Bioscience Discovery Evaluation Cash Fund is eliminated and replaced by a transfer to the Advanced Industries Acceleration Cash Fund of the same amount;
- The balance of the Bioscience Discovery Evaluation Cash Fund is transferred to the Advanced Industries Acceleration Cash Fund on January 1, 2015 (approximately \$2.8 million);



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- An amount equal to one half of the amount credited to the Advanced Industries Acceleration Cash Fund pursuant to Section 39-22-604.3, C.R.S. (enacted via S.B. 11-047, and estimated to be \$1,231,508) on March 1, 2014, and March 1 of each year thereafter, will be used for program grants to clean technology companies or projects;
- In calendar year 2015, and each calendar year thereafter, the Office shall award \$5,500,000 for grants to bioscience projects;
- The Office may use any excess moneys not required to be expended for bioscience or clean technology grants for grants to any of the seven advanced industries; and
- The Office shall award at least 15.0 percent of total program grants in a calendar year to each of the three grant types (proof-of-concept, early-stage capital and retention, and infrastructure funding). If the Office is unable to award this percentage in a given year due to a lack of qualified applicants, the deficiency does not roll forward to the next year.

**H.B. 13-1002 (Small Business Development Centers Appropriations):** Provides \$0.2 million General Fund for FY 2013-14 to the Office of Economic Development and International Trade to enhance activities conducted by the state's Small Business Development Centers.

**H.B. 13-1003 (Economic Gardening Pilot Project Office Econ Dev):** Provides \$0.2 million total funds for FY 2013-14 to the Office of Economic Development and International Trade to create an economic gardening pilot project program aimed at creating jobs by supporting existing companies in a community.

**H.B. 13-1004 (Colorado Careers Act Of 2013):** Provides \$1.5 million General for FY 2013-14, which is then reappropriated to the Department of Higher Education, for the Colorado First Customized Job Training Program. The goal of the Program, jointly administered by the Office of Economic Development and International Trade and the Colorado community college system, is to provide job-training grants to companies that are locating or expanding in Colorado.

**H.B. 13-1031 (All-hazards Resource Mobilization & Reimbursement):** The Office of Emergency Management in the Department of Public Safety must prepare a statewide system for mobilizing emergency response resources from multiple jurisdictions in anticipation of large-scale emergencies. This bill, recommended by the Lower North Fork Wildfire Commission, requires the director of the Office to develop and maintain specific procedures for mobilization, allocation, tracking, demobilization, reimbursement, and other functions within that system. Reappropriates \$108,000 from the Department of Public Safety to the Governor's Office of Information Technology for FY 2013-14 to upgrade its resource and tracking technology.

**H.B. 13-1071 (Register Collector's Motor Vehicles):** Specifies that a vehicle whose model year is more than 32 years old is eligible to be registered as a "collector's" vehicle. A vehicle so registered must pass an emissions test within 12 months after registration, if the vehicle is within the enhanced emissions program area. Reappropriates \$604 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to modify the Colorado State Tilting and Registration System.

**H.B. 13-1079 (Creation Of The Joint Technology Committee):** Creates the Joint Technology Committee to oversee State agencies, projects, and issues related to information technology. Provides \$0.1 million General Fund and 1.5 FTE to the Governor's Office of Information Technology for FY 2013-14 to respond to requests from the Committee for data, reports, or information pertaining to the purchase or implementation of information technology from a State agency under the purview of the Office.

**H.B. 13-1110 (Special Fuel Tax & Electric Vehicle Fee):** Alters fees for vehicles propelled by compressed natural gas (CNG), liquefied petroleum gas (LPG), and liquefied natural gas (LNG) from an annual license fee based on the weight of the vehicle to a reduced special fuels tax levied on a gallon of gasoline equivalent when the fuel is purchased; assesses a \$10 fee on each truckload (defined as 8,000 gallons of gasoline equivalent) of CNG, LPG, or LNG; and requires a plug-in electric vehicle to pay an annual license fee of \$50. Reappropriates \$68,212 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to modify the Colorado State Tilting and Registration System.

**H.B. 13-1111 (Regulate Naturopathic Doctors):** Creates a registration program for naturopathic doctors in the Division of Professions and Occupations in the Department of Regulatory Agencies, and creates the seven-member Naturopathic Medicine Advisory Committee to advise the director of the division in the regulation of naturopathic doctors. Reappropriates \$5,180 from the Department of Regulatory Agencies to the Governor's Office of Information Technology for FY 2013-14 to create and administer the new registration type and to create systems for tracking continued competency requirements.

**H.B. 13-1119 (Veteran's Identification Card And Driver's License):** Allows a U.S. military veteran to obtain a driver's license or identification card that identifies the holder as a veteran. Reappropriates \$7,800 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 for programming changes to allow for printing the veteran's identifier on both types of cards.

**H.B. 13-1135 (Voter Preregistration At Age 16):** Allows a person who has turned 16 years of age, who will not be 18 years of age by the date of the next election, to preregister to vote. Reappropriates \$31,672 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 for contract programming changes to the licensing and voting modules in the Driver's License System.

**H.B. 13-1193 (Advanced Industries Export Acceleration Program):** Creates the Advanced Industries Export Acceleration Program in the Office of Economic Development and International Trade to provide training, access to consulting services, and expense reimbursements for eligible companies for the purpose of increasing international exports from advanced industries in Colorado. Transfers \$0.3 million General Fund to the Advanced Industry Export Acceleration Fund on January 1, 2014 and each year thereafter for four additional years and appropriates \$300,000 cash funds from the Advanced Industry Export Acceleration Fund to the Office for FY 2013-14.

**H.B. 13-1240 (Penalties For Persistent Drunk Drivers):** Modifies the definition and penalties for persistent drunk drivers. Reappropriates \$26,714 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to reprogram and change existing forms to incorporate new time frames for drunk driving offenses.

**H.B. 13-1271 (Child Abuse Reporting Hotline & Child Welfare Rules):** Requires the Department of Human Services to establish a steering committee to develop an implementation plan for a statewide child abuse reporting hotline. Reappropriates \$529,800 from the Department of Human Services to the Governor's Office of Information Technology for FY 2013-14 to modify the child welfare computer system (TRAILS) to allow it to work with a centralized hotline.

**H.B. 13-1301 (Procurement Technical Assistance Centers):** Creates the Procurement Technical Assistance Task Force to discuss and determine the future of structure and oversight of procurement technical assistance centers in Colorado. Appropriates \$0.2 million General Fund to the Office of Economic Development and International Trade to provide administrative support to the Task Force and to award a grant to an organization tasked with leading the discussions.

**H.B. 13-1317 (Implement Amendment 64 Majority Recommendation):** Establishes the regulatory framework to implement Amendment 64, which legalizes the possession of small amounts of marijuana. Reappropriates \$88,500 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 to make changes to systems supporting the Department of Revenue's Marijuana Enforcement Division and the Department of Public Health and Environment's laboratory services for chemistry and microbiology.

## **2014 Session Bills**

**S.B. 14-005 (Wage Protection Act):** Authorizes the Department of Labor and Employment to establish an administrative process to handle wage claim cases received and requires the division to investigate and adjudicate all wage claim cases up to \$7,500 per employee. Reappropriates \$16,480 from the Department of Labor and Employment to the Governor's Office of Information Technology for FY 2014-15 to make programming changes.

**S.B. 14-012 (Aid To The Needy Disabled Program):** Requires the Department of Human Services to increase the monthly benefit amount for Aid to the Needy and Disabled program by 8.0 percent in FY 2014-15. From FY 2015-16 to FY 2018-19, subject to available appropriations, the Department is encouraged to increase the monthly award until it is equal to the award level in FY 2006-07, and then to increase the award to account for cost of living in future years. Reappropriates \$13,764 from the Department of Human Services to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado Benefits Management System (CBMS).

**S.B. 14-014 (Prop Tax Rent Heat Fuel Grants For Low-income):** Makes changes to the Property Tax, Rent, and Heat Rebate Program to increase the maximum property tax and rent rebate for income-eligible claimants, establish a flat rate rebate for both the property tax and rent

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rebate and the heat rebate in an expanded range of income eligibility, and implement various recommendations of the August 2013 legislative audit of the program. Reappropriates \$4,092 from the Department of Human Services to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado Benefits Management System (CBMS).

**S.B. 14-030 (Distinguished Flying Cross License Plate Waive Fee):** Eliminates all fees for one set of Distinguished Flying Cross license plates, if the cross was awarded for valor. Reappropriates \$824 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System.

**S.B. 14-036 (Emergency Medical Services License Plate):** Creates the Emergency Medical Services special license plate. The license plate will be available to an applicant who provides documentation to the Department of Revenue confirming that he or she has donated \$10 to the Emergency Medical Services Association of Colorado. Reappropriates \$4,120 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System.

**S.B. 14-041 (USS Colorado Submarine Special License Plate):** Creates the USS Colorado special license plate. The plate will indicate that the owner is a supporter of the USS Colorado submarine, and will be available on January 1, 2015. Reappropriates \$4,120 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System.

**S.B. 14-075 (Deployed Military Motor Vehicle Fee & Taxes):** Exempts members of the United States armed forces who are Colorado residents and deployed outside of the United States for a full year from paying certain motor vehicle registration fees. Reappropriates \$104,030 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System and the GenTax system.

**S.B. 14-087 (Identification Card Issuance Standards):** Requires the Department of Revenue to report to the Transportation Legislation Review Committee of the General Assembly each year regarding the effectiveness of exceptions processing for identification cards for individuals who are lawfully present in the United States but may have difficulty with certain documentary evidence. Reappropriates \$43,260 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Driver's License System.

**S.B. 14-129 (Marijuana Criminal Provision Clean Up):** Makes various changes to criminal penalties for offenses involving marijuana, and reappropriates \$4,120 from the Department of Revenue to the Governor's Office of Information Technology for FY 2013-14 for computer programming changes.

**S.B. 14-130 (Increase Personal Care Allowance Nursing Facility):** Raises the per month basic minimum amount that State licensed nursing facilities and intermediate care facilities allow a long-term care resident as a personal needs allowance. Reappropriates \$6,203 from the

Department of Human Services to the Governor's Office of Information Technology for FY 2014-15 for changes to the Colorado Benefits Management System (CBMS).

**S.B. 14-166 (Create By Colorado App To Promote Businesses In CO):** Requires the Office of Economic Development and International Trade to contract for the creation of the By Colorado App, mobile application software that allows a user to search for goods and services offered by businesses that are located, owned, or headquartered in, or conduct manufacturing in the state. Appropriates \$86,600 General Fund to the Office of Economic Development and International Trade for FY 2014-15 to contract for the creation of the mobile application. Reappropriates \$85,000 of this amount to the Governor's Office of Information Technology to procure the services to develop the mobile application.

**S.B. 14-172 (Firefighter Heart Circulatory Malfunction Benefits):** Requires any municipality, special district, fire authority, or county improvement district employing one or more firefighters to provide benefits for heart and circulatory malfunctions for full-time firefighters, as long as the State provides sufficient funding to cover the cost. Reappropriates \$20,960 from the Department of Local Affairs to the Governor's Office of Information Technology for FY 2014-15 for programming services.

**S.B. 14-194 (Driver's License Fee Allocations):** Modifies the statutory provisions associated with the collection and processing of fees for the issuance of driver's licenses. Reappropriates \$6,077 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Driver's License System to allow county clerks to retain the adjusted amount of a driver's license fee.

**S.B. 14-215 (Disposition Of Legal Marijuana Related Revenue):** Creates the Marijuana Tax Cash Fund for tax revenue collected in connection with the retail marijuana industry. The taxes include the excise tax revenue on wholesale marijuana in excess of \$40.0 million per year, the 10.0 percent sales tax revenue less 15.0 percent to local government, and sales tax revenue from the 2.9 percent State sales tax on both retail and medical marijuana. Appropriates \$190,097 from the Marijuana Tax Cash Fund and 2.0 FTE to the Office of the Governor for the creation of the Office of Marijuana Coordination.

**S.B. 14-223 (Payment Claims Lower North Fork Wildfire):** Amends the Colorado Governmental Immunity Act to include specific provisions governing the settlement of outstanding claims relating to the Lower North Fork Wildfire. Reduces \$1.0 million General Fund for economic development incentives in the Office of Economic Development and International Trade for FY 2014-15 to cover the costs associated with S.B. 14-223. The bill also includes a provision whereby the reduction in funds for the Office for economic development incentives will be replenished in a like amount if the State's General Fund revenues for FY 2013-14 are greater than obligations.

**H.B. 14-1012 (Advanced Industry Investment Income Tax Credit):** Repeals the Colorado Innovation Investment Income Tax Credit and replaces it with the Advanced Industry Investment Income Tax Credit. The total amount of the tax credit shall not exceed \$375,000 for the 2014 calendar year and \$750,000 for each of the 2015, 2016, and 2017 calendar years. Appropriates

\$80,307 from the Advanced Industry Investment Tax Credit Cash Fund and 0.5 FTE to the Office of Economic Development and International Trade for FY 2014-15 to implement and administer the tax credit.

**H.B. 14-1029 (Disabled Parking License Plates Placards):** Repeals and reenacts the laws governing reserved parking for persons with disabilities, and makes clarifying changes to the program. Reappropriates \$4,120 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System to update registration and title modules.

**H.B. 14-1034 (Wine Packaging Permits):** Creates a wine packaging permit to be issued by the Department of Revenue that allows a licensed winery to package wine manufactured by another winery. Reappropriates \$4,102 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make programming changes to the licensing system.

**H.B. 14-1066 (County Clerk And Recorder Driver's License Fee):** Adjusts the amount of a driver's license fee that may be retained by a county clerk when issuing a driver's license. Reappropriates \$6,592 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Driver's License System to allow county clerks to retain the adjusted amount of a driver's license fee.

**H.B. 14-1093 (Establish Creative District Community Loan Fund):** Creates the Creative District Community Loan Fund in the Office of Economic Development and International Trade. Loans or loan guarantees are made for projects in State-certified creative districts or candidate districts, administered by the Creative Industries Division the Office. Loans are available to fund the development and construction of commercial and mixed-use real estate projects, community facilities, and infrastructure. Loans from the fund must be accompanied by matching funds of at least three times the amount of the loan, including in-kind contributions of property. Appropriates \$100,000 General Fund to the Creative District Community Loan Fund for FY 2014-15 and reappropriates a like amount to the Office for FY 2014-15 for loans and loan guarantees, as well as for the administration of the program.

**H.B. 14-1100 (Motor Vehicle Title Branding):** Requires that branding be placed on the certificate of title of a motor vehicle in instances where the vehicle is non-repairable, flood-damaged, has had the odometer tampered with, has an incorrect odometer, or has a designation placed on the title by another jurisdiction. Reappropriates \$97,850 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System to capture and retain title brand information and to print the brand information on the title.

**H.B. 14-1203 (Funding For Digital Trunked Radio System Maintenance):** Establishes a \$3.5 million annual appropriation beginning in FY 2013-14 and continuing for 12 years from the General Fund or any other designated fund to replace legacy radio equipment and hardware at radio tower sites that are part of the Digital Trunked Radio System (DTRS). In addition, beginning in FY 2017-18 and continuing for eight years, the bill establishes an annual appropriation of \$3.7 million from the General Fund or any other designated fund to upgrade and

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maintain software used to operate the DTRS. The General Assembly shall annually determine the amount to be appropriated from the General Fund or any other designated fund source. Appropriates \$3.5 million from the General Fund to the Public Safety Communications Trust Fund for FY 2013-14 and FY 2014-15 and reappropriates a like amount to the Governor's Office of Information Technology for FY 2013-14 and FY 2014-15.

**H.B. 14-1311 (Job Creation & Main Street Revitalization Act):** Creates an income tax credit for a property owner that completes a qualified rehabilitation project on a historical property. Appropriates \$106,283 General Fund and 0.5 FTE to the Office of Economic Development and International Trade for a program manager to partner with the Historical Society and the Department of Revenue to assist in developing the criteria, processes, and procedures for determining eligibility for the income tax credit. In addition, the Office will incur other operating expenses such as hiring a consultant to facilitate the development of the program. The Office will also require programming changes to its Salesforce computer program.

**H.B. 14-1317 (Colorado Child Care Assistance Program Changes):** Makes various changes to the Colorado Child Care Assistance Program (CCCAP) administered by the Department of Human Services. Reappropriates \$1,387,841 from the Department of Human Services to the Governor's Office of Information Technology for FY 2014-15 to make programming changes to the Colorado Benefits Management System (CBMS), Child Care Automated Tracking System (CHATS), and Automated Child Support Enforcement System (ACSES).

**H.B. 14-1326 (Tax Incentives For Alternative Fuel Trucks):** Makes changes to areas of tax policy affecting low-emission and alternative fuel vehicles. Reappropriates \$412 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System for the taxable value of Class A and Class B vehicles.

**H.B. 14-1336 (Long Bill):** General appropriations act for FY 2014-15.

**H.B. 14-1350 (Modifications To Regional Tourism Act):** Changes the application process for Regional Tourism Act projects, and limits the amount of State sales tax increment financing that can be approved for each future project. Provides the Office of State Planning and Budgeting with \$176,454 cash funds spending authority for FY 2014-15 to contract with a third party to conduct an economic analysis of regional tourism projects. Appropriates \$50,000 General Fund to the Office for additional analytical work related to regional tourism projects.

**H.B. 14-1360 (Sunset Review Licensure Of Home Care Agencies):** Continues the regulation of home care agencies and home care placement agencies until September 1, 2019, and implements the recommendations contained in the Department of Regulatory Agencies' sunset report. Reappropriates \$53,560 from the Department of Public Health and Environment to the Governor's Office of Information Technology for FY 2014-15 to make programming modifications to the licensing system and the survey and inspection tracking system.

**H.B. 14-1367 (Autocycles, Motorcycles, & Motor Vehicles):** Defines "autocycle" and removes this type of vehicle from classification and regulation as a motorcycle. Reappropriates

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\$33,990 from the Department of Revenue to the Governor's Office of Information Technology for FY 2014-15 to make changes to the Colorado State Titling and Registration System to create a new "autocycle" license plate type, to allow for autocycle registration, and to collect and distribute fees.



## **Appendix C: Update on Long Bill Footnotes & Requests for Information**

### **Long Bill Footnotes**

The Office of the Governor’s FY 2014-15 Long Bill did not contain any footnotes that require an update.

### **Requests for Information**

- 1 Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor, Colorado Energy Office** -- The Colorado Energy Office is requested to submit a report to the Joint Budget Committee on November 1, 2014. At a minimum, the report shall specify the following information with regard to the programs administered by the Office in FY 2013-14: (1) the amount of moneys expended in FY 2013-14 from the Clean and Renewable Energy Fund, Innovative Energy Fund, Colorado Low-income Energy Assistance Fund, and Public School Energy Efficiency Fund; (2) the goals and objectives that the moneys in section (1) were intended to achieve; (3) the performance measures used by the Office to monitor the status of moneys outlined in section (1) against said measures; and (4) the status of the performance measures outlined in section (3).

**Comment:** The Colorado Energy Office provided the following data:

#### **STATUTORY INTENT OF FUNDING: GOALS AND OBJECTIVES**

##### **Clean and Renewable Energy Fund - C.R.S. 24-38.5-102.4 - \$1,505,046**

Per the statute, is funded from General Fund dollars, the Clean and Renewable Energy Fund can be used for attracting renewable energy industry investment in the state, assisting technology transfer into the marketplace for newly developed energy efficiency and renewable energy technologies, providing market incentives for the purchase & distribution of energy efficient & renewable energy products, assisting in energy implementation of energy efficiency projects throughout the state, aiding government agencies in energy efficiency initiatives, implementing renewable energy technologies, and the overall advancement of energy efficiency & renewable energy throughout the state.

##### **Innovative Energy Fund - C.R.S. 24-38.5-102.5 - \$1,444,556**

Per the statute, is funded from severance tax dollars and can be used for promoting, research, development, commercialization, education, attracting innovative industry investments to the state, providing market incentives for efficient innovative energy products, assisting in implementation of innovative efficiency projects, aid government agencies in innovative energy efficiency initiatives, innovative energy policy development. Innovative energy is defined as “existing, new, or emerging technology that

enables the use of a local fuel source, establishes a more efficient or environmentally beneficial use of energy & helps to create energy independence & security for the state”.

**Low-Income Energy Assistance Fund - C.R.S. 40-8.7-112 (3)(a) - \$7,100,000**

Per the statute, is funded from General Fund dollars and can be used for a program to provide home energy efficiency improvements for low-income households, which shall include any of the following services: Providing low-cost and cost-effective energy efficiency measures and energy education to low-income households in general; Retrofitting households with low-cost and cost-effective energy efficiency measures through the state weatherization assistance program; Providing heating system and other appliance replacement; Providing cost-effective renewable energy measures; Supplementing the funding for any energy efficiency measures or services offered to low-income households through electric or gas utility energy efficiency or renewable energy programs; Paying a portion of the cost for energy efficiency upgrades to new housing built for low-income families.

**Public School Energy Efficiency Fund - C.R.S. 39-29-109.5 (2) - \$207,975**

Per the statute, is funded from severance tax dollars utilizing the "interest differential". Funds must be used to establish and manage a program to improve energy efficiency in public schools. In administering the program, the office shall give consideration to whether a public school or school district is located in an area socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels subject to the severance tax. The program should include financing energy efficiency with EPC, assist in the design of new more efficient schools, assist districts on their utility budget management, provide training and supporting resources related to efficiency, and provide funding for administration of REEES (renewable energy and energy efficiency for schools loan program).

**FUND PERFORMANCE MEASURES AND STATUS UPDATE**

**Clean and Renewable Energy Fund - C.R.S. 24-38.5-102.4**

1. **Buildings Efficiency Vision:** Continue to address gaps in the market concerning the pursuit of cost-effective investments in energy efficiency.
  - a. **Goal:** Incorporate the value of energy improvements into real estate transactions.
    - i. Establish a baseline and measure the use of energy information at the time of sale and extract market data on the impact energy efficiency has on the home buying process.

**Status: Completed. CEO established the baseline. The number of new single family homes sold with a HERS rating increased to**

**54% while the average HERS rating score dropped (positive outcome) from 63 to 59. CEO completed seven of eight planned MLS (Multiple List Service) studies with the purpose to measure the use of energy information.**

- ii. Develop credible secondary information to support appraisal industry valuation of high performing residential building.
  - 1. Complete two valuation studies and develop data sharing agreements with RESNET and the Regional Housing and Urban Development Office to assess market trends of energy efficiency role in the home buying process.

**Status: CEO completed two valuation studies and developed a data sharing agreement with RESNET. CEO is not pursuing an MOU with the Regional Housing and Urban Development Office as the data is public information.**

- 2. Monitor the use of the Multiple Listing Services (MLS) to analyze market trends and impact of trainings by completing 8 detailed studies of MLS remark fields. (2 by end of 2013, 6 by close of FY).

**Status: Seven of eight studies are completed. The last MLS study area was moved into FY15 due to a training reschedule.**

- 3. Provide professional training programs for real estate stakeholders including real estate agents, appraisers, home inspectors, and lenders.
    - a. Conduct 48 training sessions for 2,000 total attendees.

**Status: CEO completed 46 trainings with a total of 1,063 attendees.**

- b. **Goal:** Increase the availability of capital for residential and commercial energy improvements.

- i. By end of August 2013: Determine the composition of the Energy Improvement District Board based on guidelines/requirements outlined in SB13-212.

**Status: Completed.**

- ii. By the end of September 2013: Prepare and distribute a C-PACE Roadmap to the Board.

**Status: Completed.**

- iii. Work with various partners and stakeholders to keep the public apprised of C-PACE developments and opportunities (i.e. educate the public and pinpoint and compile a portfolio of potential projects).

**Status: Ongoing.**

- iv. Participate in and guide Board proceedings to ensure a timely launch; (assist appointed board to design and implement the program).

**Status: Ongoing.**

- c. **Goal:** Continue to promote and expand the use of Energy Performance Contracting (EPC) among public agencies.

- i. July 1, 2013 through June 30, 2014 complete construction on 13 public projects resulting in natural gas energy savings of 350,000 Therms and electric energy savings of 14.5 million kWh.

**Status: Eight state agencies, municipalities, special district and higher education completed construction projects that save a total of:**

- \$1,419,159 in annual electricity, natural gas, propane and water expenses;
- 9,408,920 kWh of electricity;
- 351,032 therms of natural gas; and
- 42,821 gallons of water.

**Often construction periods straddle fiscal years. Another 11 non-school district jurisdictions were in construction in FY14. Those projects will save a total of:**

- \$1,327,769 in annual electricity, natural gas, propane and water expenses;
- 9,196,682 kWh of electricity;
- 23,341 therms of natural gas;and
- 5,348 gallons of water.

**Another six non-school district jurisdictions are lining up or in the midst of technical energy audits.**

- ii. Recruit and support innovative EPC projects that focus on water efficiency, renewable energy, and/or de-commissioning of buildings. Address issues that keep private and smaller public EPC projects from moving forward.

**Status: Currently one wastewater treatment plant and two solar-only projects are under construction. Another jurisdiction is considering a municipal water distribution system retrofit. One ground source heat pump project is complete, and another is under consideration. In addition, one college campus is targeting deep energy retrofits on one of the buildings. Ft. Lyon campus is getting transformed into a homelessness initiative. EPC estimates that more than \$6.5M will be made in facility improvements.**

**Staff is developing a coordinated rural energy efficiency campaign that would offer a navigation map of available energy efficiency programs and financing mechanisms. While CEO staff coordinate proprietary programs, partnerships with the Colorado Department of Education and the Colorado Department of Local Affairs and several statewide organizations will provide local jurisdictions with a more complete overview of energy efficiency opportunities. Through May 2015, the U.S. Department of Energy’s Performance Contracting Accelerator is supporting state networking around methods to accelerate small and rural uptake of EPC. One significant step to date is a statistical characterization of the program impact to date, which provided the information necessary for mapping EPC projects across the state. This information has been shared with CEO’s list of pre-qualified energy service companies to spur business development.**

2. **Electricity Policy Development Vision:** Facilitate the discussion, development and implementation of policies concerning Colorado’s electricity sector, balancing economic and environmental objectives.

a. **Goal:** Effectively engage the SB 13-252 stakeholders in analysis of the Renewable Energy Standard implementation.

- i. July 2013: convene the 252 Advisory Committee set forth in Executive Order.

**Status: The 252 Advisory Committee held three meetings (7/10, 8/7, and 9/4) and discussed the concerns raised in Executive Order B 2013-007. The Committee determined it is feasible for cooperative utilities to meet the 20% standard by 2020 assuming the use of Renewable Energy Credits. The 2% cost cap does not compound. The group had no consensus suggestions for future legislation.**

- ii. July – November 2013: Either through CEO facilitation or a hired facilitator, develop and implement a process for data sharing, analysis, conclusions and reporting.

**Status: Completed through the Advisory Committee process.**

- iii. November 15, 2013: Report to the Governor and key legislators on legislative actions recommended by the Committee.

**Status: Completed.**

b. **Goal:** Fully address the climate change requirements of HB 13-1293.

- i. Create a Vulnerability Assessment study; applied to relevant state agencies and key industries to determine risks and initiate preparedness planning.

**Status: Completed. Scope of Work for Vulnerability Assessment with the above components addressed.**

- ii. Contract with CU and CSU to complete Vulnerability Assessment by 5/2014.

**Status: CU and CSU were under contract – A final study was delivered. CEO staff is reviewing and developing an implementation plan.**

- iii. Report to the General Assembly on Action Plan, Climate Change effects on Colorado, mitigation efforts and proposals.

**Status: Completed.**

- c. **Goal:** Develop legislative proposals that lower barriers to clean and innovative energy resources and uses in Colorado.

- i. September 2013: Develop agenda of bills.

**Status: Completed.**

- ii. December 2013: Secure sponsors for all bills and complete stakeholder outreach on content of bills.

**Status: Completed.**

- iii. January through May 2014: Work bills through legislative processes.

**Status: Completed. Passed three agency bills (HB-1159, HB-1326, SB-028) and testified in support of four bills affecting the CEO (HB-1030, HB-1222, SB-186, SB-202).**

- 3. **Communications and Public Relations Vision.** Increase the proficiency of Colorado energy consumers in understanding their energy options and improving their energy utilization.

- a. **Goal:** Enhance the design and functionality of both the CEO and Recharge Colorado websites to attract additional web traffic and position the CEO as subject matter experts for the energy sector and on the topic of energy efficiency.

- i. July 2013: Launch a revised Recharge Colorado website.

**Status: Completed.**

- ii. June 2014: Promote the use of both websites and increase social media traffic by 10%.

**Status: Completed.**

- b. **Goal:** Cultivate media relationships and increase visibility through positive press statewide.

- i. June 2014: Develop statewide contacts with media outlets and journalists: proactively place 5 articles, 20 quotes, 1 radio/TV spot.

**Status: Accomplished 3 radio, 1 TV, 7 articles, 10 quotes.**

- ii. June 2014: Promote proactive opportunities for positive press; release 5 press releases

**Status: Completed 4 press releases.**

- c. **Goal:** Develop consumer-focused collateral material about CEOs energy efficiency programs and incentives.

- i. June 2014: Create brochures and handout materials for distribution at events, to agencies, and consumers.

**Status: Completed.**

- d. **Goal:** Provide standard communications materials to support statewide outreach and stakeholder engagement events.

- i. July 2013: Create and maintain a FY13/14 event tracking spreadsheet.

**Status: Completed.**

- ii. January 2014: Prepare FY13 CEO Annual Report.

**Status: Completed.**

- iii. October 2013: Craft standard CEO presentation templates; edit all presentations.



**Status: Completed**

**Innovative Energy Fund - C.R.S. 24-38.5-102.5**

1. **Transportation Vision:** Diversification in transportation fuels available and used in Colorado.

a. **Goal:** To place Colorado at the top tier of states in electric vehicle (EV) market support.

i. Develop an electric vehicle stakeholder group to assess the technical issues impeding growth of the market and informing future program design.

**Status: Ongoing. Meetings have been held quarterly and will continue going forward.**

ii. Fully establish the program for funding EV charging stations, based upon the new funding provided in HB 13-1110.

**Status: Funded 17 EV charging stations in towns and cities throughout the state (Durango, Carbondale, Breckenridge, Pueblo, Colorado Springs, Loveland, Fort Collins). On track to exceed goal of eight more stations in FY15. SB14-028 is addressing the EV stakeholders' suggested improvements to program guidelines.**

b. **Goal:** Continue to work with CDOT staff on a compressed natural gas (CNG) implementation plan using Congestion Mitigation/Air Quality (CMAQ) funding.

i. (Pending authorization of CMAQ funding), CEO will develop and begin implementing an infrastructure construction plan sufficient to cover the interstate highways at 100-mile maximum intervals (8 additional stations needed) and addressing other corridors as necessary to move towards a sustainable long-term CNG market.

**Status: Transportation Commission approved CEO proposal on December 19. CDOT accepted CEO scope of work in February. CEO worked with stakeholders and developed an RFA for program launch.**

ii. **Status:** The Colorado Energy Office released its first round of funding for CNG fueling infrastructure through the ALT Fuels Colorado program in June, 2014, resulting in eight station awards. This 4-year program will incentivize the construction of 20 and 30 new, publicly accessible CNG fueling facilities along major statewide transportation corridors between 2014 and 2017 with funding rounds released approximately every six months.

c. **Goal:** Increase heavy-duty fleet vehicle participation in CNG/LNG market.

i. Heavy-duty vehicle working group – CEO will convene a working group to examine methods of growing alternative fuel usage among heavy-duty vehicle fleets.

**Status:** Working group continues to collaborate on policy and trainings. CEO co-sponsored training for code officials certifying fueling facilities.

ii. Research use of tax credits for heavy-duty vehicles, building off of the program established via HB 13-1247.

**Status:** Research completed and led the development and passing of HB-1326, “Tax Incentives for Alternative Fuel Trucks.”

iii. Gain commitments of fleet owners to pursue business-appropriate adoption of NGVs by fleets representing over 200 heavy-duty trucks.

**Status:** 29 private fleets, local governments, and other stakeholders signed onto the NGV Fleet MOU, agreeing to incorporate NGVs into their fleets where feasible and to support the development of an NGV market in Colorado.

d. **Goal:** Grow both station density and state agency usage of CNG, with the goal of purchasing at least 150 CNG vehicles in the coming year.

i. Continue to work with DPA and other state agencies regarding purchasing and educating state employees on CNG vehicle usage.

**Status: Colorado incorporated 83 NGVs into the state fleet, and plans to add over 200 vehicles in the next fiscal year.**

2. **Energy-Related Economic Development Vision:** Effectively build upon Colorado’s market position in various energy sectors; identify and pursue demonstration projects and policy initiatives that will accelerate expansion of Colorado’s energy economy.

a. **Goal:** Develop an energy-sector-specific report on the development assistance needs that will foster new business activity.

i. By September 1: develop and implement a plan for meeting with the Energy Key Industry Network (KIN) in Colorado.

**Status: Completed.**

ii. By November 30: CEO and partner agencies will complete the Energy KIN report, outlining strategies to grow Colorado’s energy industry.

**Status: Completed.**

b. **Goal:** Position CEO as a key supplemental resource within the state’s energy-related economic development efforts.

i. By February 1, 2013: determine the CEO work plan (based upon the KIN report) for fostering energy-related economic development.

**Status: Completed.**

c. **Goal:** Reduce policy and regulatory barriers to innovative energy technologies in the traditional energy sector.

i. By February 1, 2014: develop a stakeholder group to explore the policy and regulatory barriers that impede the beneficial reuse of produced water and create a research report exploring ways to address those barriers.

**Status: Completed.**

- ii. By March 1, 2014: Release white paper discussing barriers and suggesting solutions to produced water beneficial reuse to interested parties and policy makers.

**Status: Completed.**

- 3. **Communications and Public Relations Vision.** Increase the proficiency of Colorado energy consumers in understanding their energy options and improving their energy utilization.<sup>1</sup>

- a. **Goal:** Enhance the design and functionality of both the CEO and Recharge Colorado websites to attract additional web traffic and position the CEO as subject matter experts for the energy sector and on the topic of energy efficiency.

- i. July 2013: Launch a revised Recharge Colorado website.

**Status: Completed.**

- ii. June 2014: Promote the use of both websites and increase social media traffic by 10%.

**Status: Completed.**

- b. **Goal:** Cultivate media relationships and increase visibility through positive press statewide.

- i. June 2014: Develop statewide contacts with media outlets and journalists: proactively place 5 articles, 20 quotes, 1 radio/TV spot.

**Status: Accomplished 3 radio, 1 TV, 7 articles, 10 quotes.**

- ii. June 2014: Promote proactive opportunities for positive press; release 5 press releases.

**Status: Released 4 press releases.**

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<sup>1</sup> Communications and Public Relations goals are reflected under both Clean and Renewable and Innovative Energy Funds due to the fact that they support both conventional and renewable energies.

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c. **Goal:** Develop consumer-focused collateral material about CEOs energy efficiency programs and incentives.

i. June 2014: Create brochures and handout materials for distribution at events, to agencies, and consumers.

**Status: Completed.**

d. **Goal:** Provide standard communications materials to support statewide outreach and stakeholder engagement events.

i. July 2013: Create and maintain a FY13/14 event tracking spreadsheet

**Status: Completed.**

iv. January 2014: Prepare FY13 CEO Annual Report.

**Status: Completed.**

ii. October 2013: Craft standard CEO presentation templates; edit all presentations.

**Status: Completed.**

**Low-Income Energy Assistance Fund - C.R.S. 40-8.7-112 (3)(a)**

1. **Buildings Efficiency Vision:** Continue to address gaps in the market concerning the pursuit of cost-effective investments in energy efficiency.

a. **Goal:** make effective investment decisions on the behalf of low-income households.

i. Complete 3,325 low income weatherized units.

**Status: Completed 3,177 units.**

ii. Achieve natural gas energy savings of 515,413 Therms.

**Status: 492,435 Therms saved.**

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- iii. Achieve electric energy savings of 2,114,855 kWh.

**Status: 2,020,572 kWh saved.**

- iv. Increase household discretionary income of low-income weatherization clients by \$693,224 through lower utility bills as a result of installed weatherization measures.

**Status: \$662,368 estimated annual savings.**

**Public School Energy Efficiency Fund - C.R.S. 39-29-109.5 (2)**

- 1. **K-12 Energy Management:** Support K-12 schools by building internal capacity for effective energy management.

- a. **Goal:** Continue to engage K-12 schools through CEO's Energy Management Assistance Program which provides technical assistance and program guidance including energy education and training, utility data analysis, facility assessments, and project implementation assistance.

- i. Complete energy assessments at 8 school districts.

**Status: Ten urban and rural schools/school districts received EMAP services. Districts received support focused on energy education and energy management with the goal of efficiency project implementation and energy mentoring. Counties included: Adams, Arapahoe, Boulder, Broomfield, El Paso, Garfield, Larimer, Prowers, Teller, and Weld.**

- b. **Goal:** Continue to support energy efficiency improvements in K-12 schools through CEO's energy performance contracting program.

- i. Complete 4 Technical Energy Audits and construction on 2 projects with expected utility savings of over \$500,000.

**Status: Four school districts had Technical Energy Audits underway. Six school districts completed construction projects that will save a total of \$628,000 in electricity, natural gas, propane and water expenses.**

- 2 Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology** -- The Governor’s Office of Information Technology is requested to submit a report to the Joint Budget Committee on November 1, 2014. At a minimum, the report shall specify information technology expenditures made by executive branch State agencies in FY 2013-14 from appropriations outside of the Governor’s Office of Information Technology budget. The report shall be organized by agency and by expenditure purpose (e.g. computers, network equipment, etc.).

**Comment:** The Office submitted this report. See the briefing issue entitled “*Information Technology Expenditures Outside of OIT*” for more information.

- 3 Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology** -- The Governor’s Office of Information Technology is requested to submit a report to the Joint Budget Committee and all executive branch agencies on September 1, 2014. At a minimum, the report shall include recoverable costs and rates for each service and service category for the FY 2014-15 base information technology appropriation contained in the FY 2014-15 Long Bill appropriations act. Additionally, the report shall include FY 2014-15 base information technology appropriations contained in the FY 2014-15 Long Bill appropriations act by agency, service name, utilization, allocated rate, utilization criteria, and appropriation allocation.

**Comment:** See the briefing issue entitled “*Statewide Information Technology Base Budget Request*” for more information.

- 4 Governor – Lieutenant Governor – State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Public Safety, Division of Homeland Security and Emergency Management, Office of Emergency Management, Disaster Response and Recovery** -- The Office of Emergency Management is requested to work with the Office of State Planning and Budgeting to provide a report to the Joint Budget Committee by November 1, 2014, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2013-14 and 2014-15 year-to-date. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.

**Comment:** The Office of the Governor and the Department of Public Safety provided a response to this request. This response was addressed in a separate staff briefing for the Department of Public Safety on Tuesday, December 23, 2014.

## **Appendix D: SMART Act Annual Performance Report**

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Office of the Governor is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated November 1, 2014 is attached for consideration by the Joint Budget Committee in prioritizing the Department's budget requests.



**Strategic Policy Initiatives**

The Colorado Energy Office has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the agency selected a few initiatives that best capture some of the agency’s strategic and operational priorities and reflect the overall direction as identified by agency leadership. The initiatives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the agency’s performance management plan, which may be accessed [here](#).

**Affordable Low-Income Residential Energy – Increase the affordability of residential energy for low-income Coloradans.**

While the average Colorado household expends 3-6 percent of household income on energy, low-income households on average expend 10-15 percent of household income on energy. Investing in cost-effective energy efficiency improvements can reduce the energy burden into a more manageable range. When combined with utility bill payment assistance (the Low-Income Energy Assistance Program administered by Colorado Department of Human Services, as well as nonprofit-provided assistance), low-income households no longer live in “energy poverty.”

**Energy Efficient Facilities – Increase the number of entities across all economic sectors in Colorado (residential, commercial, industrial, agricultural, governmental, etc.) that either purchase or make improvements that lead to highly energy efficient facilities.**

Expenditures on energy affect all sectors of Colorado’s economy. Cost-effectively reducing energy use improves business profitability, makes better use of public resources and increases the discretionary income in households. The greatest opportunity to improve Colorado’s energy utilization is by increasing the energy efficiency of its building structures. Residential and commercial building structures consume an estimated 42.2 percent of the total energy in Colorado. To address this issue, Colorado provides training, resources, technical assistance and proven financing mechanisms within the residential, public and commercial sectors.

**Alternative Transportation – Improve the diversification of Colorado’s transportation fuel usage.**

According to the U.S. Department of Energy, natural gas has consistently been the lowest cost fuel available, averaging just over \$2.00 the equivalent of a gallon of gasoline. With Colorado ranking third in the nation in natural gas reserves, promoting the compressed natural gas (CNG) market also directly affects Colorado’s economy. Powered through the electric grid, electric vehicles produce zero tailpipe emissions and provide significant fuel savings. By expanding alternative transportation infrastructure (CNG and EV stations), consumers are more likely to consider the lease/purchase of alternative-fueled vehicles. Through this market transformation, Colorado can lower transportation fuel costs and reduce emissions.

**Renewable and Innovative Electric Generation Development – Support the development of renewable and innovative electric generation technologies in Colorado.**

The state’s Renewable Energy Standard (RES) was revised in 2013 to include additional technologies that utilities can use to comply with the RES. There are now several emerging technologies conducive for use in Colorado. The development of these technologies offers reduced greenhouse gas emissions, local economic development and a more resilient electric system through generation diversity. Through technical assistance and facilitation of partnerships, Colorado is supporting small hydro and micro hydro, anaerobic digestion, pyrolysis-based waste-to-energy, and geothermal generation.

**Operational Measures**

**Major Program Area – Weatherization Assistance Program**  
**Process - Inspection of sub-grantee closed housing units**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percent of home retrofits meeting or exceeding performance standards for weatherization	New measure For FY14	New measure for FY14	100%	100%	100%

The weatherization program inspects 5 percent of weatherized homes for quality assurance.

**Major Program Area – Programs and Initiatives**  
**Process - Targeted Stakeholder Engagement**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Number of stakeholders that successfully complete training	New measure For FY13	579	1,063	1,300	4,875

The training program for real estate stakeholders supports the appraisal valuation of high performance residential buildings.



## Colorado Energy Office Annual Performance Report

### Major Program Area – Policy, Research and Legislation

#### Process - Analysis of market and regulatory impediments to accomplishing CEO’s mission, and proposed policy solutions

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percent of identified market and regulatory impediments for which solutions were proposed	100%	100%	100%	100%	100%

### Major Program Area – Finance and Operations

#### Process – Initiating and executing procurements

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percent of procurements executed within seven business days of request (i.e. internal request initiated by the receipt of a Contract-PO Request Form)	New measure for FY14	New measure for FY14	70.0%	85.0%	100%

### Major Program Area – Communications

#### Process – Selecting and publishing informational content (external)

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Number of web-hits per published story/case-study/article	New measure for FY14	New measure for FY14	2,380	5,000	6,000



## Office of Economic Development and International Trade Annual Performance Report

### Strategic Policy Initiatives

The Office of Economic Development and International Trade identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the agency selected a few initiatives that best capture some of the agency's strategic and operational priorities and reflect the overall direction as identified by agency leadership. The initiatives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the agency's Performance Plan, which may be accessed [here](#).

#### Retain, Grow & Recruit Business

Our number one priority is to retain, grow and recruit companies to create more jobs and foster a more competitive Colorado. We focus on our goal of increasing jobs in the state by actively retaining and growing local companies and recruiting companies to increase the vitality of the state. We build customer relationships through outstanding customer service and strategically incent new businesses by increasing access to capital and incentive programs to ensure maximum benefit.

#### Create and Market a Stronger Colorado Brand

By creating and marketing a stronger Colorado brand we will provide a strong foundation for increasing Colorado's market share in direct investment, overnight visitors, and relocating companies. OEDIT will contribute to the strategy of growing the economy across Colorado by building a business brand, enhancing tourism, and enhancing arts and culture.

#### Cultivate Innovation and Technology

Cultivating innovation and technology is a key strategy for OEDIT in creating a business friendly environment. Colorado is a hotbed of innovation, creativity and fresh thinking. OEDIT will foster Colorado's community of innovators, entrepreneurs and creative thinkers by continuing the Advanced Industry Strategy and Programs. Our goal is to give funding and opportunities to companies and industry partners within the Advanced Industries.

#### Continuously Improve Our Processes

Continuous process improvement is a strategy that will create a favorable business environment by focusing on making OEDIT's processes efficient, effective, and elegant. By maximizing value and efficiency in all OEDIT divisions through different avenues, process improvement will help OEDIT reach its goal of being efficient and effective in everything we do.



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### Operational Measures

#### Retain, Grow & Recruit Business

**Process - Actively retain and grow local companies and aggressively recruit domestic and international companies to increase the vitality of the state.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Number of Chief-level or executive level prospect meetings held	New measure added for FY15	New measure added for FY15	New measure added for FY15	12	15
Number of prioritized leads identified and pursued	New measure added for FY15	New measure added for FY15	New measure added for FY15	250	300
Number of proactive business recruitment/expansion missions to key markets	New measure added for FY13	12	15	17	17

**Process - Build customer relationships by providing outstanding customer service to our various stakeholders, increasing potential prospects, and thus increasing the pipeline of businesses served through the state's programs.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Number of qualified prospects and clients served through programs	New measure added for FY15	New measure added for FY15	New measure added for FY15	10,682	10,682
Number of client service meetings and industry partner meetings	New measure added for FY15	New measure added for FY15	New measure added for FY15	74	74

**Process - Strategically incent new business by increasing access to capital and access to the State's incentive programs to ensure maximum benefit is captured for the business and Colorado.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Manage payments for incentive contracts within 10 weeks of receiving annual reports on multi-year contracts	New measure added for FY15	New measure added for FY15	New measure added for FY15	10	10
Contact 100 percent of incentive awardees within two weeks of Economic Development Commission approval	New measure added for FY13	100%	100%	100%	100%
Rural communities receive 50 percent of Enterprise Zone certifications for business credits; rural communities receive at least 25 percent of Enterprise Zone total dollar value of business credits	New measure added for FY15	New measure added for FY15	New measure added for FY15	50%/25%	50%/25%*



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\*The Enterprise Zone will be re-qualified in 2016, so the three-year goal may change depending on requalification of the program.

### Create and Market a Stronger Colorado Brand Process - Enhance tourism, arts, and culture

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Continue return on advertising investment of \$200:\$1 or better (the 200:1 ratio is the standard across states per ad effectiveness research by Strategic Marketing and Research, Inc.; OEDIT seeks to continue to have a better ROI than 200:1)	\$228:\$1 (CY 2012)	\$334:\$1 (CY 2013)	Annual measure – 2014 will not be available until 2015	\$200:\$1	\$200:\$1
Strategically deploy \$400,000 in matching grants to tourism counties	\$300,000	\$400,000	\$400,000	Deploy \$400,000	Deploy \$400,000
Number of qualified grants in Colorado Creative Industries Sector	172	197	199	220	220

### Cultivate Innovation and Technology Process - Continue the Advance Industry (AI) Strategy and Programs

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Total number of AI grants funded for total amount of \$ funded per year	New measure added for FY15	New measure added for FY15	New measure added for FY15	35 recipients/\$10.0 million	35 recipients/\$10.0 million
Number of AI opportunities provided by AI Export Accelerator Act	New measure added for FY14	New measure added for FY14	68	75	75

### Continuously Improve our Processes Process - Maximize value and efficiency in OEDIT divisions through processes

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Increase number of tracked companies in Salesforce to streamline pipeline process	New measure added for FY15	New measure added for FY15	New measure added for FY15	250	300
Percentage of contracts processed within Accounting/Procurement once received from other depts. within 30 days to ensure timeliness and efficiency within office	New measure added for FY15	New measure added for FY15	New measure added for FY15	100%	100%

**Strategic Policy Initiatives**

The Office of Information Technology has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the agency selected a few initiatives that best capture some of the agency's strategic and operational priorities and reflect the overall direction as identified by agency leadership. The initiatives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the agency's Performance Plan, which may be accessed [here](#).

**Back to Basics – Achieve Service Excellence rating increase from 56 to 73 (30 percent increase) by close of FY 2014-15.**

OIT is a service organization that supports Colorado State agencies and offices, and as such, we want to grade our performance on whether our customers feel that their needs are being met. This measure is based on a management tool called the Net Promoter Score (NPS), which is used to gauge customer loyalty and satisfaction. We intend to increase our customers' satisfaction by 30 percent in FY 2014-15. Although this is a very significant jump, we continue to make efforts to center OIT's focus on the customer, and we have seen considerable improvements in this metric over the last year.

**Protect State Assets & Data – Reduce information security risk for Colorado agencies from 18.4 to 16.6 (10 percent reduction) by close of FY 2014-15.**

OIT's Chief Information Security Officer is responsible for all information security initiatives in the state of Colorado. As our work becomes more and more digital, we face new threats in keeping state data and assets safe. OIT used MacAfee Risk Advisor to determine a quantifiable representation of the security risks that the state faces. OIT intends to reduce the state's overall risk score by 10 percent in FY 2014-15, by evaluating and monitoring state systems in real time, addressing security audit findings, more thoroughly training state employees on cyber-security, and reviewing all new systems to ensure they are security and data privacy compliant.

**IT Job Growth – Increase the number of IT jobs in Colorado from 100,503 to 101,503 (1,000) by close of FY 2014-15.**

OIT's Executive Director wears two hats: Secretary of Technology and Chief Information Officer. The role of Secretary of Technology is to drive IT economic development for the state by promoting Colorado as a headquarters location for technology companies, attracting technology companies to relocate/expand here, and foster relationships with technology companies already in Colorado to strengthen their commitment to our state. We expect to help support the attraction of at least 1,000 new IT jobs to Colorado in FY 2014-15.

**Operational Measures**
**Major Program Area – “Back to Basics”**
**Processes Supported – Service Desk Support; Access Control; Desk Side Support**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Achieve ≥ 80 percent Service Desk Customer Satisfaction each month	78.0%	89.0%	92.0%	≥ 80.0%	≥ 80.0%

OIT tracks Service Desk customer satisfaction through short surveys that are emailed to employees whose Service Desk tickets were just closed. OIT tracks this metric because Service Desk is one of our main touch points with our agency customers, and as a service organization, our highest priority is providing quality care.

**Processes Supported – Enterprise Applications**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Achieve ≥ 99.75 percent uptime for all critical and essential applications	N/A	99.74%	99.83%	≥ 99.75%	≥ 99.75%

High uptime for critical and essential applications means that agencies’ key applications are functioning reliably and are available consistently. This metric is measured by evaluating the percentage of time that a state application determined as critical to core business operations has unplanned downtime.

**Major Program Area – “Protect State Assets and Data”**
**Process Supported - Information Security Office; Security Operations**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of systems actively managed by the Information Security Team	N/A	71.0%	99.0%	≥ 95.0%	≥ 95.0%

OIT is responsible for ensuring that systems (servers, desktops, and laptops) are secure, but the Information Security Team cannot ensure that a device is secure if we are not actively managing the system. This metric is measured by taking the total number of systems reporting into the McAfee Security System divided by the total number of systems we estimate exist in the state (which is roughly 29,000).



**Process Supported - Information Security Office; Security Operations**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Reduce overdue security-related audit finding by 5 percent every quarter	56.0%	23.0%	64.0%	5.0% reduction	5.0% reduction

External audit findings are the result of a comprehensive review of OIT’s adherence to regulatory guidelines. Audits allow an organization to better understand where there are gaps where we can make improvements and reduce risk. External audits have due dates assigned to them by which time we are asked to remediate. We want to get audits remediated on time, and reduce the number that are overdue, to ensure that data is secure, appropriate policies are in place, and that financial services is accountable.

**Major Program Area – “IT Job Growth”**  
**Process Supported – IT Economic Development**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Send out at least five correspondence campaign letters each month (metrics reflect the total number of letters per fiscal year)	N/A	54	100	60	60

OIT is responsible for helping attract technology jobs to Colorado. One way that we do that is by keeping a rapport with IT companies active in the state. We send correspondence letters to IT companies that have announced they are adding new Colorado jobs, moving their headquarters here, and companies that have recently won awards. OIT aims to introduce our organization as an asset and a partner who is here to offer assistance.

**Process Supported – IT Economic Development**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Meet with at least four IT companies each month (metrics reflect the total number of IT companies met with each fiscal year)	79	85	84	48	48

Another way that OIT promotes the Colorado technology industry is by meeting with IT companies to develop relationships, introduce them to others in the IT community, and raise awareness about why Colorado is the right state for their company to do business.