COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2011-12 STAFF BUDGET BRIEFING

OFFICE OF THE GOVERNOR

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

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FY 2011-12 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE

OFFICE OF THE GOVERNOR

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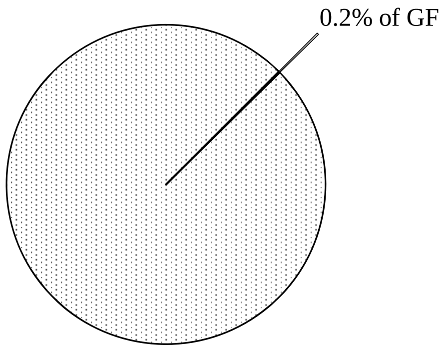
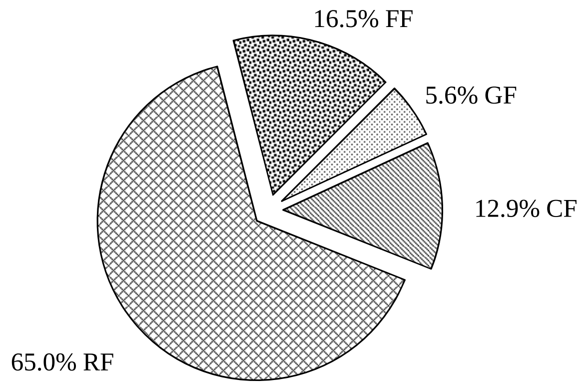
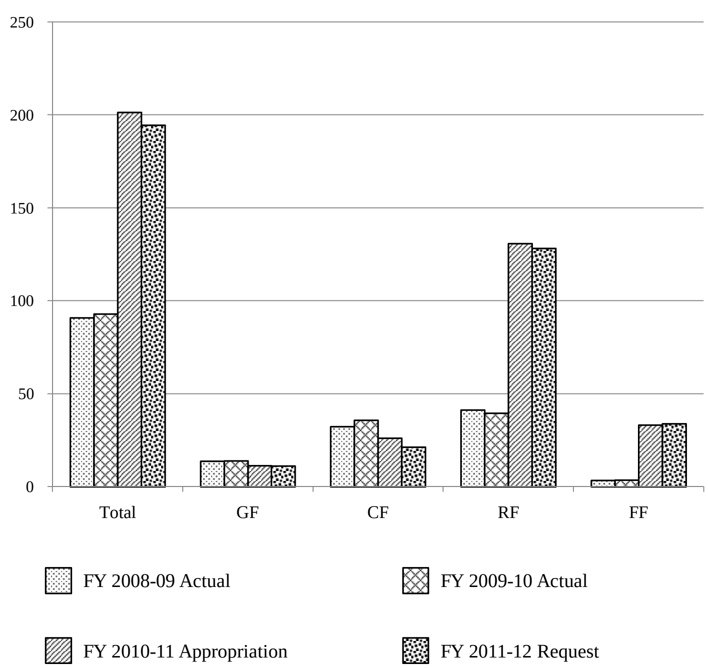
Department's Share of Statewide General Fund



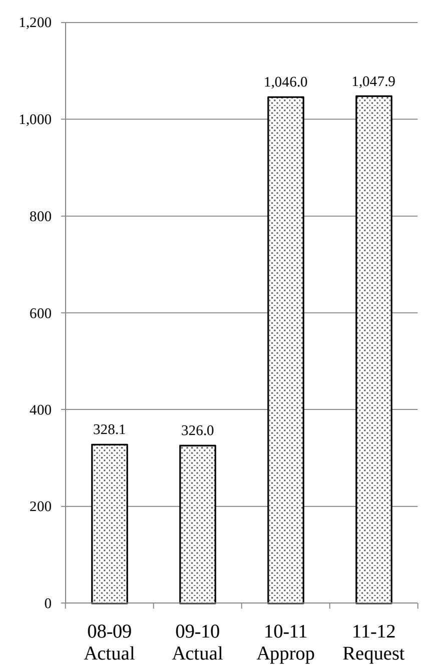
Department Funding Sources



Budget History
(Millions of Dollars)

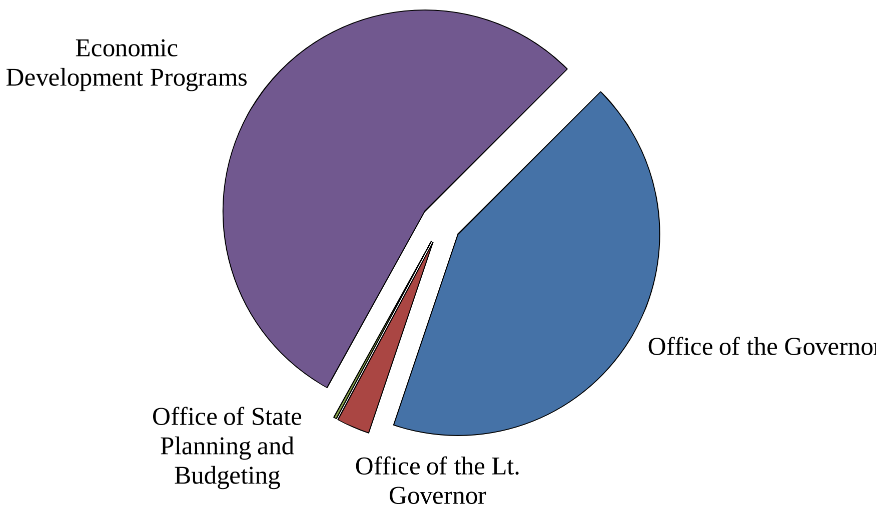


FTE History

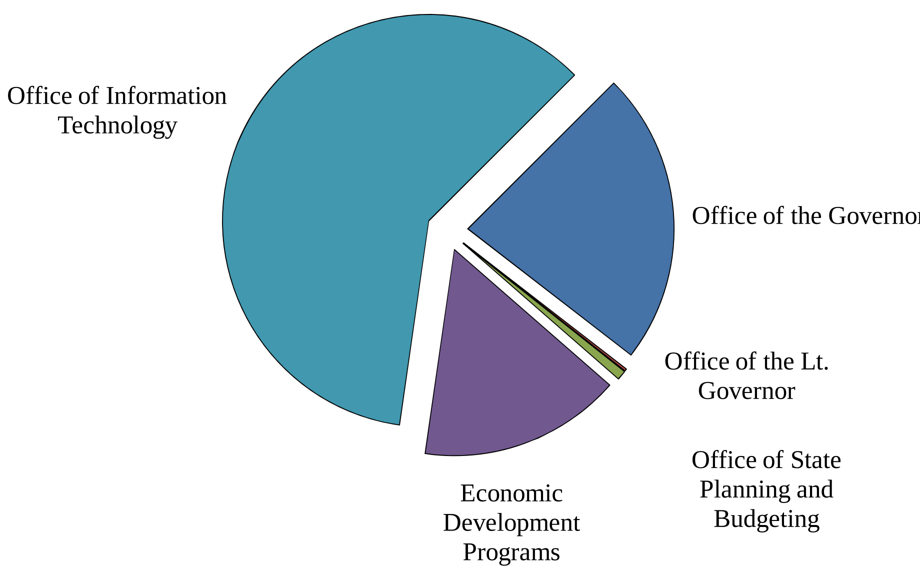


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

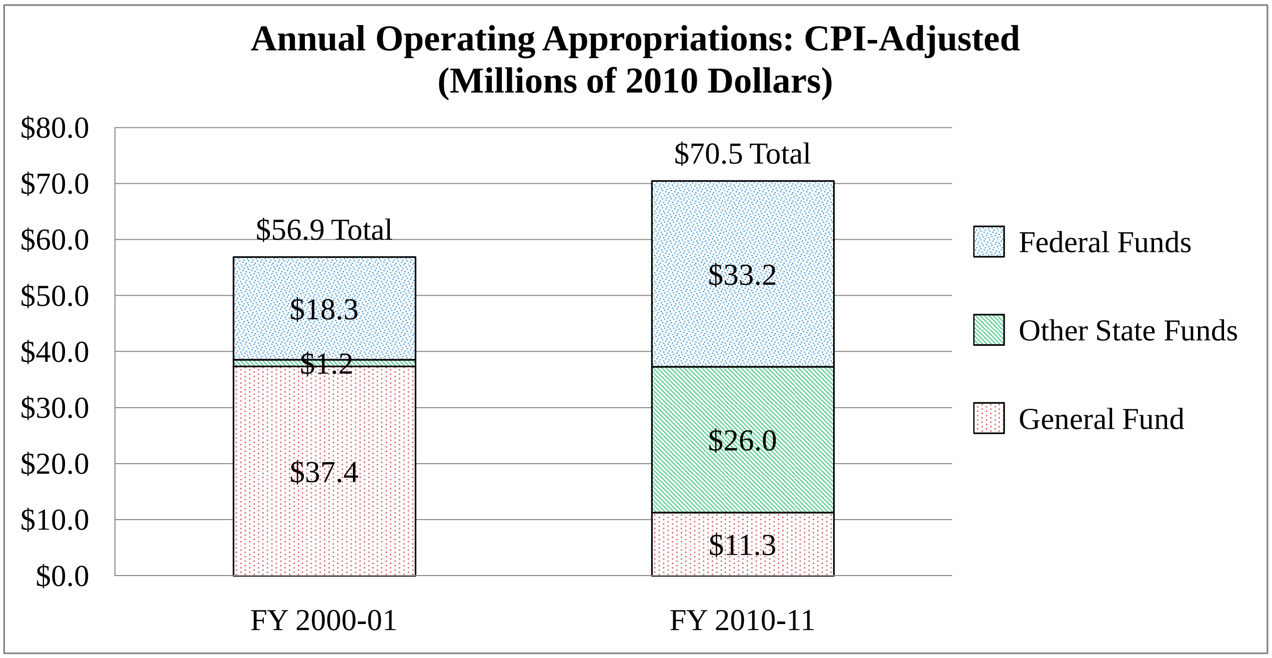
Distribution of General Fund by Division

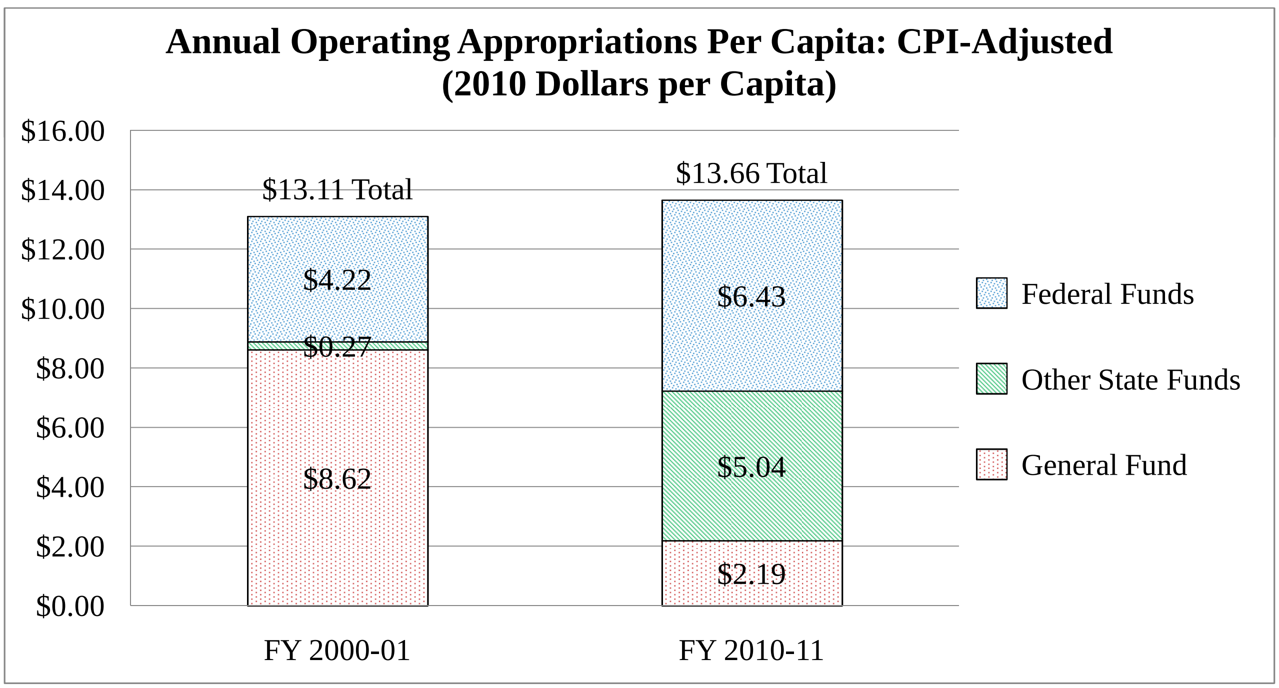


Distribution of Total Funds by Division



COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS





NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds).

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

DEPARTMENT OVERVIEW

Key Responsibilities

- ❑ 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 Governor's Energy Office and the Office of Homeland Security.

- ❑ 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.

- ❑ The **Office of State Planning and Budgeting** develops executive 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.

- ❑ The **Office of Information Technology** oversees technology initiatives at the state level, and recommends the implementation of strategies to maximize efficiencies in service delivery through the application of enterprise technology solutions.

Factors Driving the Budget

Energy Efficiency and Renewable Energy Resource Development Initiatives

The Governor's Energy Office (GEO) 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, GEO migrated funding for its programs to alternative sources. However, a number of programs administered by GEO are now funded from sources that have the potential to vary considerably from year to year, including limited gaming tax revenue, severance tax earnings, and one-time federal funds.

The Clean Energy Fund receives a continuous appropriation of the remaining portion of moneys from the Limited Gaming Fund after all other statutory transfers are completed. The ongoing recession, job losses, and other economic factors caused limited gaming tax revenue to decline in FY 2007-08 and FY 2008-09. However, in 2009, voters in each of the gaming towns authorized the expansion of limited gaming. Bet limits were raised from five dollars up to $100, casinos are now open 24 hours per day, and craps and roulette were added to the current mix of games. Gaming tax revenue, which includes new taxes resulting from Amendment 50, grew to $107.7 million in FY 2009-10, a 13.4 percent increase from $94.9 million in the prior year. The increase in tax revenue was mainly attributed to the novelty of expanded gaming and construction of a few new hotels and casinos. As of the September 2010 Legislative Council Economic and Revenue Forecast, the Clean Energy Fund will receive a transfer of $9.9 million at the end of FY 2010-11 for use in FY 2011-12.

Moneys from the Operational Account of the Severance Tax Trust Fund are transferred to GEO's Low-Income Energy Assistance Fund. Moneys in the Fund are continuously appropriated to GEO to provide home energy efficiency improvements for low-income households. The GEO was appropriated $6 million in FY 2008-09. The legislature eliminated the FY 2009-10 appropriation for home energy efficiency improvements for low-income households with the passage of S.B. 09-293. The legislature eliminated the transfer of moneys to the GEO Low-Income Energy Assistance Fund for FY 2010-11 and FY 2011-12 with the passage of H.B. 10-1317. The Fund is slated to receive a transfer of $6.5 million in FY 2012-13.

The Public School Energy Efficiency Fund, used to support energy efficiency projects in public schools across the state, receives moneys generated from interest earned on the accelerated collection of oil and gas severance taxes. As of the September 2010 Legislative Council Economic and Revenue Forecast, in FY 2010-11, total severance tax revenue is projected to increase to $170.5 million, an increase of 253.4 percent from FY 2009-10.

GEO received $143.7 million in one-time revenue via the American Recovery and Reinvestment Act of 2009 (ARRA) for investment in weatherization, energy efficiency and conservation, and other state energy programs. The majority of these funds are currently encumbered, with an anticipated complete expenditure time-frame of FY 2011-12.

Homeland Security Coordination

Executive Order D 003 08 was issued by Governor Ritter on February 4, 2008, and established the Governor's Office of Homeland Security. The intent of this action was to consolidate Colorado's homeland security activities (and federal funding of same) in one place. The General Assembly approved a budget amendment to effect funding for this consolidation, and transferred $19.7 million in federal funding from the Department of Local Affairs to the Governor's Office. The dollar amount of the homeland security federal grant has been decreasing since its inception, dropping from $50.2 million in FY 2003-04 to an estimated $20.0 million in FY 2010-11. In addition to the decrease in the total grant amount, new federal rules have reduced the fraction of the grant which may be used for administrative purposes from five percent to three percent

Economic Development Programs

Funding for the Office of Economic Development and International Trade (OEDIT) is heavily dependent on cash funds. In FY 2010-11, 74% of the total appropriation for economic development programs was funded from cash fund sources. Much of the increase in cash funds occurred in the 2006 legislative session through the passage of H.B. 06-1201 (Plant/Taylor). The legislation increased the amount of Limited Gaming Fund moneys transferred to the Colorado Travel and Promotion Fund, and authorized additional transfers to the newly created State Council on the Arts Cash Fund, Film Operations and Incentives Cash Fund, and the New Jobs Incentives Cash Fund. Prior to the 2006 legislative session, moneys in the Limited Gaming Fund not allocated for transfer to specific cash funds were transferred to the General Fund.

As discussed above in regards to the Governor's Energy Office, revenue available for transfer to the Limited Gaming Fund can vary considerably from year to year. In addition, in instances where General Fund revenue is found to be insufficient to fund appropriations, the share of Limited Gaming Fund moneys transferred to economic development programs are reduced and, barring legislative action, moneys are instead transferred to the General Fund. As of the September 2010 Legislative Council Economic and Revenue Forecast, funds administered by OEDIT are slated to receive $32.3 million in limited gaming tax revenue at the end of FY 2010-11 for use in FY 2011-12.

Consolidation of Statewide Information Technology Resources

In May of 2007, the Governor issued Executive Order D 016 067 to begin centralizing the management of executive branch information technology resources in the Governor's Office of Information Technology (OIT) 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 (Cadman/Kerr, A.). The legislation 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.

S.B. 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 includes a transfer of 680.7 FTE and $57.7 million from state agencies to OIT.

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

The table below summarizes expenditure and appropriation levels for OIT from pre-consolidation through the request year (FY 2011-12).

Office of Information Technology - Appropriation Change from FY 2007-08 through FY 2011-12 (millions of dollars)					
	FY 2007-08 (Actual)	**FY 2008-09 (Actual)**	**FY 2009-10 (Actual)**	**FY 2010-11 (Appropriated)**	**FY 2011-12 (Requested)**
FTE	9.1	202.3	196.9	895.9	897.9
Change	N/A	2123.1%	-2.7%	355.0%	0.2%
Expenditures	$2.4	$44.1	$36.2	$121.3	$116.6
Change	N/A	1737.5%	-17.9%	235.1%	-3.9%

DECISION ITEM / BASE REDUCTION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
DI-1	$0	$150,000	$0	$363,135	$513,135	0.0
Increase Global Business Development Cash Fund **Office of Economic Development and International Trade.** The Office seeks cash fund spending authority for an additional $150,000 in FY 2011-12 to allow for collecting participation fees for international trade missions. Additionally, the decision item requests spending authority for $363,135 federal funds as a result of the reception of a grant from the International Trade Administration in the U.S. Department of Commerce. *Statutory authority: Section 24-47-101(2)(d), C.R.S.*						
DI-2	0	0	0	0	0	0.0
Creative Industries Division Consolidation **Office of Economic Development and International Trade.** The Creative Industries Division seeks the consolidation of funding and FTE for the Colorado Office of Film, Television, and Media, Council on Creative Industries, and the Art in Public Places Program into one line item for the Division. *Statutory authority: Section 24-47-101(2)(d), C.R.S.*						
NP-1	(89,811)	(25,618)	(1,632,820)	(79,449)	(1,827,698)	0.0
Statewide PERA Adjustment **Department-wide.** This non-prioritized decision item requests a continuation of S.B. 10-146, concerning a modification of contribution rates to the Public Employees' Retirement Association (PERA). This decision item will be considered in a separate staff briefing. *Statutory authority: Section 24-51-401 (1.7) (a), C.R.S. (requires modification to implement request).*						
NP-2	(93,734)	0	0	0	(93,734)	0.0
Across the Board Personal Services Reduction **Department-wide.** This non-prioritized decision item requests a temporary, one-time two percent reduction to the General Fund portion of all personal services appropriations for FY 2011-12. This decision item will be considered in a separate staff briefing. *Statutory authority: Section 24-75-201.1 (1) (a) (II.5), C.R.S.*						
NP-3	3,900	0	0	0	3,900	0.0
Printing of Statewide Warrants and Mainframe Documents. **Governor's Office.** This non-prioritized decision item requests additional funds associated with the transfer of reproduction and printing services from the Governor's Office of Information Technology to the Department of Personnel and Administration. This decision item will be considered in a separate staff briefing. *Statutory authority: Sections 24-30-1101 and 24-30-1102 (4), C.R.S.*						

Decision Item	GF	CF	RF	FF	Total	FTE
NP-4	(5,882)	0	(12,378)	0	(18,260)	0.0
Pro-rated Benefits.						
Governor's Office. This non-prioritized decision item requests an on-going change to the health, life, and dental coverage policy for part-time employees. This decision item will be considered in a separate staff briefing. *Statutory authority: Section 24-50-104 (1), C.R.S.*						
NP-5	0	0	(1,512)	0	(1,512)	0.0
Annual Fleet Vehicle Replacement.						
Governor's Office. This non-prioritized, common policy decision item reflects assumed changes in the billing for the centralized provision of vehicles by the Department of Personnel and Administration. This decision item will be considered in a separate staff briefing. *Statutory authority: Section 24-30-1104 (2), C.R.S.*						
NP-6	0	0	40,352	0	40,352	0.0
CHP+ Program Reductions.						
Governor's Office of Information Technology. This non-prioritized decision item requests a reduction in CHP+ program expenditures in the Department of Health Care Policy and Financing and subsequent modifications to the Colorado Benefits Management System (CBMS). This decision item will be considered in a separate staff briefing. *Statutory authority: 25.5-8-105, C.R.S.*						
NP-7	0	0	214,920	0	214,920	0.0
CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements.						
Governor's Office of Information Technology. This non-prioritized decision item requests an increase in funding for the Colorado Benefits Management System (CBMS) to implement changes to meet the federal application processing limit for the determination of client qualification for the low income Medical Savings Programs. This decision item will be considered in a separate staff briefing. *Statutory authority: 25.5-4-105 and 25.5-5-503, C.R.S.*						
Total	**$0**	**$150,000**	**$0**	**$363,135**	**$513,135**	**0.0**

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OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request.

Total Requested Change, FY 2009-10 to FY 2010-11 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	$11.3	$26.0	$130.8	$33.2	$201.3	1,046.0
FY 2011-12 Request	11.1	21.2	128.2	33.9	194.4	1,047.9
Increase / (Decrease)	($0.2)	($4.8)	($2.6)	$0.7	($6.9)	1.9
Percentage Change	-1.8%	-18.5%	-2.0%	2.1%	-3.4%	0.2%

The following table highlights the individual changes contained in the Department's FY 2011-12 budget request, as compared with the FY 2010-11 appropriation. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2010-11 to FY 2011-12

Category	GF	CF	RF	FF	Total	FTE
Common Policy Base Adjustments	($85,816)	$71,083	$994,906	$444,805	$1,424,978	0.0
Global Business Development Cash Fund Increase (DI-1)	0	150,000	0	363,135	513,135	0.0
Statewide Indirect Costs Adjustment	0	0	233,152	0	233,152	0.0
HCPF Compliance (NP-7)	0	0	214,920	0	214,920	0.0
HCPF CHP+ Program Reductions (NP-6)	0	0	40,352	0	40,352	0.0
Printing and Mainframe Documents (NP-3)	3,900	0	0	0	3,900	0.0
Vehicle Fleet Adjustment (NP-5)	0	0	(1,512)	0	(1,512)	0.0
Pro-rated Benefits (NP-4)	(5,882)	0	(12,378)	0	(18,260)	0.0

Category	GF	CF	RF	FF	Total	FTE
2% General Fund Personal Services Reduction (NP-2)	(93,734)	0	0	0	(93,734)	0.0
Statewide PERA Reduction (NP-1)	(89,811)	(25,618)	(1,632,820)	(79,449)	(1,827,698)	0.0
Annualize prior-year legislation and decision items	82,362	(692,041)	(2,414,560)	(39,196)	(3,063,435)	1.9
Limited Gaming Adjustments	0	(4,286,403)	0	0	(4,286,403)	0.0
Total Change	**($188,981)**	**($4,782,979)**	**($2,577,940)**	**$689,295**	**($6,860,605)**	**1.9**

FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor

BRIEFING ISSUE

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Office of the Governor have increased since FY 2007-08 due to the transfer of executive branch information technology personnel resources from various agencies to the Governor's Office of Information Technology (OIT). Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Office of the Governor decreased by $6.2 million (34.7 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

❑ The General Assembly eliminated the solar incentives program in the Governor's Energy Office. The program provided matching grants to assist local partners in establishing solar rebate programs.

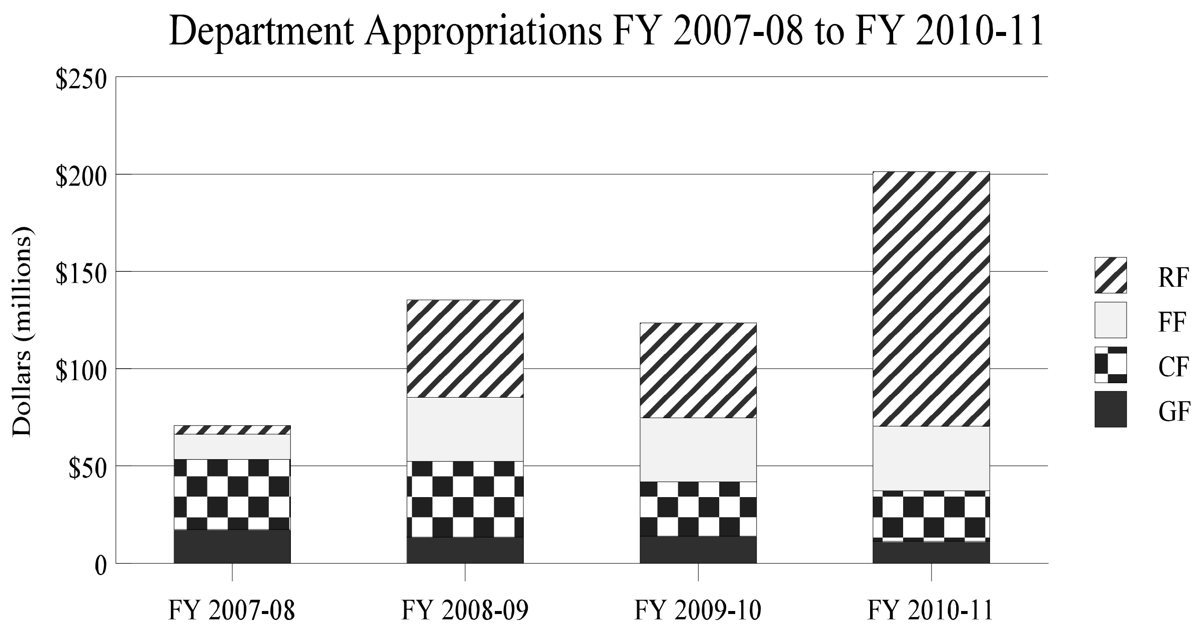
❑ The General Assembly eliminated the General Fund component of the bioscience research grant program in the Office of Economic Development and International Trade.

❑ The General Assembly refinanced the administration of the Governor's Office of Information Technology with fees collected from agencies (reappropriated funds) for services rendered.

DISCUSSION:

From FY 2007-08 to FY 2010-11, total appropriations to the Office of the Governor increased by approximately 184.5 percent ($130.6 million). Most of this increase was provided through federal moneys and an increase of $126.4 million reappropriated funds. Additionally, the department decreased General Fund appropriations by $6.0 million (34.7 percent) from FY 2007-08 to FY 2010-11. The increase in federal funds is related to the transfer of homeland security functions from the Division of Emergency Management in the Department of Local Affairs to the Office of Homeland Security in the Office of the Governor. The increase in reappropriated funds is related to the consolidation of information technology personnel resources in the Governor's Office of Information Technology, which began in FY 2008-09 and continued through FY 2010-11. The decrease in General Fund occurred as a result of the elimination of funding for solar incentives in the Governor's Energy Office, the elimination of the General Fund component of the bioscience research grants program, and the refinance of the administration of the Governor's Office of Information Technology.

Appropriations to the Office of the Governor for FY 2007-08 through the current fiscal year are illustrated in the bar chart and detailed in the table below.



Office of the Governor Appropriations FY 2007-08 to FY 2010-11					
	Total Funds	General Fund	Cash Funds	Federal Funds	Reappropriated Funds
FY 2007-08 /a	$70,777,257	$17,294,433	$36,088,978	$13,030,450	$4,363,396
FY 2008-09	135,455,255	13,443,436	38,831,138	32,981,986	50,198,695
FY 2009-10	123,540,645	13,862,984	28,043,418	32,857,679	48,776,564
FY 2010-11	201,344,214	11,291,137	26,031,709	33,209,586	130,811,782
Increase/(Decrease.) /b	$130,566,957	($6,003,296)	($10,057,269)	$20,179,136	$126,448,386
Percent Change /b	184.5%	(34.7)%	(27.9)%	154.9%	2897.9%

a/ FY 2007-08 Appropriations have been adjusted to reflect the same "cash funds" and "reappropriated funds" format implemented in FY 2008-09. Source: Page 105 of the FY 2008-09 Appropriations Report.
b/ Increase/(Decrease) and Percent Change compare FY 2007-08 and FY 2010-11.

As illustrated in the bar chart above, appropriations to the Office of the Governor peaked in FY 2010-11 due to the consolidation of executive branch information technology personnel resources in OIT. Specifically, OIT grew from an expenditure level of $2.4 million in FY 2007-08 to an appropriation level of $121.3 million in FY 2010-11. It is important to note that OIT's FY 2010-11 appropriation contains no General Fund moneys. Nearly all (98.3 percent) of OIT's FY 2010-11 appropriation is derived from fees collected from other agencies (reappropriated funds) for information technology services provided.

Beginning in January of 2009 and continuing through the 2010 Session, the General Assembly has taken a number of actions to reduce General Fund expenditures to in the Governor's Energy Office, the Office of Economic Development and International Trade, and the Governor's Office of Information Technology. These actions are discussed in more detail below.

Major Budget Balancing Actions from FY 2007-08 to FY 2010-11

Governor's Energy Office

- Investor owned utilities are mandated under state law, Section 40-2-124 (1) (e), C.R.S., to offer incentives to homeowners who install systems that comply with the State's renewable energy portfolio standard. Rural electric associations and municipal utilities are not required to provide a rebate program. The Governor's Energy Office partnered with municipal utilities and rural electric associations to encourage the use of solar power systems throughout Colorado. The Governor's Energy Office was originally appropriated $2.0 million in FY 2008-09 for the solar incentives program. The appropriation was trimmed by the legislature in the 2009 legislative session. Beginning in FY 2009-10, the appropriation was eliminated in its entirety.

Office of Economic Development and International Trade

- The Bioscience Discovery Evaluation Grant Program was created by the legislature for the purpose of improving and expanding the evaluation of new bioscience technology in Colorado. The program was funded with a mix of cash funds generated from limited gaming tax revenue and General Fund. In FY 2007-08, the program received $5.5 million in General Fund moneys. Following FY 2007-08, the program did not receive any additional General Fund appropriations, and was fully supported by cash funds.

Governor's Office of Information Technology

- As part of the consolidation of information technology personnel resources, the Governor's Office of Information Technology assumed responsibility for the management and administration of the executive branch's information technology assets. The management and administration responsibilities received an appropriation of $1.0 million General Fund in FY 2007-08. Beginning in FY 2008-09, the tasks were refinanced with $1.3 million in reappropriated funds. The refinance occurred as the legislature migrated funding for the management duties from a direct appropriation structure to a fee-for-service structure whereby agencies are billed for their usage of management services. In addition to spreading the costs across user agencies, the legislature's action allowed user agencies to use a mix of General Fund, cash funds, federal funds, and reappropriated funds to cover their costs. Thus, the statewide General Fund impact of the management and administration duties decreased.

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BRIEFING ISSUE

ISSUE: Limited Gaming Tax Revenue Statutory Distributions

Revenue generated through the taxation of limited gaming is split evenly between programs mandated by the State constitution and programs outlined by statute. The majority of programs receiving limited gaming tax revenue funds are under the purview of the Office of Economic Development and International Trade located in the Office of the Governor. For FY 2010-11, limited gaming tax revenue available for statutory programs totals $48.5 million, based on the September 2010 Legislative Council Economic and Revenue Forecast.

SUMMARY:

- ❏ Prior to FY 1993-94, limited gaming tax revenue not constitutionally obligated was transferred to the General Fund.

- ❏ Beginning in FY 1993-94, a portion of moneys otherwise transferred to the General Fund was instead transferred to cash funds for specific purposes, such as the mitigation of the impact of limited gaming in communities.

- ❏ H.B. 06-1201 significantly modified the distribution of moneys otherwise transferred to the General Fund by expanding the number of programs receiving transfers.

- ❏ Beginning in FY 2007-08, all moneys otherwise transferred to the General Fund are statutorily transferred to cash funds.

RECOMMENDATION:

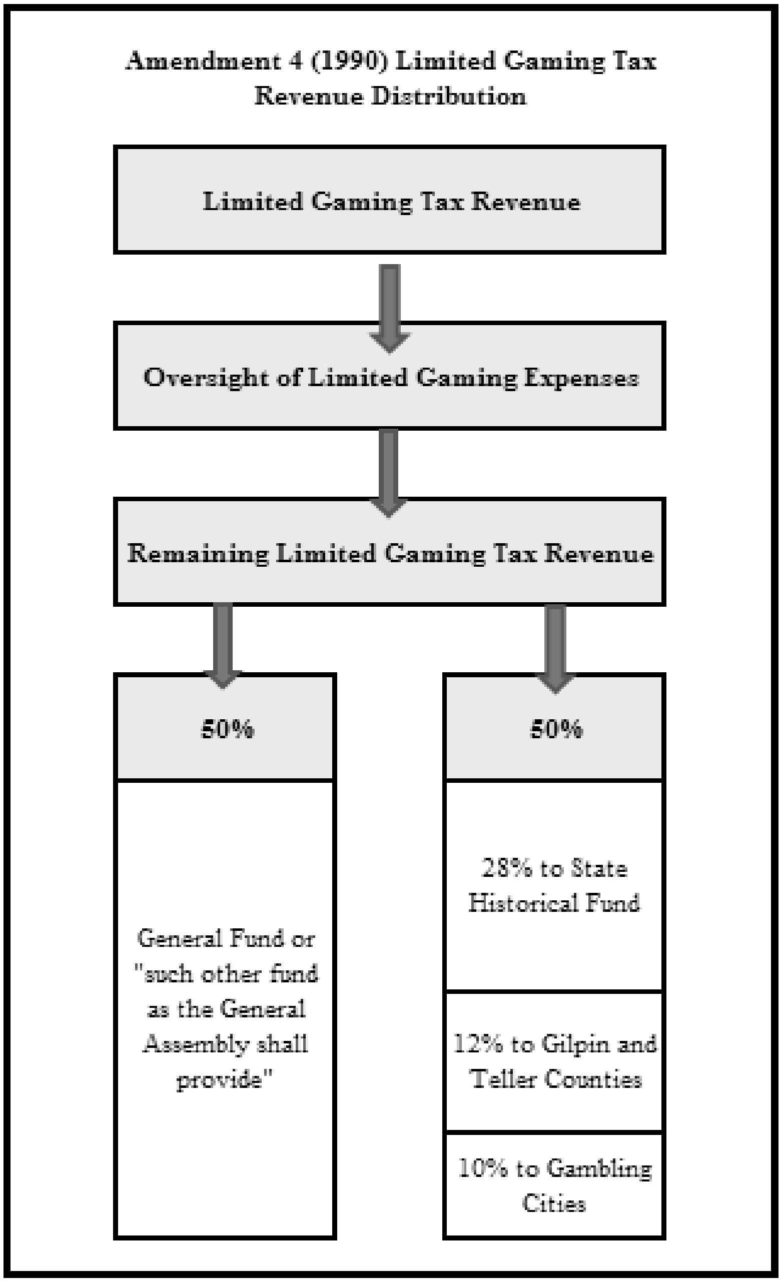
Staff recommends that the Committee transfer all Limited Gaming Fund moneys available to statutory programs to the General Fund at the end of FY 2010-11 and each fiscal year thereafter. During the figure setting process for FY 2011-12 and each fiscal year thereafter, the Committee can consider General Fund appropriations for programs previously cash funded from moneys transferred from the Limited Gaming Fund.

DISCUSSION:

<u>Historical Background</u>
Colorado voters approved Amendment 4 in the 1990 election, allowing limited stakes gambling in the towns of Cripple Creek (Teller County), Black Hawk (Gilpin County), and Central City (Gilpin County). The initiative created the Limited Gaming Fund to accept tax revenue payments from licensed limited gaming establishments. Moneys in the Fund are first used to pay all ongoing

expenses incurred by gaming oversight agencies and commissions. The Department of Revenue and Department of Public Safety provide gaming oversight from the executive branch, while the named oversight commission is known as the "Limited Gaming Control Commission."

Amendment 4 called for the remaining moneys to be split evenly between the General Fund or other funds as the General Assembly determines and the State Historical Fund, Teller and Gilpin Counties, and the Cities of Cripple Creek, Central, and Black Hawk. The table below depicts the flow of moneys from the gaming cities, as articulated by Amendment 4.



General Fund or "such other fund"

The moneys slated for transfer to the General Fund or "such other fund as the General Assembly shall provide" represent the majority of limited gaming tax revenue that the legislature has the ability to influence on a year-to-year basis. Since nearly the inception of the Limited Gaming Fund in 1991, the General Assembly has created "such other funds" to provide moneys for specific, targeted programs. The following table summarizes the "such other fund" changes from 1991 through the present. Note that fund names have been statutorily amended in certain instances following the passage of the original legislation creating them. For example, the Film Incentives Cash Fund was renamed the Colorado Office of Film, Television, and Media Operational Account via H.B. 09-1010.

"Such other" Funds Created Since the Passage of Amendment 4 in 1990

Legislation	Fund	Purpose
S.B. 94-060	N/A	Provide funds for public roads and highways leading to and within a fifty-mile radius of any limited gaming community for anticipated transportation needs attributable to limited gaming or emergency repairs attributed to limited gaming. Designated the State Highway Fund (SHF) as a potential recipient of moneys.
S.B. 94-079	Municipal Limited Gaming Impact Fund	Compensating the municipalities located in the counties of Gilpin and Teller, other than the City of Central, the City of Black Hawk, and the City of Cripple Creek, for various expenses incurred in response to the limited gaming permitted in the counties of Gilpin and Teller.
S.B. 97-027	Local Government Limited Gaming Impact Fund	Compensating any local government in Boulder, Clear Creek, Grand, Jefferson, El Paso, Fremont, Park, Douglas, Gilpin, Teller, La Plata, Montezuma, and Archuleta Counties for various expenses incurred in response to the limited gaming permitted in the counties of Gilpin and Teller.
H.B. 00-1224	Colorado Travel and Tourism Promotion Fund	Guide, stimulate, and promote the coordinated, efficient, and beneficial development of tourism and travel in Colorado.
H.B. 06-1201	State Council on the Arts Cash Fund	Encouragement and support of the arts and humanities.
H.B. 06-1201	Film Incentives Cash Fund	Marketing Colorado as a destination for making feature films and providing financial incentives to production companies using Colorado as a film location.
H.B. 06-1201	New Jobs Incentives Cash Fund	Performance-based financial incentives for employers hiring employees.
H.B. 06-1360	Bioscience Discovery Evaluation Cash Fund	Advancing bioscience research discoveries toward commercialization .
S.B. 07-246	Clean Energy Fund	Foster the development of the renewable energy industry in Colorado.
S.B. 09-052	Innovative Higher Education Research Fund	Provide state funding for federally-sponsored research projects requiring a state match.

As the table illustrates, the creation of "such other funds" was limited to providing moneys for programs aimed at assisting jurisdictions impacted by gaming in the years immediately following the start-up of limited gaming. Beginning in the in the 2006 legislative session, the General Assembly rapidly created "such other funds" for purposes unrelated to mitigating the impact of gaming.

House Bill 06-1201 created three funds administered by the Office of Economic Development and International Trade (Film Incentives Cash Fund, New Jobs Incentives Cash Fund, and State Council on the Arts Cash Fund). House Bill 06-1360 further expanded the moneys available to the Office of Economic Development and International Trade with the creation of the Bioscience Discovery Evaluation Cash Fund. The creation of these funds, coupled with the Office's existing oversight of the Colorado Travel and Tourism Promotion Fund, put the Governor's chief economic development entity in charge of a majority of limited gaming fund moneys marked to be transferred to the General Fund or "such other funds" provided for by the General Assembly.

During the 2007 legislative session, the General Assembly eliminated the transfer of any moneys to the General Fund with the creation of the Clean Energy Fund. The Clean Energy Fund receives all of the remaining limited gaming fund moneys after all transfers to statutory programs have been completed.

Current Statute: What does it mean for the General Fund or "such other funds?"

Current statute governing the transfer of moneys from the Limited Gaming Fund to various cash funds does not provide for any moneys to be transferred to the General Fund in FY 2010-11. Statutory transfers in FY 2010-11 can be grouped into four categories: formula-based transfers, fixed-amount transfers, inflation-based transfers, and a transfer of all remaining funds.

FY 2010-11 Statutory Transfers

	Fund Name	FY 2010-11 Statutory Transfer	Notes
Formula-based Fund	Local Government Limited Gaming Impact Fund	13% of the 50% share to be transferred to the General Fund or "such other fund" provided by the General Assembly	Continuously appropriated to the Department of Local Affairs
Fixed-amount Funds	Bioscience Discovery Evaluation Fund	$5,500,000	Continuously appropriated to the Office of Economic Development and International Trade
	Innovative Higher Education Research Fund	$0	Annually appropriated to the Department of Higher Education; Fund only receives a transfer if General Fund revenues for FY 2010-11 are sufficient to allow the maximum amount of General Fund appropriations for FY 2010-11
Inflation-based Funds	Colorado Travel and Tourism Promotion Fund	$19,000,000 +/- inflation	Annually appropriated to the Office of Economic Development and International Trade
	State Council on the Arts Cash Fund	$1,500,000 +/- inflation	Annually appropriated to the Office of Economic Development and International Trade; Moneys transferred to the fund are transferred to the Creative Industries Cash Fund
	New Jobs Incentives Cash Fund	$3,000,000 +/- inflation	Annually appropriated to the Office of Economic Development and International Trade
	Colorado Office of Film, Television, and Media Operational Account Cash Fund	$600,000 +/- inflation	Annually appropriated to the Office of Economic Development and International Trade; Moneys transferred to the fund are transferred to the Creative Industries Cash Fund
Remaining Funds	Clean Energy Fund	Any moneys that would otherwise be transferred to the General Fund	Continuously appropriated to the Governor's Energy Office

Legislative Council and the Governor's Office of State Planning and Budgeting (OSPB) independently forecast the amount of limited gaming revenue available each year for transfer to the General Fund or "such other funds." The September 2010 Legislative Council Economic and Revenue Forecast indicates that $48.5 million is available, while OSPB's September 2010 Revenue Forecast indicates that $45.7 million available.

The table below summarizes the statutory distribution of moneys from the Limited Gaming Fund. Gaming tax revenue projections are included from Legislative Council, as well as OSPB.

Distribution of Funds to Statutory Programs

FY 2010-11 Forecast Model (9/10)		Leg Council	OSPB
Total Revenue Available for Statutory Transfers		$48,488,500	$45,700,000
Formula-based Transfer	Local Government Limited Gaming Impact Fund	6,303,505	5,941,000
Fixed-amount Transfer	Bioscience Discovery Evaluation Fund	5,500,000	5,500,000
	Innovative Higher Education Research Fund	0	0
Inflation-based Transfers	Colorado Travel and Tourism Promotion Fund	21,170,951	21,170,951
	State Council on the Arts Cash Fund	1,671,391	1,671,391
	New Jobs Incentives Cash Fund	3,342,782	3,342,782
	Colorado Office of Film, Television, and Media Operational Account Cash Fund	611,400	611,400
Remaining Funds	Clean Energy Fund	9,888,471	7,462,476

Options Available to the Joint Budget Committee

The Joint Budget Committee (JBC) is statutorily authorized to adjust the amount of Limited Gaming Fund moneys, if any, transferred to the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the New Jobs Incentives Cash Fund, and the Colorado Office of Film, Television, and Media Operational Account Cash Fund. Statute indicates that the JBC has the authority to legislatively alter the transfers made to the four cash funds if the March, 2011 Legislative Council forecast indicates that the amount of General Fund revenues available for FY 2010-11 are insufficient to cover the amount of General Fund appropriated for FY 2010-11, as included in the JBC's appropriations report for FY 2010-11. If the JBC does not act by bill to alter the transfers, and the June 2011 Legislative Council revenue forecast indicates that the amount of General Fund revenues available for FY 2010-11 are insufficient to cover the amount of General Fund appropriated for FY 2010-11, the transfers made to the four cash funds will be reduced proportionally until the General Fund shortfall is eliminated or the moneys previously available to the four cash funds are fully transferred to the General Fund.

It is important to note that if the June 2011 Legislative Council revenue forecast indicates that the amount of General Fund revenues available for FY 2010-11 are insufficient to cover the amount of General Fund appropriated for FY 2010-11, the transfer from the Limited Gaming Fund to the Clean Energy Fund will be reduced until the General Fund shortfall is eliminated or the moneys previously available to the Clean Energy Fund are fully transferred to the General Fund.

Another option exists for altering the amount of moneys transferred from the Limited Gaming Fund to "such other funds." Since the transfer structure of moneys from the Limited Gaming Fund is set in statute, it simply requires a bill run by the JBC or any other member of the General Assembly to adjust the amount of moneys transferred (if any) to the General fund or "such other funds." For example, during the 2010 legislative session, the JBC successfully ran H.B. 10-1339 (Pommer/White). House Bill 10-1339 adjusted the amount of moneys transferred from the Limited Gaming Fund to "such other funds," and transferred a set amount of moneys ($16.2 million) to the General Fund.

<u>Quirks and Assorted Oddities</u>

Statute governing the distribution of Limited Gaming Fund moneys is complex and ambiguous for several reasons:

- ❏ Moneys are transferred from the Limited Gaming Fund to the General Fund and "such other" funds on the final day of the fiscal year (June 30th) of each year. Moneys transferred to General Fund or "such other funds" are available for appropriation in the following fiscal year.

  For example, the table above indicates that the Colorado Tourism and Travel Promotion Fund is expected to receive a transfer of $21.2 million in FY 2010-11. This means that $21.2 million will be transferred to the Colorado Tourism and Travel Promotion Fund on June 30, 2011, and is available for appropriation for FY 2011-12.

- ❏ It is not clear how inflation is to be applied to the amounts of the inflation-based transfers from the Limited Gaming Fund. Is the inflation rate applied to the base transfer amount? Is the inflation rate applied each year to the base transfer amount from the first year of the base transfer amount through FY 2010-11? If the fund transfer amount is amended in a given fiscal year by bill, how is inflation applied to the transfer amount in the following year?

- ❏ If a scenario presents itself whereby the June, 2011 Legislative Council revenue forecast indicates that the amount of General Fund revenues available for FY 2010-11 are insufficient to cover the amount of General Fund appropriated for FY 2010-11, it is not clear if the inflation-based transfer funds are proportionally reduced prior to or following the reduction of the transfer of moneys from the Clean Energy Fund.

- ❏ As mentioned above, if the JBC does not act by bill to alter the transfers, and the June, 2011 Legislative Council revenue forecast indicates that the amount of General Fund revenues available for FY 2010-11 are insufficient to cover the amount of General Fund appropriated for FY 2010-11 based on the JBC's appropriations report, the transfers made to the four inflation-based cash funds will be reduced. Statute does not consider any supplemental actions taken by the General Assembly to align General Fund appropriations with General Fund revenues after the JBC appropriations report if published for FY 2010-11.

  For example, assume the FY 2010-11 JBC appropriations report indicates that five dollars General Fund is appropriated for FY 2010-11. In December of 2010, Legislative Council forecasts three dollars of General Fund revenue is anticipated for FY 2010-11. Accordingly, the General Assembly takes action in the 2011 legislative session to reduce the FY 2010-11 appropriation of General Fund to three dollars. The JBC opts not to act by bill to adjust the transfers of moneys to the inflation-based funds. In June of FY 2011, Legislative Council forecasts a General Fund revenue level of four dollars for FY 2010-11. While there is sufficient General Fund revenue available to meet the current FY 2010-11 appropriation level of three dollars, four dollars of General Fund revenue does not meet the JBC appropriations report appropriation level of five dollars.

Governor's Proposal for FY 2010-11

The Governor's Office submitted a plan to transfer $2.5 million from the Colorado Travel and Tourism Promotion Fund to the General Fund during FY 2010-11 as part of the FY 2010-11 budget balancing proposal submitted to the JBC on October 22, 2010. The moneys come from the existing fund balance for which the Office of Economic Development and International Trade does not have current or prior roll-forward spending authority. The travel and tourism program received an appropriation of $14.4 million in FY 2010-11. The Governor's Office proposal does not impact the FY 2010-11 appropriation for the travel and tourism program, and it does require legislation to enact.

Governor's Proposal for FY 2011-12

The Governor's Office submitted a plan to transfer moneys from the Limited Gaming Fund to the General Fund at the end of FY 2011-12 as part of the FY 2011-12 budget balancing proposal submitted to the JBC on November 1, 2010. The plan calls for the transfer of $21.8 million to the General Fund on June 30, 2012, and a reduction of $21.8 million in the transfers to funds in the Office of Economic Development and International Trade and the Governor's Energy Office. proposal requires legislative action to enact.

FY 2011-12 Governor's Office Gaming Revenue Distribution Proposal

Fund	Current Law Distribution	Governor's Proposed Distribution
Colorado Travel and Tourism Promotion Fund	$21.4	$10.1
State Council on the Arts Cash Fund	$1.7	$0.8
New Jobs Incentives Cash Fund	$3.4	$1.6
Colorado Office of Film, Television, and Media Operational Account Cash Fund	$0.7	$0.3
Clean Energy Fund	$7.4	$0.0
General Fund	**$0.0**	**$21.8**

Staff Recommendations

Staff recommends several different options to the Committee:

- ❑ Transfer all statutory Limited Gaming Fund moneys to the General Fund at the end of FY 2010-11 and each fiscal year thereafter. During the figure setting process for FY 2011-12 and each fiscal year thereafter, the Committee can consider General Fund appropriations for programs previously cash funded from moneys transferred from the Limited Gaming Fund.

  Pros: Much of the focus on programs receiving moneys from the Limited Gaming Fund has been placed on comprehending the mechanics of the transfer amounts, fund triggers, and the complexities of statute in regards to this area of policy. This focus takes time and energy away from evaluating the programs to determine goals, success rates, modifications needed, and appropriate funding levels.

  Cons: Programs currently funded by the Limited Gaming Fund have, in essence, a dedicated funding source. The General Assembly always has the option of amending statute to alter the amount (if any) of moneys transferred from the Limited Gaming Fund to various cash funds. However, this process requires legislation outside of the Long Bill appropriations process. If the Committee adopts this recommendation, the additional hurdle of running a bill to decrease transfers would be removed, thus making it procedurally easier to increase or decrease appropriation levels to previously cash funded programs. Programs have the potential to lose funding (or gain funding) based on the lack of a statutorily dedicated funding source.

  Requirement(s): This option requires legislation to enact.

- ❑ Run a JBC bill to reduce the transfer of Limited Gaming moneys to the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the New Jobs Incentives Cash Fund, the Colorado Office of Film, Television, and Media Operational Account Cash

Fund, and the Clean Energy Fund at the end of FY 2010-11 (for appropriation in FY 2011-12) to FY 2010-11 appropriation levels (moneys transferred in FY 2009-10).

FY 2010-11 JBC Staff Proposal Number Two

Fund	Current Law Distribution	Staff Proposed Distribution
Colorado Travel and Tourism Promotion Fund	$21.1	$14.9
State Council on the Arts Cash Fund	$1.7	$1.2
New Jobs Incentives Cash Fund	$3.3	$1.4
Colorado Office of Film, Television, and Media Operational Account Cash Fund	$0.6	$0.4
Clean Energy Fund	$9.9	$0.0
General Fund	**$0.0**	**$18.7**

Pros: Maintains a dedicated funding source for economic development programs, while increasing General Fund revenue by $18.7 million in FY 2010-11.

Cons: Does not solve any long-term issues associated with complexity and ambiguity contained in Limited Gaming Fund statute.

Requirement(s): This option requires legislation to enact.

❑ Run a JBC bill to clean-up the statutory language associated with the distribution of Limited Gaming Fund moneys. Specifically, it is recommended that the bill narrowly define how inflation is applied to inflation-based transfers, narrowly define the order in which cash funds are reduced if General Fund moneys are needed in June of each fiscal year, and narrowly define which appropriation point in a fiscal year is used as a trigger to transfer moneys to the General Fund.

Pros: Added clarity in statute allows for additional time spent analyzing programs and expenditures.

Cons: None.

Requirement(s): This option requires legislation to enact.

❑ Allow current statute to guide the distribution of Limited Gaming Fund moneys at the end of FY 2010-11 by taking no legislative action outside of the Long Bill appropriations for FY 2011-12. According to the Legislative Council September, 2010 forecast, $48.5 million would be transferred to statutory programs, while zero dollars would transfer to the General Fund.

Pros: There is minimal effort on the part of the JBC associated with selecting this option. There is statute in place, albeit complex and ambiguous, to guide a scenario whereby the General Assembly does not adjust transfer amounts from the Limited Gaming Fund.

Cons: Allowing a series of triggers and formulas to appropriate money takes away the statutorily-provided authority of the JBC to closely scrutinize appropriation levels to determine the wisest investment of state moneys.

Requirement(s): None.

- ❏ Run a JBC bill to adjust the transfer of moneys from the Limited Gaming Fund at the end of FY 2011-12 (for appropriation in FY 2012-13) to conform with the request of the Governor's Office (see above). This option provides an additional $21.8 million in General Fund revenue in FY 2011-12.

  Pros: Maintains a dedicated funding source for economic development programs in FY 2012-13, while increasing General Fund revenue by $21.8 million in FY 2011-12.

  Cons: Does not solve any long-term issues associated with complexity and ambiguity contained in Limited Gaming Fund statute.

  Requirement(s): This option requires legislation to enact.

FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor

BRIEFING ISSUE

ISSUE: Funding Overview of the Governor's Energy Office

The Governor's Energy Office (GEO) administers a wide variety of programs to advance energy efficiency and the development of renewable, clean energy resources. The initiatives receive funding from a variety of State and federal sources, as well as moneys derived from successful lawsuits against several oil companies for violations of petroleum price controls during the late 1970s and early 1980s.

SUMMARY:

❑ GEO expended General Fund moneys in FY 2008-09. The Office did not receive a General Fund appropriation in FY 2009-10, FY 2010-11, and has not requested General Fund moneys for FY 2011-12.

❑ GEO receives State cash funds from the Operational Account of the Severance Tax Trust Fund and the Limited Gaming Fund, barring legislative action.

❑ GEO receives federal funds annually from the Department of Energy, Department of Health and Human Services, and oil-overcharge settlements.

❑ GEO received $143.7 million as a result of the passage of the federal American Recovery and Reinvestment Act of 2009 (ARRA).

RECOMMENDATION:

The Committee and the General Assembly need to determine the role of GEO in the post-ARRA funded environment beginning in FY 2012-13.

DISCUSSION:

<u>State Funds - General Fund</u>
The GEO Solar Incentives Program was appropriated $1.0 million of General Fund moneys in FY 2008-09. The program assisted rural electric associations and municipal utilities in providing rebates to homeowners installing systems that comply with the State's renewable energy portfolio standard. The General Fund appropriation for the program was eliminated in FY 2009-10. The Department did not request nor receive a General Fund appropriation in FY 2010-11 or FY 2011-12.

State Funds - Severance Tax

GEO receives appropriations from four cash funds that acquire moneys from the collection of severance taxes. First, $2 million from the Operational Account of the Severance Tax Trust Fund was expended by GEO to support the initiatives of the Colorado Renewable Energy Authority in FY 2008-09. Current statute indicates that no future transfers are to occur for use by the Authority.

Second, $6.0 million was transferred from the Operational Account of the Severance Tax Trust Fund to GEO's Low-Income Energy Assistance Fund in FY 2008-09 for weatherization program expenditures. Weatherization programs include:

- 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; and
- paying a portion of the cost for energy efficiency upgrades to new housing built for low-income families.

The legislature eliminated the transfer in FY 2009-10 with the passage of S.B. 09-293 (Isgar/Curry), and eliminated the transfer in FY 2010-11 and FY 2011-12 with the passage of H.B. 10-1319 (Ferrandino/Tapia). The Fund is expected to receive a transfer of $6.5 million in FY 2012-13.

Third, the Energy Outreach Colorado Low-Income Energy Assistance Fund administered by GEO received a transfer of $1.1 million in FY 2008-09 and a transfer of $1.6 million in FY 2009-10 from the Operational Account of the Severance Tax Trust Fund. The moneys are passed through GEO to the non-profit organization Energy Outreach Colorado, which provides energy assistance to individuals from May 1st through October 31st when the Colorado Low-income Energy Assistance Program (LEAP) does not offer assistance. Energy Outreach Colorado is projected to receive $3.25 million in FY 2010-11, FY 2011-12, and FY 2012-13 from the Energy Outreach Colorado Low-Income Energy Assistance Fund. All moneys in the fund are continuously appropriated to GEO for distribution to Energy Outreach Colorado, thus an annual appropriation is not required.

Fourth, GEO expends moneys transferred to the Public School Energy Efficiency Fund from the generation of interest earned on the accelerated collection of oil and gas severance taxes. The Fund supports energy efficiency projects in public schools across the state. Specifically, the moneys are used to assist school districts in energy performance contracting for existing buildings and high performance building for new school facilities. Energy performance contracting is the term used to describe the process of using utility bill savings that result from the installation of new building systems (reducing energy use) to pay for the cost of a building renewal project.

GEO expended $162,696 in FY 2008-09 and $292,940 in FY 2009-10. The office estimated an appropriation level of $206,625 for FY 2010-11 and FY 2011-12. All moneys in the fund are continuously appropriated to GEO, thus an annual appropriation is not required. Legislative Council staff does not forecast transfers to the Public School Energy Efficiency Fund beyond the current fiscal year, as a result, the estimated transfer to the Fund in FY 2011-12 is not yet determined. However, severance tax revenue is anticipated to grow at 13.3% over FY 2010-11 in FY 2011-12. Historically, JBC staff have worked with Legislative Council staff during the figure setting process to generate an appropriation estimate.

The table below summarizes appropriations to GEO of moneys generated from the collection of severance taxes:

Severance Tax Moneys Appropriated to the GEO					
Recipient	**FY 2008-09**	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**
Colorado Renewable Energy Authority	$2,000,000	$0	$0	$0	$0
GEO's Low-Income Energy Assistance Fund	6,000,000	0	0	0	6,500,000*
Energy Outreach Colorado Low-Income Energy Assistance Fund	1,050,000	1,625,000	3,250,000*	3,250,000*	3,250,000*
Public School Energy Efficiency Fund	163,769	292,940	206,625**	Unknown	Unknown
Totals	**$9,213,769**	**$1,775,000**	**$9,900,000**	**$3,250,000**	**$9,750,000**

**Assumes the availability of sufficient revenue to maintain reserve requirements.*
***Actual amount of transfer will fluctuate based on severance tax collections made during FY 2010-11.*

State Funds - Limited Gaming

GEO receives a continuous appropriation of moneys from the Clean Energy Fund established in 2007. The principal of the Clean Energy Fund consists of moneys transferred to it at the end of each State fiscal year from the Limited Gaming Fund. At the end of FY 2007-08, the Clean Energy Fund received a transfer of $4.0 million for use by GEO in FY 2008-09. No transfer of moneys occurred at the end of FY 2008-09 for use in FY 2009-10 because General Fund revenues were insufficient to cover the amount of General Fund appropriations, as determined by the FY 2008-09 JBC appropriations report, for the fiscal year. Triggered by the incongruity between General Fund revenues and General Fund appropriations, moneys that would have otherwise been transferred to the Fund were instead transferred to the General Fund. No transfer of funds occurred at the end of FY 2009-10 for use in FY 2010-11 as a result of H.B. 10-1339 (Pommer/White).

If FY 2010-11 General Fund revenues are sufficient to support the General Fund Appropriation, $9.9 million (based on the Legislative Council September 2010 limited gaming revenue forecast) will be transferred to the Clean Energy Fund at the end of FY 2010-11 for use in FY 2011-12. The Governor's FY 2011-12 appropriation requests seeks only $0.2 million of the statutorily allowed moneys.

Federal Funds - Petroleum Violation Escrow

GEO operated for nearly 25 years on the proceeds from the Petroleum Violation Escrow Funds (PVE). PVE moneys are derived from successful federal lawsuits against several oil companies for violations of petroleum price controls during the late 1970s and early 1980s. It is a fixed source of funding, with a total allocation to Colorado of $70.5 million. The funds may be used at the Governor's discretion for programs authorized by the United States Department of Energy (DOE), and have been used to pay for much of the administrative expenses associated with GEO (and its predecessor agencies). In FY 2008-09, the Office expended $842,686 of PVE funds. FY 2009-10 and FY 2010-11 estimated expenditures are $1.1 million per year.

Following FY 2010-11, the estimated remaining balance of PVE funds will be $1.1 million. GEO does not require an annual appropriation to expend PVE moneys, thus the appropriation is shown in the annual appropriations bill for informational purposes only.

Federal Funds - DOE

GEO is the recipient of two streams of funding from the United States Department of Energy. First, it receives funds as part of the DOE's State Energy Program to address the State's energy priorities and to adopt emerging renewable energy and energy efficiency technologies. In FY 2008-09, GEO acquired $1.0 million. In FY 2009-10, the Office received $391,000. Second, GEO obtains moneys from the DOE's Weatherization Program. GEO accepted $6.6 million for FY 2008-09, $9.1 million for FY 09-10, and $500,000 for FY 2010-11. There is no estimate of the amount to be received by GEO for FY 2011-12.

Federal Funds - United States Department of Health and Human Services

In addition to moneys provided by DOE directly to GEO for weatherization projects, the Office is also eligible to receive federal funds from the United States Department of Health and Human Services (HHS) for weatherization projects via a transfer from the Department of Human Services (DHS). DHS receives Low-Income Home Energy Assistance Program (LIHEAP) moneys to assist low-income households in meeting their immediate home energy needs. As much as 15 percent of these funds may be used for weatherization. If the executive branch decides to spend a portion of the LIHEAP money on weatherization, it is transferred from DHS to GEO, traditionally by an executive order issued by the Governor. GEO received a transfer from DHS of $9.5 million in FY 2008-09 and $2.4 million in both FY 2009-2010 and FY 2010-11. There is no estimate of the amount to be received by GEO for FY 2011-12.

Federal Funds - ARRA

The passage of ARRA provided GEO with increased funding for weatherization services, State Energy Program projects, Energy Efficiency and Conservation Block Grant projects, Energy Star Appliance Rebates for consumers, and energy assurance planning for the energy grid. The table below outlines the program activities of each of the categories of programs funded by ARRA.

GEO Programs Supported by ARRA Moneys	
Functional Area	**Programs/Initiatives**
Weatherization	Reduce energy costs for income-qualifying Coloradans with priority service given to the elderly, people with disabilities, children, and high energy-use households, Energy Audits, Insulation in Attics and Walls, furnace safety testing, Sealing Air Leaks, Storm Windows and Doors, Compact Fluorescent Light Bulbs
State Energy Program	Residential Programs, Renewable Energy Programs, Commercial Buildings Programs, Public Information and Consumer Outreach, Greening Government Programs, Utility and Transmission Programs, Financing and Capital Grants Programs
Energy Efficiency and Conservation Block Grant	Energy Efficiency Retrofits, Build Local Capacity, Renewable Energy Rebates -Residential, Greening Main Street Programs, Renewable Energy Rebates -Commercial, New Energy Economy Project Grants, Public Education & Outreach
Energy Star Appliance Rebate Funds	Rebates on ENERGY STAR appliances, Energy Efficiency Measures Rebates (insulation, air sealing, furnaces)
Energy Assurance Plan / Smart Grid Resiliency	Emergency preparedness planning to ensure the resiliency of the country's electrical grid

Approximately $143.7 in federal funds was awarded to GEO with the passage of ARRA for expenditure in the programmatic categories listed in the table above. The majority of funds are obligated to be expended during FY 2011-12.

ARRA Funds Awarded to GEO		
Functional Area	**Amount (millions)**	**Required Expend by Date**
Weatherization	79.5	3/31/2012
State Energy Program	49.2	4/31/2012
Energy Efficiency and Conservation Block Grant	9.6	9/29/2012
Energy Star Appliance Rebate Funds	4.7	2/17/2012
Energy Assurance Plan / Smart Grid Resiliency	0.7	8/14/2012
Total	**$143.7**	

The Future of GEO
GEO faces significant funding changes beginning in FY 2011-12 and continuing into the future.

- ❑ $143.7 million of federal funds received through the passage of ARRA will be fully expended during calendar year 2012. This will impact weatherization, state energy, energy efficiency and conservation, appliance rebate, and energy assurance planning programs.

- ❑ PVE moneys have been a consistent and stable source of programmatic funds for GEO for nearly three decades. The current PVE fund balance (as of September, 2010) is $2.6 million. The fund balance will be depleted within two to three fiscal years, despite various restrictions on how PVE funds may be expended that limit its programmatic uses. It is important to note that PVE moneys, along with Clean Energy Fund moneys, are frequently used as the State match for obtaining federal funds.

- ❑ The legislature has acted to eliminate the transfer of severance tax moneys to GEO for weatherization services for three consecutive fiscal years (FY 2009-10, FY 2010-11, and FY 2011-12). Statute indicates that GEO will receive only one more transfer of severance tax revenue for weatherization services, which will occur in FY 2012-13.

- ❑ The transfer of Limited Gaming Fund moneys to the Clean Energy Fund did not occur in two fiscal years (FY 2007-08 and FY 2009-10). While current statute indicates that the Clean Energy Fund will receive $9.9 million in FY 2010-11 (available for appropriation in FY 2011-12), the Governor's Office FY 2011-12 budget balancing proposal seeks an elimination of transfers to the Clean Energy Fund in FY 2011-12. It is important to note that Clean Energy Fund moneys, along with PVE moneys, are frequently used as the state match for obtaining federal funds.

Staff Recommendation
The JBC and the General Assembly need to determine the role of GEO in the post-ARRA funded environment. GEO has leveraged $143.7 million in ARRA funds to build out various capacities in the following areas:

- ❑ Renewable energy (including solar; wind, geothermal, and small hydroelectric);
- ❑ biomass and alternative energy (including biofuels and compressed natural gas);
- ❑ residential energy efficiency (including weatherization services, energy codes, and retrofitting);
- ❑ schools and buildings energy efficiency (including energy performance contracting and high performance building);
- ❑ electric and gas utilities and transmission (including partnerships with Colorado's 65 electric and gas utilities to provide rebates for energy-saving measures, construction of high voltage transmission lines to transmit clean power, and connecting more utility-scale renewable energy projects to the state's grid);

- ❑ finance program (including financing for retrofits, companies that generate products and services for renewable energy production, and clean energy capital improvements);
- ❑ local-level energy efficiency and conservation capacity building (including partnerships with towns, cities, counties, non-profits, utility companies, and higher education institutions); and
- ❑ greening government (including energy reduction, water conservation, energy usage tracking, renewable energy adoption, environmentally preferable purchasing policy development, and petroleum reduction).

The availability of funds to support the programs and initiatives administered by GEO is highly variable beginning in FY 2012-13. The Committee and the General Assembly need to determine what GEO will look like in the future. Future options include:

- ❑ Invest additional State moneys, coupled with the receipt of federal funds, in GEO beginning in FY 2012-13 to sustain the technical capacity built-out by GEO over the past three fiscal years;
- ❑ invest Clean Energy Fund, severance tax moneys, and federal funds to maintain a reduced level of programs and initiatives currently administered by GEO; or
- ❑ do not support GEO with State moneys, but allow the Office to operate on federal funds and grants.

BRIEFING ISSUE

ISSUE: Office of Economic Development and International Trade Programs

The Office of Economic Development and International Trade's (OEDIT) overarching goal is to strengthen Colorado's long-term economic growth by administering a variety of programs to support job creation, job retention, and to position the state as a leader in emerging industries. For FY 2010-11, OEDIT received an appropriation of $31.9 million and 48.5 FTE. The Office requests an appropriation of $27.9 million and 48.5 FTE for FY 2011-12, which represents a 12.5 percent funding decrease over the previous fiscal year.

SUMMARY:

- ❑ The administration of OEDIT programs is structured in six divisions: Administration, Global Business Development, Creative Industries, Small Business Development Centers, Colorado Tourism Office, and Business Finance.

- ❑ Global Business Development provides services to Colorado-based companies, as well as international investors seeking to invest in companies and products in Colorado, to promote job creation and job retention.

- ❑ The Creative Industries Division administers the Art in Public Places Program, the State's film incentives program, and programs aimed at promoting the arts and culture.

- ❑ The State's 14 Small Business Development Centers provide training to small business owners and entrepreneurs.

- ❑ The Colorado Tourism Office promotes the growth of the travel and tourism industry in Colorado.

- ❑ The Business Finance Division provides business financing, business incentives and grant programs aimed at job creation and job retention.

RECOMMENDATION:

Staff recommends that the Committee eliminate the appropriation of moneys traditionally allocated for the arts program in the Creative Industries Division. Additionally, staff recommends that the Creative Industries Division be granted legislative authority to expend funds for film incentives from the Creative Industries Cash Fund.

DISCUSSION:

Administration

The Division provides the strategy, policy direction, operational management, and administrative functions (accounting, budgeting, and procurement) for OEDIT. The unit received an appropriation of $0.6 million and 6.0 FTE in FY 2010-11, and has requested a similar appropriation for FY 2011-12.

Global Business Development

The Global Business Development Division is divided into two subdivisions. First, the Business Development Division is the business retention, recruitment, and expansion activities arm of OEDIT. The unit offers technical assistance programs and services for local economic development initiatives. Programs and services offered include, but are not limited to the following:

- ❑ Business retention, attraction, and expansion;
- ❑ project management and site selection assistance;
- ❑ data analysis, dissemination, and monitoring of economic indicators;
- ❑ customized industry training jointly administered with the State's community colleges;
- ❑ marketing and promotions;
- ❑ targeted advertising; and
- ❑ community assessments.

Second, the International Trade Office (ITO) is housed within the Global Business Development Division. The unit's goal is to promote the export of Colorado products and services and market Colorado to potential foreign investors. The goal is accomplished through the provision of several initiatives:

- ❑ Low-cost, State-sponsored international trade missions;
- ❑ guidance in the exporting operations, including regulatory issue expertise;
- ❑ seminars and one-on-one counseling;
- ❑ identification of target markets and leads for Colorado-based companies;
- ❑ arrangement of meetings for Colorado-based companies with foreign buyers and distributors; and
- ❑ contract representative services in Mexico City to assist Colorado-based companies in business development in Mexico.

The Global Business Development unit received an appropriation of $1.6 million and 17.6 FTE in FY 2010-11 and $2.0 million and 17.6 FTE for FY 2011-12. The increase between the FY 2010-11 appropriation and the FY 2011-12 requested appropriation is due to the Office of the Governor's decision item number one, "Increase Global Business Development Cash Fund." The decision item seeks additional cash fund spending authority to allow for collecting participation fees for State-sponsored international trade missions. Previously, OEDIT had the ability to collect fees from businesses for spearheading international trade missions, but it could only spend up to the appropriation level for a given fiscal year. The Office does not indicate that fee levels will be raised.

Additionally, decision item one seeks spending authority for federal funds as a result of the reception of a grant from the International Trade Administration in the US Department of Commerce. Staff recommends that the Committee approve the Office of the Governor's decision item request.

The customized industry training jointly administered by the Global Business Development unit and the State's community colleges received an appropriation of $2.7 million in FY 2010-11. The request for FY 2011-12 remains static at $2.7 million.

Creative Industries

OEDIT's Creative Industries Division was created via S.B. 10-158 (Newell/Rice), which merged the Colorado Council on the Arts, the Colorado Office of Film, Television and Media, and the State's Art in Public Places programs. The goal of the division is to promote the creative sector as an opportunity for economic growth. The focus of the unit is on five program priorities to support and expand the creative sector:

- ❏ Increase access to direct financial support;
- ❏ create and expand professional development and networking opportunities;
- ❏ promote Colorado as a premiere creative hub;
- ❏ increase access to arts and creativity skills in preschool through college education and workforce development; and
- ❏ stimulate increased support for creative industries by local governments and coalitions.

The Art in Public Places program was created in the 1977 legislative session, requiring allocation of one percent of capital construction funds for new or renovated State buildings for the acquisition of works of art for the project site. These art acquisitions form the State art collection, developed and administered by the Colorado Creative Industries. The program is currently administered by 1.0 FTE in the Creative Industries Division. The estimated FY 2010-11 transfer to the program is $2.3 million. Funds transferred to the Art in Public Places Fund are continuously appropriated to the unit.

The Colorado Council on the Arts was renamed the "Colorado Creative Industries Council" via S.B. 10-158. In terms of its support of the arts, the Council administers grants and provides services that make the arts more accessible to all Coloradans, expand arts education opportunities for youth, support tourism, preserve and promote the state's cultural heritage, and stimulate and encourage the development of artists and arts organizations. The program receives funding from transfers made from the Limited Gaming Fund to the State Council on the Arts Cash Fund available for annual appropriation to the Creative Industries Division. The program received an appropriation of $1.2 million cash funds in FY 2010-11. Additionally, the program received an appropriation of $0.8 million federal funds from the National Endowment for the Arts. Statute governing the distribution of limited gaming tax revenue for FY 2010-11 for appropriation in FY 2011-12 indicates that $1.7 million will be available to the Creative Industries Division for FY 2011-12. The Governor's budget request for FY 2011-12 seeks $0.8 million of the statutorily available funds for this purpose.

The Colorado Film Incentive program offers producers a ten percent cash rebate for production costs taking place in the state. The incentive program covers feature films (both independent and studio), television pilots, television series (broadcast and cable), television commercials, music videos, industrials, documentaries, and video game design and creation. To qualify for the program, a Colorado production company must have qualified in-state spending of at least $100,000 on the project while an out-of-sate production company must have at least $250,000 in qualifying expenses. In addition to the qualifying expenses, at least 25 percent of the workforce on every project must be Colorado residents in order for the project to meet state incentive guidelines. The program received an appropriation of $0.4 million for FY 2010-11. Statute governing the distribution of limited gaming tax revenue for FY 2010-11 for appropriation in FY 2011-12 indicates that $0.6 million will be available to the Creative Industries Division for FY 2011-12. The Governor's budget request for FY 2011-12 seeks $0.3 million of the statutorily available funds for this purpose.

The Governor’s Office requests the consolidation of the cash fund and FTE appropriations for the Colorado Office of Film, Television, and Media and the Council on the Arts into a single new line item titled Creative Industries Division in the Long Bill for FY 2011-12 as part of decision item two. The Governor’s Office also requests the authority in FY 2010-11 to transfer funds between Office of Film, Television, and Media and Council on the Arts Long Bill Line Items. As statute is currently written, moneys transferred from the Limited Gaming Fund to the State Council on the Arts Cash Fund and Colorado Office of Film, Television, and Media Operational Account are automatically transferred to the Creative Industries Cash Fund created via S.B. 10-158. The decision item maintains the transfer structure, while seeking to co-mingle arts funding and film incentives funding to give the Creative Industries Division resource flexibility in administering all of the units' programs. Staff recommends that the Committee approve the Governor's request. The amount of funds available to the programs in the Creative Industries Division vary from year to year making it difficult to maintain stability in program delivery.

Staff has two additional recommendations for FY 2011-12. First, if the Committee adopts staff's recommendation to consolidate two line items into one called the Creative Industries Division, it is recommended that the Committee not provide an appropriation of moneys that would previously have been appropriated to the division from the State Council on the Arts Cash Fund. Staff believes that arts and culture play a valuable role in the lives of Coloradans and visitors to the state. However, given the statewide budgetary constraints, it is staff's opinion that State moneys invested in OEDIT be focused exclusively on job creation and job retention. Staff is also aware that the recommendation will cause the Creative Industries Division to jeopardize its ability to obtain federal funds from the National Endowment for the Arts, which require a State fund match. Staff recommends that the Committee consider State funding for the arts component of the Division again in FY 2012-13 based on future State revenue projections.

Second, staff recommends that the Committee run a bill to clean up statute related to the Colorado Office of Film, Television, and Media Operational Account, the Creative Industries Cash Fund, and roll-forward spending authority. Specifically, the Colorado Office of Film, Television, and Media Operational Account as of July 1, 2010 was transferred to the Creative Industries Cash Fund. Statute determines that expenditures may be made out of moneys in the Creative Industries Cash Fund not expended by the end of the previous fiscal year. Statute, however, also determines that the total amount of performance-based film incentives that the Division issues in any fiscal year shall not exceed the amount appropriated to the Division to be used for film incentives. Staff recommends that the Committee sponsor legislation to remove the provision governing the amount of performance-based film incentives that can be awarded in a fiscal year. The Division has received applications for the performance-based incentives, but is unable to administer the program due to lack of spending authority.

Small Business Development Centers

OEDIT's Small Business Development Center Division has oversight responsibility for Colorado's Small Business Development Center network. Consisting of 14 full-service centers located throughout the state, the network provides counseling and training services to small business owners and entrepreneurs for business planning, sources of capital, domestic and international marketing, accounting, related business disciplines and targeted services for veterans. Additionally, the Colorado Business Resource Guide, which is a comprehensive guide for starting and operating a business in Colorado, is produced by the unit. For FY 2010-11, Small Business Development Centers received an appropriation of $1.3 million and 4.0 FTE, of which 94 percent is federal funds. The request for FY 2011-12 remains static at $1.3 million and 4.0 FTE.

The Small Business Development Centers also administer the Colorado Leading Edge Training Program, which provides intensive entrepreneurial training with 35-45 hours of business planning assistance for planned, new, or existing businesses and five one-on-one counseling hours at sites across Colorado. For FY 2010-11, the Colorado Leading Edge Training Program received an appropriation of $0.1 million. The request for FY 2011-12 remains static at $0.1 million.

Colorado Tourism Office

The goal of OEDIT's Colorado Tourism Office (CTO) Division is to promote the growth of the travel and tourism industry in Colorado. CTO uses marketing, advertising, and public relations campaign to promote Colorado as a leisure travel destination to international and domestic travelers (including out-of-state and in-state travelers). In FY 2009-10, CTO spent approximately $12.0 million on advertising, marketing, and public relations, $0.6 million on web-based services (website enhancements, e-newsletters, and social media), $0.6 million on the official state vacation guide and official state map, $1.3 million on international marketing, $0.6 million for the operation of the state's welcome center facilities, and $0.3 million for administration of the Office.

CTO was appropriated $14.9 million of limited gaming tax revenue and 7.3 FTE for FY 2010-11. This amount was appropriated by way of a JBC bill (H.B. 10-1339). Statute governing the distribution of limited gaming tax revenue for FY 2010-11 for appropriation in FY 2011-12 indicates that $21.2 will be available to CTO. The Governor's FY 2011-12 request, however, seeks only $10.5 million and 7.5 FTE. Staff recommends that the Committee discuss an appropriation level after acting on staff's recommendations on the distribution of limited gaming tax revenue to statutory programs.

Business Finance

The Business Finance Division includes the Economic Development Commission (EDC), performance-based job creation incentives program , bioscience industry development program, and the Certified Capital Companies (CAPCO) program.

The EDC is a statutory body consisting of nine members (five appointed by the Governor, two by the President of the Senate, and two by the Speaker of the House). The EDC approves loans and grants from the Economic Development Fund to public and private entities throughout the state to help existing businesses expand and new companies locate to Colorado. The Commission is responsible for decision making on the following programs:

- ❏ General economic incentives and marketing program (Strategic Fund, as it is known, provides a commitment for a performance-based incentive payment to qualifying companies that have created net new jobs paying above average wages);
- ❏ performance-based, job creation incentives (provides a State income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program and/or provides a performance-based incentive payment to qualifying companies that have created net new jobs paying above average wages);
- ❏ Enterprise Zone Program (provides tax incentives to encourage businesses to locate and expand in designated economically distressed areas of the state);
- ❏ Colorado Credit Reserve Program (creates greater access to capital for small businesses in by using small amounts of public resources to encourage private bank financing);
- ❏ Regional Tourism Act Program (created via S.B. 09-173, allows local governments in Colorado to pursue up to two tourism-related capital improvement projects using up to $50 million in State sales tax increment financing); and
- ❏ Colorado Innovative Investment Tax Credit Pilot Program (created via H.B. 09-1105 to stimulate investments in new, small Colorado businesses by providing a State income tax credit of 15 percent of the amount invested during the calendar year 2010).

The cluster of programs overseen by the EDC received an appropriation of $2.3 million and 3.5 FTE in FY 2010-11 in the OEDIT budget. The Office requests an appropriation of $2.7 million and 3.5 FTE for FY 2011-12. The increase is due to the new jobs incentives program administered by the EDC. The new jobs incentives program is funded by limited gaming tax revenue. Statute governing the distribution of limited gaming tax revenue for FY 2010-11 for appropriation in FY 2011-12 indicates that $3.3 will be available to the EDC for FY 2011-12. The Governor's budget request for FY 2011-12 seeks approximately 50 percent of the statutorily available funds for this purpose. Staff recommends that the Committee discuss an appropriation level after acting on staff's recommendations on the distribution of limited gaming tax revenue to statutory programs.

The Bioscience Discovery Evaluation Grant Program was created by the legislature to foster development of the industry in Colorado, supporting both new business development and quality jobs. Grants to further develop technologies coming out of Colorado's non-profit, research institutions toward commercialization were authorized in statute in 2006. Grants are awarded in three different categories:

- ❑ Proof-of-concept grants intended to support bioscience discoveries that will likely lead to the development of new products, services, businesses and employment in the bioscience industry in Colorado. Grants up to $150,000 are accessible to offices of technology transfer affiliated with qualified research institutions in order to enhance the commercial potential of bioscience research projects that focus on life sciences, engineering, material sciences computer sciences, photonics, or nanotechnology;
- ❑ early-stage bioscience company grants intended to spur economic development and help new companies born out of Colorado research institutions to succeed in developing new technologies, business structures, and product development. Grants up to $250,000 are accessible to qualified early-stage companies whose technology is licensed from a qualified research institution. Grants will support the commercialization of therapeutic or diagnostic products, devices, or instruments to improve human health; bioscience technologies that improve agriculture; or biofuels; and
- ❑ funds were made available in fiscal year 2008-09 to support partnership efforts between the bioscience industry and research institutions to build infrastructure that supports the commercialization of bioscience technologies in Colorado. All funds have been committed to 4 projects with funding renewed annually through fiscal year 2012-13

According to OEDIT's report on the program to the House and Senate Finance Committees in April of 2010, $8.9 million in grants have been awarded since the inception of the program. Grants were matched with $11.1 million from grantees. 92 new jobs have been created and seven new companies have evolved.

OEDIT receives a continuously appropriated amount of funds each year for the grant program. Statute indicates that the program will receive $5.5 million in FY 2010-11 and $5.5 million in FY 2011-12 for use in FY 2012-13. The continuous appropriation for FY 2012-13 marks the last transfer of limited gaming tax revenue to the bioscience grant program. Staff recommends that the Committee discuss possible scenarios to adjust the appropriation level after acting on staff's recommendations on the distribution of limited gaming tax revenue to statutory programs.

The Certified Capital Companies Program (CAPCO) was created legislatively with the goal of making venture capital funds available to new or expanding small businesses throughout Colorado. The State of Colorado provided $100 million for this program in the form of premium tax credits. The $100 million in premium tax credits were given to insurance companies in exchange for the insurance companies giving $100 million in cash to the CAPCOs. The CAPCOs then use these funds to invest in qualifying Colorado businesses. The FY 2010-11 appropriation for the CAPCO Program totaled $79,593 and 2.0 FTE, and the Governor's FY 2011-12 seeks continuation level funding.

BRIEFING ISSUE

ISSUE: Funding Stability of the Colorado Statewide Digital Trunked Radio System

Begun in the late 1990s, the Colorado Statewide Digital Trunked Radio System (DTRS) provides interoperable radio communications between State, regional, federal, and tribal agencies. The system represents a cross-agency collaboration funded by a variety of State Capital Construction Fund moneys, user fees, local government General Fund, and federal grants. The infrastructure that comprises the system needs upgraded over the next five years to maintain long-term system viability.

SUMMARY:

❑ DTRS allows first responders and other participating State, regional, local, federal, and tribal agencies to communicate via radio.

❑ DTRS is owned by "core infrastructure partners," including the Governor's Office of Information Technology, and other non-State government partners who share less of the statewide expenses.

❑ Anticipated costs to maintain DTRS total $206.2 million over the next five years. The costs include operating, capital, and special-capital expenses.

❑ Anticipated revenue for DTRS within the current structure totals $93.4 million over the next five years, creating a shortfall of $112.8 million.

RECOMMENDATION:

Staff recommends that the JBC take action to create a legislatively-recognized, formalized governance structure through a special authority to address the long-term fiscal planning needs of DTRS.

DISCUSSION:

<u>Background</u>

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

Douglas and Jefferson Counties joined with the Department of Personnel and Administration's (DPA[1]) Division of Information Technologies (DoIT) to begin the initial phase of DTRS development. The first pilot project created an eight site, analog trunked radio system for approximately 3,000 users across the two counties. The DTRS coverage footprint spanned the majority of the Denver metro area, including Adams and Arapahoe counties, as well portions of northeast and southeast Colorado, by 2002. Today, DTRS is built-out to cover to 95% of State roadways.

Colorado Statewide Digital Trunked Radio System (DTRS) Quick Facts	
Active Radio Sites / Towers	197 in 61 Counties
Zone Controllers	4
Mobile Radio Coverage	95% of State Roadways
Subscriber Radios (users)	54,000
Participating Agencies	Over 1,000 (1/3 State, 2/3 Local/Regional/Federal/Tribal)
Transmissions Per Month	7.5 million

The Governor's Office of Information Technology provides the primary technical and engineering oversight of the DTRS. The Consolidated Communications Network of Colorado (CCNC), a formalized users group, governs participation on the system. All levels of government from municipal to federal, as well as all types of first responders ranging from police, fire, EMS, public works and transit, represent the CCNC membership.

Ownership of DTRS

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

- ❏ Adams County
- ❏ Arapahoe County
- ❏ Douglas County
- ❏ Jefferson County
- ❏ Weld County

[1]Senate Bill 08-155 transferred the Department of Personnel and Administration's Division of Information Technology to the Governor's Office of Information Technology.

- ❑ Northern Colorado Regional Communications Network (City of Fort Collins, City of Loveland, Northern Colorado Water Conservancy District, and others)
- ❑ Pike's Peak Regional Communications Network (City of Colorado Springs and El Paso County)
- ❑ Governor's Office of Information Technology

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

Funding for DTRS

The legislature created the Public Safety Communications Trust Fund in 1998 via H.B. 08-1068 (Anderson/Ament). House Bill 08-1068 transferred $50 million General Fund to the Capital Construction Fund where it was appropriated to the Public Safety Communications Trust Fund. Finally, the legislation appropriated $50 million to DPA for the acquisition and maintenance of DTRS. The bill also contained a provision that allows for all unexpended and unencumbered moneys in the Public Safety Communications Trust Fund to remain in the Fund and not revert to the General Fund. DTRS received an additional $7.95 million in Capital Construction Fund moneys in FY 2008-09. As of the end of FY 2010-11, all moneys in the Public Safety Communications Trust Fund will be expended.

The Division of Local Government, within the Department of Local Affairs (DOLA), provided significant funding for local governments to participate in and build-out the DTRS in their jurisdictions. Through the Colorado Wireless Interoperability Network (CWIN) Initiative, DOLA provided $35 million in 2005 and 2006 as part of the State's Energy and Mineral Impact Grants program (funded by a portion of the State's severance tax revenue and revenue from federal mineral leases) to local governments to purchase infrastructure for DTRS. CWIN added 58 new sites and additional infrastructure at 4 other sites. The CWIN program required that the owners (counties and cities) hold the DTRS equipment for a period of five years. At the end of the five year period it allows them to either keep or return the equipment to the State, requiring the State to take ownership and incur related expenses. Many of the transfer periods will begin between 2010 and 2015.

The Governor's Office of Information Technology currently uses a fee-for-service model to collect funds from DTRS-participating state agencies for operation and maintenance of the system. In FY 2010-11 anticipates collecting $4.6 million. The request for FY 2011-12 is $4.7 million in fee-for-service payments.

In addition to State funds, DTRS received substantial federal funding through the U.S. Department of Homeland Security's State Homeland Security Grant program and Interoperable Emergency Communications Grant program, the U.S. Department of Commerce's Public Safety Interoperable Communications Grant program, and various other federal program moneys. The funds, totaling approximately $78.5 million between FY 1998-99 through FY 2008-09, were provided to State and local government entities.

Local governments and regional entities have funded the construction, operation, and maintenance of DTRS through General Fund, user fees and taxes, and other revenue generating strategies.

DTRS Projected Costs

During 2010, the Governor's Office of Information Technology commissioned CDX Wireless, Inc. to conduct a cost assessment of DTRS. CDX Wireless, Inc. classified DTRS expenditures into three categories:

- ❑ Recurring (operational) costs, including items such as radio site leases, equipment leases, network repairs, preventative maintenance and software licenses;
- ❑ nonrecurring (capital) costs, including microwave equipment, power system upgrades, dispatch center console equipment, and tower remediation; and
- ❑ special nonrecurring (capital) costs, including software upgrades, hardware replacement, repeater replacement, dispatch console replacement, and microwave replacement.

The DTRS cost assessment report projected expenses for each of the three cost categories. Additionally, the report projected the entity or entities anticipated to be responsible for each of the costs. The tables below summarize the recurring, nonrecurring, and special nonrecurring expenses by projected responsible agency.

DTRS Projected Recurring Costs (Operational) from FY 2009-10 through FY 2014-15							
Agency	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**	**Total**
Governor's Office of Information Technology	5,489,154	5,574,392	5,579,232	5,590,620	5,626,984	5,644,358	**33,504,740**
Colorado Department of Transportation	15,900	15,900	15,900	15,900	15,900	15,900	**95,400**
Colorado State Patrol	212,061	176,139	180,052	184,001	175,701	180,518	**1,108,472**
University of Northern Colorado	6,100	6,100	6,100	6,100	6,100	6,100	**36,600**
Total State Recurring Costs	**5,723,215**	**5,772,531**	**5,781,284**	**5,796,621**	**5,824,685**	**5,846,876**	**34,745,212**
Total Local/Regional/Tribal/Federal Recurring Costs	**5,165,411**	**4,995,333**	**5,145,094**	**5,110,179**	**5,208,230**	**5,271,023**	**30,895,270**
Total Recurring Costs	**10,888,626**	**10,767,864**	**10,926,378**	**10,906,800**	**11,032,915**	**11,117,899**	**65,640,482**

DTRS Projected Non-Recurring Costs (Capital) from FY 2009-10 through FY 2014-15							
Agency	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**	**Total**
Governor's Office of Information Technology	503,116	619,900	0	7,997,005	0	182,000	**9,302,021**
Colorado Department of Transportation	0	0	0	0	0	0	**0**
Colorado State Patrol	1,477,424	0	0	0	0	0	**1,477,424**
University of Northern Colorado	0	0	0	0	0	0	**0**
Total State Non-Recurring Costs	**1,980,540**	**619,900**	**0**	**7,997,005**	**0**	**182,000**	**10,779,445**
Total Local/Regional/Tribal/Federal Non-Recurring Costs	**8,144,776**	**1,666,689**	**358,783**	**326,717**	**458,022**	**2,276,661**	**13,231,648**
Total Non-Recurring Costs	**10,125,316**	**2,286,589**	**358,783**	**8,323,722**	**458,022**	**2,458,661**	**24,011,093**

DTRS Projected Special Non-Recurring Costs (Capital) from FY 2009-10 through FY 2014-15							
Agency	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Total
Governor's Office of Information Technology	0	0	0	0	24,002,100	23,780,000	**47,782,100**
Colorado Department of Transportation	0	0	0	0	750,000	0	**750,000**
Colorado State Patrol	0	0	0	0	3,750,000	0	**3,750,000**
University of Northern Colorado	0	0	0	0	150,000	0	**150,000**
Total State Special Non-Recurring Costs	**0**	**0**	**0**	**0**	**28,652,100**	**23,780,000**	**52,432,100**
Total Local/Regional/Tribal/Federal Special Non-Recurring Costs	**3,574,690**	**3,782,000**	**1,112,000**	**122,000**	**42,227,500**	**13,296,500**	**64,114,690**
Total Special Non-Recurring Costs	**3,574,690**	**3,782,000**	**1,112,000**	**122,000**	**70,879,600**	**37,076,500**	**116,546,790**

DTRS Projected Revenues

The CDX Wireless, Inc. cost assessment of DTRS also included a study of the revenue side of operational and capital expenses. Similar to the expenditure analysis, the report projected the entity or entities anticipated to be responsible for generating revenue.

DTRS Projected Revenue from FY 2009-10 through FY 2014-15							
Agency	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Total
Governor's Office of Information Technology	5,163,584	4,776,864	4,187,739	4,218,545	4,250,000	4,282,130	**26,878,862**
Colorado Department of Transportation	96,000	96,000	96,000	96,000	96,000	96,000	**576,000**
Colorado State Patrol	21,155	21,608	22,542	22,542	23,025	23,518	**134,390**
University of Northern Colorado	0	0	0	0	0	0	**0**
Total State Non-GF Revenue	**5,280,739**	**4,894,472**	**4,306,281**	**4,337,087**	**4,369,025**	**4,401,648**	**27,589,252**
Total Local/Regional/Tribal/Federal Non-GF Revenue	**7,200,361**	**2,310,420**	**2,336,065**	**2,272,535**	**2,256,496**	**2,421,548**	**18,797,425**
Total Local/Regional/Tribal GF Revenue	**12,107,532**	**9,631,561**	**5,754,815**	**6,500,000**	**6,500,000**	**6,500,000**	**46,993,908**
Total Revenue	**24,588,632**	**16,836,453**	**12,397,161**	**13,109,622**	**13,125,521**	**13,323,196**	**93,380,585**

Comparing DTRS Projected Costs and DTRS Projected Revenues

The data from the cost assessment report indicates that DTRS will be able to maintain a funding versus expenditures balance through FY 2011-12. However, the balance is lost beginning in FY 2012-13 when additional nonrecurring capital costs are projected. The largest shortfalls occur in FY 2013-14 and FY 2014-15 as a result of special, nonrecurring capital expenses are projected. These costs are associated with an upgrade of the DTRS Motorola software, upgrade to the DTRS repeaters, upgrades to dispatch consoles, and microwave equipment replacement.

DTRS Projected Costs vs. Projected Revenues from FY 2009-10 through FY 2014-15							
Agency	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Total
Total Projected Revenues	$24,588,632	$16,836,453	$12,397,161	$13,109,622	$13,125,521	$13,323,196	$93,380,585
Total Projected Costs	24,588,632	16,836,453	12,397,161	19,352,522	82,370,537	50,653,060	206,198,365
Revenue Shortfalls	**$0**	**$0**	**$0**	**($6,242,900)**	**($69,245,016)**	**($37,329,864)**	**($112,817,780)**

Consequences if DTRS Capital Costs are Not Funded

The current DTRS Motorola software version will not support the total number of radio users that are projected to desire access in the next two years. While DTRS has been a success in bringing more and more users online, it has reached the technical capacity of the current software environment. If the software is not upgraded, DTRS will quickly be unable to add additional radios.

Most of the repeaters and dispatch consoles are part of a product line that Motorola has indicated has begun its end-of-life transition. The repeaters and dispatch consoles that support DTRS are currently operational. However, in the near future Motorola will no longer provide defect fixes to resolve software issues, technical support, repair services, or sales of spare units. If DTRS does not receive funding for repeater and dispatch console equipment upgrades, the system will be in a precarious position as equipment breaks down and repairs and fixes are not feasible.

The radio sites, dispatch centers, and master sites that comprise the DTRS are connected via a shared and interconnected microwave network. Much of the equipment in this network has aged beyond reliable use and is in need of replacement.

Staff Recommendation

As stated above, DTRS has been a tremendous success since the first phases of the project in 1998, however, technology and user needs are quickly surpassing available funding which risks the future viability of the system. To address the long-term fiscal planning needs of DTRS, staff recommends that the JBC take action to create a legislatively-recognized, formalized governance structure through a special authority for DTRS. As suggested in the 2007 State Auditor's Report entitled "Public Safety Radio Communications," DTRS would benefit from establishing a strategic approach for planning and implementing statewide interoperable communications, and for targeting funds to strengthen interoperable communications capabilities. Staff recommends an authority comprised of State, local, regional, federal, and tribal participants be created in statute to work in formal partnership to develop funding strategies to ensure the long-term sustainability of DTRS.

The state would benefit from the creation of an authority in three ways:

- The authority would develop proposals for meeting the fiscal needs of operating DTRS, as well as required capital improvements to maintain system viability;
- improve DTRS life-cycle planning to ensure that the system is viewed from a statewide perspective that accounts for funding and technical challenges; and
- achieve potential cost savings through coordinated, formal, statewide and regional purchasing contracts and agreements.

If the Committee adopts staff's recommendation, it would not be the first time a DTRS authority has been put forth. During the 2005 legislative session, S.B. 05-223 (Grossman/Rose) was passed creating the Consolidated Communications Network Authority. Senate Bill 05-223 was vetoed by Governor Owens, however. The focus of the proposed authority was to:

- Solicit and accept grants and monies to expand, upgrade, and operate the network;
- represent members in matters concerning technology, rules, spectrum allocations, and radio frequency licensing; and
- advise the State governing entity (DPA at the time) on the development and operation of the network.

Governor Owens vetoed the measure for three reasons. First, he indicated that the authority would "another entity seeking federal grant dollars that local entities already can access." Second, the "bill does not have any built-in accountability mechanisms." And finally, the Governor was concerned that the State did not have a role in the authority commensurate with its investment in DTRS.

In the period following 2005, the landscape of DTRS has changed. Identifying and seeking federal grant dollars is important to the long-term viability of DTRS, however, it is not the prime focus as it was in mid 2000s when the US Department of Homeland Security and the US Department of Commerce were heavily funding interoperability projects. The focus of the DTRS community is moving toward developing a model of accountability for partner and participant agencies, as well as a statewide, sustainable system funding structure.

Staff recommends that the proposed authority be tasked specifically with creating and reporting on options for meeting the operational and capital needs of DTRS. By creating an authority with a narrowly focused scope, built-in accountability mechanisms will exist as cautioned by Governor Owens.

Finally, staff recommends that the authority board and general membership represent all DTRS participants from State, local, federal, and tribal entities. If the Committee adopts staff's recommendation to legislatively pursue an authority, staff requests permission to work with the Governor's Office of Information Technology and CCNC to develop a proposed board and membership structure to present to the Committee.

BRIEFING ISSUE

ISSUE: Governor's Office of Information Technology Proposed IT Common Policies

The Governor's Office of Information Technology (OIT) provides services to all State agencies on a cost reimbursement basis with OIT acting as a vendor to State agencies. Free-for-service payments are collected in four functional areas. The FY 2010-11 Long Bill appropriation included $89.3 million in fee-for-service payments made to OIT. The FY 2011-12 request seeks $93.1 million in fee-for-service payments to OIT.

SUMMARY:

❑ OIT receives cost reimbursements for services provided in four functional areas: purchase of services from computer center, multiuse network payments, management and administration of OIT, and communications services payments.

❑ The FY 2010-11 Long Bill appropriation included $60.0 million in purchase of services from computer center, $17.4 million in multiuse network payments, $7.3 million for the management and administration of OIT, and $4.6 million in communications services payments.

❑ The FY 2011-12 appropriation requests seeks $63.4 million in purchase of services from computer center, $17.6 million in multiuse network payments, $7.5 million for the management and administration of OIT, and $4.7 million in communications services payments. The total request represents an increase of $3.8 million (4.3 percent) over the FY 2010-11 appropriation.

DISCUSSION:

<u>Purchase of Services from Computer Center</u>
OIT is responsible for the management and operation of the State's data center. The 9,075 square foot enterprise data center operates on a "24 by 7 by 365" basis, and currently houses 600 servers, one mainframe, and the related supporting infrastructure. OIT plans, manages, operates, and delivers the computing infrastructure to customer entities, which include all State agencies and certain institutions of higher education. OIT is responsible for managing the operating system, transaction processing scheduling, and systems management software associated with these resources.

The purchase of services from computer center functional area also includes a number of statewide applications that support core business functions across multiple state agencies. The applications include the Applicant Data System, the Colorado Financial Reporting System, the Colorado Personnel and Payroll System, and Financial Data Warehouse.

The cost allocation for this IT Common Policy is established based upon historical usage patterns. Agencies are charged a fixed monthly fee that is 1/12th of the agencies' appropriation. The FY 2010-11 Long Bill appropriation provided for OIT to collect $60.0 million for its operation of the computer center. The FY 2011-12 request proposes a reimbursement level of $63.4 million, which is an increase of 5.7 percent over the previous year. The increase is due to a $0.5 million prior year net under collection, $0.8 million as a result of the transfer of the eFort disaster center facility from the Department of State to OIT via S.B. 10-148 (White/Lambert), and $2.1 million primarily due to the reinstatement of moneys decreased via the FY 2010-11 PERA reductions. Note, the Governor's FY 2011-12 budget request includes the extension of the FY 2010-11 PERA reductions for FY 2011-12.

Multiuse Network Payments

The multiuse network (MNT) is a service providing secure, high-speed broadband access to State agencies, schools, colleges, libraries, hospitals, and local governments. The MNT is essentially the State's wide area network, providing network connectivity to every county in the state.

MNT payments represent the cost to the State for administering its share of the MNT build-out with the private consortium. Reimbursements for this functional area are expended for contracts with Qwest (and its consortium), and are based on anticipated billings, using a circuit inventory conducted department by department, for all agencies.

The FY 2010-11 Long Bill appropriation provided for OIT to collect $17.4 million for the MNT. The FY 2011-12 request proposes a reimbursement level of $17.6 million, which is an increase of 1.1 percent over the previous year. The increase is primarily due to the reinstatement of moneys decreased via the FY 2010-11 PERA reductions. Note, the Governor's FY 2011-12 budget request includes the extension of the FY 2010-11 PERA reductions for FY 2011-12.

Management and Administration of OIT

Senate Bill 08-155 (Cadman/Kerr, A.) required that billing methodologies be developed to allocate costs for central OIT administrative services, including a "back office" business services staff for financial and human resource services to the consolidated office. Beginning with FY 2008-09, allocation appropriations were made to executive branch agencies for this function.

The FY 2010-11 Long Bill appropriation provided for OIT to collect $7.3 million for the management and administration of OIT. The FY 2011-12 request seeks a reimbursement level of $7.5 million, which is an increase of 2.7 percent over the previous year. The increase is primarily due to the reinstatement of moneys decreased via the FY 2010-11 PERA reductions. Note, the Governor's FY 2011-12 budget request includes the extension of the FY 2010-11 PERA reductions for FY 2011-12.

Communication Services Payments

The state microwave radio infrastructure and the Digital Trunked Radio System (DTRS) provides interoperability between public safety agencies and emergency responders to over 197 sites on 95 percent of the State's roadways, and serves more than 1,000 State, local, federal, and tribal agencies.

OIT charges user agencies of the State for the operations and maintenance of the state's public safety communications infrastructure. The cost allocation methodology for this functional area establishes department appropriations based upon the total inventory of legacy mobile and portable VHF radio units, as well as digital trunked radios (DTR) in use by departments. Departments are billed a fixed monthly fee that is 1/12th of the appropriation.

The table below summarizes the radio inventory by user agency.

Radio Inventory	
Agency	**# of Radios**
Agriculture	51
Corrections	6,161
Higher Education	331
Human Services	733
Judicial	55
Labor and Employment	3
Law	28
Local Affairs	109
Military Affairs	55
Natural Resources	3,606
Personnel and Administration	4
Public Health and Environment	52
Public Safety	2,317
Revenue	245
Transportation	3,733
Total	**17,483**

The FY 2010-11 Long Bill appropriation provided for OIT to collect $4.6 million for communication services. The FY 2011-12 request seeks a reimbursement level of $4.7 million, which is an increase of 2.2 percent over the previous year. The increase is primarily due to the reinstatement of moneys decreased via the FY 2010-11 PERA reductions. Note, the Governor's FY 2011-12 budget request includes the extension of the FY 2010-11 PERA reductions for FY 2011-12.

Department IT Common Policy Allocations

FY 2011-12 Proposed IT Common Policy Agency Allocations					
Agency	Total	Comp. Center	MNT	Admin	Communications
Agriculture	$769,276	$438,309	$181,390	$135,763	$13,814
Corrections	9,457,347	5,062,695	2,294,944	443,514	1,656,194
Education	152,193	123,890	28,303	0	0
Governor's Office	559,475	429,409	44,848	85,218	0
HCPF	1,442,182	577,783	227,138	637,261	0
Higher Education	399,274	135,465	74,078	97,982	91,749
Higher Education**	210,531	210,531	0	0	0
Human Services	19,384,265	14,443,348	3,077,205	1,672,293	191,419
Judicial	796,141	373,421	411,121	0	11,599
Labor and Employment	7,680,400	6,329,189	912,274	437,805	1,132
Law	83,647	75,727	0	0	7,920
Legislature	47,856	47,856	0	0	0
Local Affairs	1,037,482	756,016	181,005	73,634	26,827
Local Government**	67,946	67,946	0	0	0
Military Affairs	306,401	172,939	59,706	61,356	12,400
Natural Resources	9,072,464	5,357,942	2,165,545	548,650	1,000,327
Personnel	3,344,423	3,073,737	177,220	92,618	848
Public Health	6,595,277	5,409,655	681,089	498,027	6,506
Public Safety	5,192,509	2,490,074	1,678,844	397,096	626,495
Regulatory Agencies	2,123,039	1,696,639	148,429	277,971	0
Revenue	13,681,390	9,489,980	3,070,927	1,053,864	66,619
State	163,225	97,623	65,602	0	0
Transportation	10,463,834	6,450,706	2,074,790	937,445	1,000,893
Treasurer	101,633	101,633	0	0	0
Total	**$93,132,210**	**$63,412,513**	**$17,554,458**	**$7,450,497**	**$4,714,742**

** non-appropriated

Appendix A: Numbers Pages

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
OFFICE OF THE GOVERNOR **Governor Bill Ritter, Jr.**					
(1) OFFICE OF THE GOVERNOR					
(A) Governor's Office					
Administration of Governor's Office and Residence	2,964,064	2,549,600	2,166,800	2,136,975	NP-1, NP-2
FTE	35.4	33.1	32.4	32.4	
General Fund	2,909,857	2,095,694	2,153,347	2,118,979	
FTE	35.4	33.1	32.4	32.4	
Cash Funds	37,277	442,682	0	0	
Reappropriated Funds	16,930	11,224	13,453	17,996	
Federal Funds	0	0	0	0	
Discretionary Fund - GF	19,500	19,500	19,500	19,500	
Mansion Activity Fund	199,999	195,467	200,000	200,000	
Cash Funds	199,999	195,467	200,000	200,000	
Reappropriated Funds	0	0	0	0	
					Request vs. Appropriation
Subtotal - (A) Governor's Office	3,183,563	2,764,567	2,386,300	2,356,475	-1.2%
FTE	35.4	33.1	32.4	32.4	0.0%
General Fund	2,929,357	2,115,194	2,172,847	2,138,479	-1.6%
FTE	35.4	33.1	32.4	32.4	0.0%
Cash Funds	237,276	638,149	200,000	200,000	0.0%
Reappropriated Funds	16,930	11,224	13,453	17,996	33.8%
Federal Funds	0	0	0	0	N/A

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
(B) Special Purpose					
Health, Life, & Dental	1,535,678	1,840,362	6,358,004	6,499,268	NP-4
General Fund	422,173	646,102	730,835	370,887	
Cash Funds	7,040	0	36,159	89,506	
Reappropriated Funds	1,091,252	1,194,260	5,553,982	5,723,503	
Federal Funds	15,213	0	37,028	315,372	
Short-term Disability	26,491	23,843	109,747	131,330	
General Fund	4,158	5,553	5,473	7,816	
Cash Funds	2,616	0	925	1,468	
Reappropriated Funds	19,419	18,290	102,896	115,987	
Federal Funds	298	0	453	6,059	
S.B. 04-257 Amortization Equalization Disbursement	330,638	322,166	1,693,241	2,077,536	
General Fund	50,105	75,662	83,561	123,638	
Cash Funds	32,196	0	14,328	23,228	
Reappropriated Funds	238,830	246,504	1,588,342	1,834,823	
Federal Funds	9,507	0	7,010	95,847	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	154,008	200,106	1,237,796	1,669,448	
General Fund	22,654	46,476	60,317	99,352	
Cash Funds	15,092	0	10,448	18,665	
Reappropriated Funds	111,805	153,630	1,161,920	1,474,411	
Federal Funds	4,457	0	5,111	77,020	
Salary Survey	767,521	0	0	0	
General Fund	201,040	0	0	0	
Cash Funds	3,017	0	0	0	
Reappropriated Funds	551,249	0	0	0	
Federal Funds	12,215	0	0	0	

Appendix A: Numbers Pages

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
Performance-Based Pay Awards	305,359	0	0	0	
General Fund	74,647	0	0	0	
Cash Funds	3,090	0	0	0	
Reappropriated Funds	223,823	0	0	0	
Federal Funds	3,799	0	0	0	
Shift Differential - RF	44,120	41,562	75,022	143,839	
Workers' Compensation	99,013	140,688	142,719	289,227	
General Fund	12,057	9,821	17,380	35,286	
Reappropriated Funds	86,956	130,867	125,339	253,941	
Legal Services for 8,651 Hours	244,682	407,266	634,724	634,724	
General Fund	238,599	398,470	625,928	625,928	
Cash Funds	0	0	0	0	
Reappropriated Funds	6,083	8,796	8,796	8,796	
Lobato Litigation Expenses - GF	0	0	432,500	432,500	
Purchase of Services from Computer Center	2,081,610	2,070,751	234,346	433,309	NP-3
General Fund	1,194,045	1,187,816	234,346	433,309	
Reappropriated Funds	887,565	882,935	0	0	
Multiuse Network Payments	56,037	56,037	124,362	44,848	
General Fund	17,976	17,976	97,002	34,981	
Reappropriated Funds	38,061	38,061	27,360	9,867	
Management and Administration of OIT	53,009	47,747	83,470	85,219	
General Fund	45,366	39,036	70,400	71,875	
Cash Funds	2,115	2,411	3,617	3,693	
Reappropriated Funds	2,490	2,838	4,258	4,347	
Federal Funds	3,038	3,462	5,195	5,304	
Payment to Risk Management and Property Funds	392,102	288,321	85,800	152,597	
General Fund	116,226	69,334	25,433	45,779	
Reappropriated Funds	275,876	218,987	60,367	106,818	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
Vehicle Lease Payments - RF	104,277	101,735	104,277	109,485	NP-5
Leased Space - RF	500,920	808,710	954,260	1,290,813	
Capitol Complex Leased Space	645,818	471,244	461,388	483,172	
General Fund	265,341	264,803	262,016	276,042	
Reappropriated Funds	380,477	206,441	199,372	207,130	
					Request vs. Appropriation
Subtotal - (B) Special Purpose	7,341,283	6,820,538	12,731,656	14,477,315	13.7%
General Fund	2,664,387	2,761,049	2,645,191	2,557,393	-3.3%
Cash Funds	65,166	2,411	65,477	136,560	108.6%
Reappropriated Funds	4,563,203	4,053,616	9,966,191	11,283,760	13.2%
Federal Funds	48,527	3,462	54,797	499,602	811.7%
(C) Governor's Energy Office					
Program Administration - FF	1,093,103	1,022,833	1,215,449	1,156,209	NP-1
FTE	26.0	26.0	26.4	26.1	
Colorado Renewable Energy Authority - CF	2,000,000	0	0	0	
Clean Energy - CF	2,198,055	3,069,713	0	194,022	NP-1
FTE	0.0	5.0	5.0	5.0	
School Energy Efficiency - CF	162,696	292,940	206,625	206,625	NP-1
FTE	0.0	2.0	2.0	2.0	
Solar Incentives - GF	1,013,750	0	0	0	
Legal Services for 230 Hours - FF	0	0	16,875	16,875	
Indirect Cost Assessment	0	0	26,979	26,979	
Cash Funds	0	0	24,881	24,881	
Federal Funds	0	0	2,098	2,098	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
					Request vs. Appropriation
Subtotal - (C) Governor's Energy Office	6,467,604	4,385,486	1,465,928	1,600,710	9.2%
FTE	26.0	33.0	33.4	33.1	-0.9%
General Fund	1,013,750	0	0	0	N/A
FTE	0.0	0.0	0.0	0.0	N/A
Cash Funds	4,360,751	3,362,653	231,506	425,528	83.8%
FTE	0.0	7.0	7.0	7.0	0.0%
Federal Funds	1,093,103	1,022,833	1,234,422	1,175,182	-4.8%
FTE	26.0	26.0	26.4	26.1	-1.1%
(D) Other Programs and Grants					
Program Administration	0	0	9,990,632	9,999,270	
FTE	0.0	0.0	0.3	0.5	
Cash Funds	0	0	17,918	26,556	
FTE	0.0	0.0	0.3	0.5	
Federal Funds	0	0	9,972,714	9,972,714	
FTE	0.0	0.0	0.0	0.0	
(E) Office of Homeland Security					
Administration Costs - FF	0	0	949,098	950,212	NP-1
FTE	0.0	0.0	10.0	10.0	
Grants and Training - FF	0	0	18,761,187	18,761,187	
					Request vs. Appropriation
Subtotal - (E) Office of Homeland Security	0	0	19,710,285	19,711,399	0.0%
FTE	0.0	0.0	10.0	10.0	0.0%
Federal Funds	0	0	19,710,285	19,711,399	0.0%
FTE	0.0	0.0	10.0	10.0	0.0%

FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor

Appendix A: Numbers Pages

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
					Request vs. Appropriation
TOTAL - (1) OFFICE OF THE GOVERNOR	16,992,450	13,970,591	46,284,801	48,145,169	4.0%
FTE	61.4	66.1	76.1	76.0	-0.1%
General Fund	6,607,494	4,876,243	4,818,038	4,695,872	-2.5%
FTE	35.4	33.1	32.4	32.4	0.0%
Cash Funds	4,663,193	4,003,213	514,901	788,644	53.2%
FTE	0.0	7.0	7.3	7.5	2.7%
Reappropriated Funds	4,580,133	4,064,840	9,979,644	11,301,756	13.2%
FTE	0.0	0.0	0.0	0.0	N/A
Federal Funds	1,141,630	1,026,295	30,972,218	31,358,897	1.2%
FTE	26.0	26.0	36.4	36.1	-0.8%
(2) OFFICE OF THE LIEUTENANT GOVERNOR					
Administration	230,176	222,230	296,063	293,583	NP-1, NP-2
FTE	0.0	0.0	3.7	3.7	
General Fund	230,176	222,230	219,433	216,045	
FTE	0.0	0.0	2.7	2.7	
Reappropriated Funds	0	0	76,630	77,538	
FTE	0.0	0.0	1.0	1.0	
Federal Funds	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Discretionary Fund - GF	4,875	2,843	2,875	2,875	
Commission of Indian Affairs	98,968	75,353	77,883	76,999	NP-1, NP-2
FTE	2.3	2.3	2.3	2.3	
General Fund	97,468	75,353	76,588	75,499	
FTE	2.3	2.3	2.3	2.3	
Cash Funds	1,500	0	1,295	1,500	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
					Request vs. Appropriation
TOTAL - (2) OFFICE OF THE LT. GOVERNOR	334,019	300,426	376,821	373,457	-0.9%
FTE	2.3	2.3	6.0	6.0	0.0%
General Fund	332,519	300,426	298,896	294,419	-1.5%
FTE	2.3	2.3	5.0	5.0	0.0%
Cash Funds	1,500	0	1,295	1,500	15.8%
Reappropriated Funds	0	0	76,630	77,538	1.2%
FTE	0.0	0.0	1.0	1.0	0.0%
Federal Funds	0	0	0	0	N/A
FTE	0.0	0.0	0.0	0.0	N/A
(3) OFFICE OF STATE PLANNING AND BUDGETING					
Personal Services	1,372,544	1,377,143	1,409,041	1,407,608	NP-1
FTE	19.5	19.5	19.5	19.5	
Cash Funds	0	79,801	0	0	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	1,372,544	1,297,342	1,409,041	1,407,608	
FTE	19.5	19.5	19.5	19.5	
Operating Expenses	51,039	69,644	75,944	50,944	
General Fund	0	0	25,000	0	
Cash Funds	0	31,450	0	0	
Reappropriated Funds	51,039	38,194	50,944	50,944	
Economic Forecasting Subscriptions - RF	6,007	15,853	16,362	16,362	
					Request vs. Appropriation
TOTAL - (3) OFFICE OF STATE PLANNING AND BUDGETING	1,429,590	1,462,640	1,501,347	1,474,914	-1.8%
FTE	19.5	19.5	19.5	19.5	0.0%
General Fund	0	0	25,000	0	-100.0%
Cash Funds	0	111,251	0	0	N/A
FTE	0.0	0.0	0.0	0.0	N/A
Reappropriated Funds	1,429,590	1,351,389	1,476,347	1,474,914	-0.1%
FTE	19.5	19.5	19.5	19.5	0.0%

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
(4) ECONOMIC DEVELOPMENT PROGRAMS					
Administration	446,814	589,491	596,575	595,385	NP-1
FTE	6.0	5.5	6.0	6.0	
General Fund	432,025	543,662	546,091	544,901	
FTE	6.0	5.5	6.0	6.0	
Cash Funds	0	0	2,472	2,472	
Reappropriated Funds	14,789	45,829	45,829	45,829	
Federal Funds	0	0	2,183	2,183	
Vehicle Lease Payments - GF	3,375	13,447	15,161	15,161	
Leased Space - GF	231,540	230,738	231,540	231,540	
Global Business Development	0	0	1,554,009	2,029,606	DI-1, NP-1, NP-2
FTE	0.0	0.0	17.6	17.6	
General Fund	0	0	1,484,059	1,446,521	
FTE	0.0	0.0	17.6	17.6	
Cash Funds	0	0	69,950	219,950	
Federal Funds	0	0	0	363,135	
Business Development	863,902	818,209	0	0	
FTE	9.2	8.2	0.0	0.0	
General Fund	863,902	818,209	0	0	
FTE	9.2	8.2	0.0	0.0	
Cash Funds	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Grand Junction Satellite Office - GF	67,007	37,007	0	0	
FTE	1.0	0.3	0.0	0.0	
Minority Business Office	146,491	147,740	0	0	
FTE	2.5	2.2	0.0	0.0	
General Fund	146,491	147,740	0	0	
FTE	2.5	2.2	0.0	0.0	
Cash Funds	0	0	0	0	
Leading Edge Program Grants	50,976	50,976	126,407	126,407	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
General Fund	50,976	50,976	50,976	50,976	
Cash Funds	0	0	75,431	75,431	
Reappropriated Funds	0	0	0	0	
Small Business Development Centers	1,408,950	1,712,569	1,294,525	1,294,524	NP-1
FTE	3.5	3.5	4.0	4.0	
General Fund	84,483	83,896	84,248	84,747	
FTE	1.0	1.0	1.5	1.5	
Federal Funds	1,324,467	1,628,673	1,210,277	1,209,777	
FTE	2.5	2.5	2.5	2.5	
International Trade Office	679,045	536,037	0	0	
FTE	6.0	4.5	0.0	0.0	
General Fund	630,605	528,637	0	0	
FTE	6.0	4.5	0.0	0.0	
Cash Funds	48,440	7,400	0	0	
Colorado Office of Film, Media, and Television - CF	0	351,486	428,556	0	DI-2
FTE - CF	0.0	2.9	4.5	0.0	
Colorado Welcome Centers	491,860	503,515	498,597	502,042	NP-1
FTE	3.3	3.0	3.3	3.3	
General Fund	211,353	0	0	0	
FTE	3.3	0.0	0.0	0.0	
Cash Funds	280,507	503,515	498,597	502,042	
FTE	0.0	3.0	3.3	3.3	
Reappropriated Funds	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Colorado Promotion - Other Program Costs - CF	21,328,326	15,481,283	14,416,049	10,196,475	NP-1
FTE	3.0	2.9	4.0	4.0	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
Economic Development Commission General Economic					
Incentives and Marketing	992,804	3,538,779	1,055,788	1,056,679	NP-1
FTE	3.0	3.0	3.5	3.5	
General Fund	992,804	3,511,261	1,012,106	1,012,997	
FTE	3.0	3.0	3.0	3.0	
Cash Funds	0	27,518	43,682	43,682	
FTE	0.0	0.0	0.5	0.5	
Colo. First Customized Job Training - GF	2,725,022	2,725,022	2,725,022	2,725,022	
CAPCO Administration - RF	44,636	79,196	79,593	79,593	NP-1
FTE	1.6	1.6	2.0	2.0	
Colorado Council on the Arts	2,246,535	1,920,276	1,939,756	0	DI-2
FTE	2.9	3.0	3.0	0.0	
Cash Funds	1,486,978	1,147,276	1,175,359	0	
FTE	2.0	2.0	2.0	0.0	
Federal Funds	759,557	773,000	764,397	0	
FTE	0.9	1.0	1.0	0.0	
Film Incentives - CF	2,404	0	0	0	
Creative Industries (NEW LINE ITEM)	0	0	0	1,859,771	DI-2, NP-1
FTE	0.0	0.0	0.0	7.5	
Cash Funds	0	0	0	1,090,393	
FTE	0.0	0.0	0.0	6.5	
Federal Funds	0	0	0	769,378	
FTE	0.0	0.0	0.0	1.0	
New Jobs Incentives - CF	1,866,056	4,745,500	1,356,142	1,600,000	
Bioscience Discovery Evaluation - CF	611,120	7,474,364	5,499,321	5,499,321	NP-1
FTE	0.6	0.6	0.6	0.6	
Indirect Cost Assessment	14,789	0	101,003	101,003	
Cash Funds	0	0	26,492	26,492	
Federal Funds	14,789	0	74,511	74,511	
					Request vs.

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
					Appropriation
TOTAL - (4) ECONOMIC DEVELOPMENT PROGRAMS	34,221,652	40,955,635	31,918,044	27,912,529	-12.5%
FTE	42.6	41.2	48.5	48.5	0.0%
General Fund	6,439,583	8,690,595	6,149,203	6,111,865	-0.6%
FTE	32.0	24.7	28.1	28.1	0.0%
Cash Funds	25,623,831	29,738,342	23,592,051	19,256,258	-18.4%
FTE	5.6	11.4	14.9	14.9	0.0%
Reappropriated Funds	59,425	125,025	125,422	125,422	0.0%
FTE	1.6	1.6	2.0	2.0	0.0%
Federal Funds	2,098,813	2,401,673	2,051,368	2,418,984	17.9%
FTE	3.4	3.5	3.5	3.5	0.0%
(5) OFFICE OF INFORMATION TECHNOLOGY					
(A) Administration					
Personal Services	1,150,298	898,038	1,107,967	1,156,408	NP-1
FTE	9.6	7.4	13.0	13.0	
General Fund	68,514	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	1,081,784	898,038	1,107,967	1,156,408	
FTE	9.6	7.4	13.0	13.0	
Operating Expenses	136,273	101,033	150,268	150,268	
General Fund	0	0	0	0	
Reappropriated Funds	136,273	101,033	150,268	150,268	
Legal Services for 26 Hours	1,953	1,793	1,908	1,908	
General Fund	0	0	0	0	
Reappropriated Funds	1,953	1,793	1,908	1,908	
Indirect Cost Assessment - RF	0	24,909	41,193	12,373	
OIT Broadband Telecom Map - CF	121,483	0	0	0	
H.B. 10-1119 Feasibility & Requirements Study - FF	0	0	65,000	0	
					Request vs. Appropriation

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
Subtotal - (A) Administration	1,410,007	1,025,773	1,366,336	1,320,957	-3.3%
FTE	9.6	7.4	13.0	13.0	0.0%
General Fund	68,514	0	0	0	N/A
FTE	0.0	0.0	0.0	0.0	N/A
Cash Funds	121,483	0	0	0	N/A
FTE	0.0	0.0	0.0	0.0	N/A
Reappropriated Funds	1,220,010	1,025,773	1,301,336	1,320,957	1.5%
FTE	9.6	7.4	13.0	13.0	0.0%
Federal Funds	0	0	65,000	0	-100.0%
FTE	0.0	0.0	0.0	0.0	N/A
(B) Office of the Chief Information Security Officer	949,748	429,236	2,455,615	2,453,290	NP-1
FTE	1.7	1.8	2.0	2.0	
General Fund	350,000	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	599,748	429,236	2,455,615	2,453,290	
FTE	1.7	1.8	2.0	2.0	
(C) Chief Information Officers in State Agencies - RF	1,692,064	1,626,959	0	0	
FTE	12.3	10.3	0.0	0.0	
(D) Statewide Information Technology Services					
(1) Administration					
Personal Services - RF	386,998	395,340	437,823	434,051	NP-1
FTE	0.0	0.0	5.0	5.0	
Operating Expenses - RF	4,509	6,450	6,450	6,450	
					Request vs. Appropriation
Subtotal - (5)(D)(1) - Admin. - RF	391,507	401,790	444,273	440,501	-0.8%
FTE	0.0	0.0	5.0	5.0	0.0%

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
(2) Internal Program Support - RF	817,386	730,746	0	0	
FTE	11.0	10.2	0.0	0.0	
(3) Statewide IT Management - RF	1,361,482	1,717,010	5,009,470	4,929,876	NP-1
FTE	12.4	17.7	68.9	68.9	
(4) Geographic Information Systems - RF	58,092	0	0	0	
FTE	1.0	0.0	0.0	0.0	
(5) Customer Service					
Personal Services - RF	917,727	751,419	822,234	821,923	NP-1
FTE	12.3	9.9	11.0	11.0	
Operating Expenses - RF	7,817	14,625	14,625	14,625	
					Request vs. Appropriation
Subtotal - (5)(D)(5) - RF	925,544	766,044	836,859	836,548	0.0%
FTE	12.3	9.9	11.0	11.0	0.0%
(6) Order Billing					
Personal Services - RF	629,902	621,168	609,224	607,086	NP-1
FTE	8.8	7.8	9.0	9.0	
Operating Expenses - RF	10,624	10,750	10,750	10,750	
					Request vs. Appropriation
Subtotal - (5)(D)(6) Order Billing - RF	640,526	631,918	619,974	617,836	-0.3%
FTE	8.8	7.8	9.0	9.0	0.0%

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
(7) Communication Services					
Personal Services	3,444,444	3,570,140	3,604,799	3,611,934	NP-1
FTE	43.6	44.6	46.0	46.0	
Cash Funds	721,134	708,028	721,134	0	
Reappropriated Funds	2,723,310	2,862,112	2,883,665	3,611,934	
FTE	43.6	44.6	46.0	46.0	
Federal Funds	0	0	0	0	
Operating Expenses - RF	134,631	134,627	134,631	134,631	
Training - RF	9,522	1,828	22,000	22,000	
Utilities - RF	165,002	165,002	165,002	165,002	
Snocat Replacement - RF	230,520	0	0	0	
Local Systems Development	194,784	199,134	121,000	121,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	194,784	199,134	121,000	121,000	
Indirect Cost Assessment - RF	474,771	379,134	447,480	715,020	
					Request vs. Appropriation
Subtotal - (5)(D)(7) Communications Services	4,653,674	4,449,865	4,494,912	4,769,587	6.1%
FTE	43.6	44.6	46.0	46.0	0.0%
Cash Funds	721,134	708,028	721,134	0	-100.0%
Reappropriated Funds	3,737,756	3,542,703	3,652,778	4,648,587	27.3%
FTE	43.6	44.6	46.0	46.0	0.0%
Federal Funds	194,784	199,134	121,000	121,000	0.0%
(8) Network Services					
Personal Services - RF	1,511,236	1,468,641	7,458,522	7,463,746	NP-1
FTE	14.1	17.4	90.6	90.6	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
Operating Expenses	15,982,026	16,188,346	16,200,371	16,200,371	
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	
Reappropriated Funds	14,782,026	14,988,346	15,000,371	15,000,371	
Toll-free Telephone Access to Members of the GA - RF	25,000	25,000	25,000	25,000	
Indirect Cost Assessment - RF	202,616	171,481	176,388	267,245	
					Request vs. Appropriation
Subtotal - (5)(D)(8) Network Services	17,720,878	17,853,468	23,860,281	23,956,362	0.4%
FTE	14.1	17.4	90.6	90.6	0.0%
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	0.0%
Reappropriated Funds	16,520,878	16,653,468	22,660,281	22,756,362	0.4%
FTE	14.1	17.4	90.6	90.6	0.0%
(9) Computer Services					
Personal Services	2,715,407	2,667,280	42,769,790	42,751,864	NP-1
FTE	38.6	36.3	559.4	561.4	
Cash Funds	2,328	0	0	0	
Reappropriated Funds	2,713,079	2,667,280	42,769,790	42,751,864	
FTE	38.6	36.3	559.4	561.4	
Operating Expenses	0	0	5,468,149	5,761,199	
Cash Funds	0	0	2,328	2,328	
Reappropriated Funds	0	0	5,465,821	5,758,871	
Rental, Lease, or Lease/Purchase of Central Processing Unit - RF	336,034	336,035	336,034	336,034	
Indirect Cost Assessment - RF	678,807	248,290	1,193,201	1,096,776	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
					Request vs. Appropriation
Subtotal - (5)(D)(9) Computer Services	3,730,248	3,251,605	49,767,174	49,945,873	0.4%
FTE	38.6	36.3	559.4	561.4	0.4%
Cash Funds	2,328	0	2,328	2,328	0.0%
Reappropriated Funds	3,727,920	3,251,605	49,764,846	49,943,545	0.4%
FTE	38.6	36.3	559.4	561.4	0.4%
(10) Technology Management Unit					
Personal Services - RF	2,990,202	2,918,434	2,817,026	2,826,983	NP-1
FTE	36.9	33.5	32.5	32.5	
Operating Expenses - RF	527,486	364,371	364,371	364,371	
					Request vs. Appropriation
Subtotal - (5)(D)(10) TMU - RF	3,517,688	3,282,805	3,181,397	3,191,354	0.3%
FTE	36.9	33.5	32.5	32.5	0.0%
(11) Colorado Benefits Management System - RF	0	0	29,226,910	24,115,356	NP-1
FTE	0.0	0.0	58.5	58.5	
					Request vs. Appropriation
Subtotal - (D) Statewide Information Technology Services	33,817,025	33,085,251	117,441,250	112,803,293	-3.9%
FTE	178.7	177.4	880.9	882.9	0.2%
Cash Funds	1,923,462	1,908,028	1,923,462	1,202,328	-37.5%
FTE	0.0	0.0	0.0	0.0	N/A
Reappropriated Funds	31,698,779	30,978,089	115,396,788	111,479,965	-3.4%
FTE	178.7	177.4	880.9	882.9	0.2%
Federal Funds	194,784	199,134	121,000	121,000	0.0%

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
					Request vs. Appropriation
TOTAL - (5) OFFICE OF INFORMATION TECHNOLOGY	37,868,844	36,167,219	121,263,201	116,577,540	-3.9%
FTE	202.3	196.9	895.9	897.9	0.2%
General Fund	418,514	0	0	0	N/A
FTE	0.0	0.0	0.0	0.0	N/A
Cash Funds	2,044,945	1,908,028	1,923,462	1,202,328	-37.5%
FTE	0.0	0.0	0.0	0.0	N/A
Reappropriated Funds	35,210,601	34,060,057	119,153,739	115,254,212	-3.3%
FTE	202.3	196.9	895.9	897.9	0.2%
Federal Funds	194,784	199,134	186,000	121,000	-34.9%
FTE	0.0	0.0	0.0	0.0	N/A
					Request vs. Appropriation
TOTAL - OFFICE OF THE GOVERNOR	90,846,555	92,856,511	201,344,214	194,483,609	-3.4%
FTE	328.1	326.0	1,046.0	1,047.9	0.2%
General Fund	13,798,110	13,867,264	11,291,137	11,102,156	-1.7%
FTE	69.7	60.1	65.5	65.5	0.0%
Cash Funds	32,333,469	35,760,834	26,031,709	21,248,730	-18.4%
FTE	5.6	18.4	22.2	22.4	0.9%
Reappropriated Funds	41,279,749	39,601,311	130,811,782	128,233,842	-2.0%
FTE	223.4	218.0	918.4	920.4	0.2%
Federal Funds	3,435,227	3,627,102	33,209,586	33,898,881	2.1%
FTE	29.4	29.5	39.9	39.6	-0.8%

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 10-180 (Williams/Kerr, A.):** Creates the 11-member Colorado Smart Grid Task Force to gather information and report to the General Assembly and the Colorado Public Utilities Commission (PUC) on specified issues related to the development of a smart energy grid in Colorado. The task force's initial report is due January 20, 2011, and the task force is directed to meet at least annually thereafter to review and update the report. Funding for the activities of the task force is to come from gifts, grants and donations received by the Governor's Energy Office (GEO). If insufficient moneys have been received by June 1, 2010, the task force is disbanded and any funds returned to the original donor. Additionally, GEO is appropriated $20,000 federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA) State Energy Planning moneys to assist the task force.

- ❑ **H.B. 10-1019 (Frangas/Williams):** Makes several changes to the reserved parking and enforcement program for persons with disabilities. Includes an appropriation of $17,918 cash funds and 0.3 FTE to the Office of the Governor to oversee the implementation of the bill's training program requirements and to assist the Department of Revenue in developing forms and policies. For more information, see the "Summary of Major Legislation" section at the end of the FY 2011-12 Department of Revenue briefing document.

- ❑ **H.B. 10-1119 (Ferrandino/Shaffer, B.):** Requires each state agency to present, on an annual basis, the department's strategic plan to the relevant committee of reference of the General Assembly. The presentation is to include a discussion of the department's goals and performance measures. Beginning with the 2012 legislative session, the chair of each committee of reference must appoint two committee members to serve as liaisons with the relevant departments concerning the budget process. The chair of the Joint Budget Committee (JBC) also appoints a liaison from that committee for the same purpose. Within 30 days of the department's presentation to the committee of reference, the committee is to provide the department with written recommendations concerning the strategic plan. The JBC is also required to hold a joint hearing with the relevant committee of reference. Also requires the Office of State Planning and Budgeting to publish an annual performance report. The report will include a summary of each department's strategic plan and must be written in an easily understood manner. The report is to be posted on the state website and the Governor's website. The Governor's Office of Information Technology (OIT) is appropriated $65,000 federal funds to conduct a feasibility study to determine the cost to build an electronic budgeting system for the state.

- ❑ **H.B. 10-1146 (Hullinghorst/Tochtrop):** Modifies the eligibility requirements for the Home Care Allowance (HCA) program in the Department of Human Services. Also includes an appropriation to the Department of Human Services for FY 2010-11 for CBMS changes of $490,000 total funds (includes funds appropriated and transferred from the Department of Health Care Policy and Financing) and reappropriates this amount to the Governor's Office of Information Technology (OIT). For more information, see the "Summary of Major Legislation" section at the end of the FY 2011-12 Department of Human Services briefing document.

- ❑ **H.B. 10-1299 (Pommer/Keller):** Supplemental appropriation to the Office of the Governor to modify FY 2009-10 appropriations.

- ❑ **H.B. 10-1319 (Ferrandino/Tapia):** Eliminates the transfer of $6.5 million from the Operational Account of the Severance Tax Trust Fund to the Governor's Energy Office Low-Income Energy Assistance Fund for FY 2010-11 and FY 2011-12. The Low-Income Energy Assistance Fund provides moneys for weatherization services.

- ❑ **H.B. 10-1333 (Vigil/Schwartz and Newell):** Creates a two-year pilot program called the Green Jobs Colorado Training Program to offer grants to entities to provide job training for wind, solar, renewable energy, and energy efficiency industries. Makes an appropriation of $100,000 federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to the Governor's Energy Office (GEO). The funds are then transferred to the Department of Labor and Employment for implementation of the program. For more information, see the "Summary of Major Legislation" section at the end of the FY 2011-12 Department of Labor and Employment briefing document.

- ❑ **H.B. 10-1339 (Pommer/White):** Reduces the statutory transfers to be made at the end of FY 2009-10 from the Limited Gaming Fund to four cash funds that are used for a variety of programs in the Governor's Office of Economic Development and International Trade, increases the statutory transfer from the Limited Gaming Fund to the Innovative Higher Education Research Fund at the end of FY 2009-10, and eliminates the transfer of moneys from the Limited Gaming Fund to the Clean Energy Fund in FY 2009-10 for use in FY 2010-11. The bill assures that transfers to the four economic development cash funds and the Innovative Higher Education Research Fund, or a portion thereof pending revenue collection levels, will be made at the end of FY 2009-10 without consideration of forecasts of the General Fund revenues for the year. Additionally, the bill reduces the transfer from the Limited Gaming Fund to the Local Government Limited Gaming Impact Fund by $2.0 million in FY 2009-10 for budget balancing purposes and transfers $16.2 million to the General Fund.

- ❑ **H.B. 10-1349 (Fischer and Pace/Schwartz and Tapia):** Creates the Re-energize Colorado Program in the Division of Parks and Outdoor Recreation in the Department of Natural Resources (DNR). The goal of the program is to generate or offset 100 percent of the division's electrical consumption by 2020 using energy resources on land owned, leased, or controlled by the Division of Parks and Outdoor Recreation. To support the Re-energize Colorado Program's goal, the bill requires the Governor's Energy Office (GEO) to conduct a Geographic Information System (GIS) analysis to determine the optimum state park land for renewable energy development. GEO is appropriated $50,000 federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to perform the GIS analysis. For more information, see the "Summary of Major Legislation" section at the end of the FY 2011-12 Department of Natural Resources briefing document.

- ❑ **H.B. 10-1376 (Pommer/Keller):** General appropriations act for FY 2010-11. Also includes supplemental adjustments to modify appropriations to the Office of the Governor included in the FY 2009-10 Long Bill.

- ❑ **H.B. 10-1384 (Lambert/White):** Resolves conflicting state statutory provisions determining the eligibility of non-citizens for Colorado's Old Age Pension (OAP) program. Also includes an appropriation to the Department of Human Services for FY 2010-11 for CBMS changes of $45,761 total funds (includes funds appropriated and transferred from the Department of Health Care Policy and Financing) and reappropriates this amount to the Governor's Office of Information Technology (OIT). For more information, see the "Summary of Major Legislation" section at the end of the FY 2011-12 Department of Human Services briefing document.

APPENDIX C: UPDATE OF FY 2010-11
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

7a **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting** -- It is the intent of the General Assembly that the Office of State Planning and Budgeting study the effectiveness of consolidating executive branch human resource services within a single executive branch agency and provide a report of the findings to the Joint Budget Committee and the House and Senate Committees on State, Veterans, and Military Affairs no later than December 1, 2010.

Comment: Staff has not received an early copy of the report that is due on December 1, 2010. Staff can provide members of the Committee with the report upon its completion, if desired.

Requests for Information

1 **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2010, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2009-10. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2010-11.

Comment: Staff did not receive information from the Office of the Governor.

3 **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery** -- The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide a an annual report to the Joint Budget Committee by November 1, 2009 concerning revenues credited to and expenditures made from the Disaster Emergency Fund in FY 2008-09. 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: This RFI will be covered in the staff briefing for the Department of Local Affairs.

4 **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Personnel and Administration, Division of Human Resources, Human Resource Services** -- The Department shall comply with the statutory provisions of Section 24-50-110 (1) (d), C.R.S., and is requested to provide other state departments with the information necessary to comply with this statute. The Office of State Planning and Budgeting and the Department of Personnel are requested to work with the departments to improve the timeliness and accuracy of information about state personnel. Improvements, at a minimum, should include: updating personnel information on a centralized computerized data base; accurate reporting of filled FTE positions; number of reclassifications that are approved, turnover rates by agency; tracking of FTE positions funded to FTE positions filled; an accurate count of part-time and temporary FTE positions; and elimination of unused FTE positions. The Department and the Office of State planning and Budgeting are requested to submit a consolidated statewide personnel report to the General Assembly by September 1, 2010. This report should include, by line item and Department, a summary of vacant positions, the length of time each position has been vacant, and the number of reclassifications that were approved in FY 2009-10. In addition, the report should include a reconciliation between personal services appropriations and actual expenditures for FTE, state temporaries, sick/annual leave payout, and other personal services by division.

Comment: This RFI will be covered in the staff briefing for the Department of Personnel and Administration.

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

Comment: Staff has received an informal, draft copy of the GEO annual report, and is awaiting a final draft. Staff can provide a copy of the final draft of the report to the Committee, if desired.

11 **Governor - Lieutenant Governor - State Planning and Budgeting, Economic Development Programs, Bioscience Discovery Evaluation** -- The Department is requested to submit an annual report to the Joint Budget Committee by November 1 of each year. At a minimum, the report shall specify the following information with regard to the bioscience research projects that received funding under the program during the preceding fiscal year: (1) the amount of funding distributed to each bioscience research project and a description of each bioscience research project; (2) the manner in which each bioscience research project applied the funding received under the program; and (3) the results achieved by each bioscience research project, including identifiable monetary returns to the grantee and others since the receipt of the grant

<u>Comment</u>: The Governor's Office responded to this request. The report provided detailed information regarding grants made from appropriations resulting from H.B. 06-1060, H.B. 07-1360, and H.B. 08-1001. The Department awarded $8.9 million, which was matched by $11.1 million. Staff can provide Committee members with a copy of the report if desired.

12 **Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology, Statewide Information Technology Services, Colorado Benefits Management System** -- The Department is requested to submit a summary of change request activity related to the Colorado Benefits Management System. This summary should include the number of change requests completed, the number in progress, and the number that have been submitted but not yet started. Change requests requiring the expenditure of more than fifty thousand dollars ($50,000) should be described in detail. The report should be provided to the Joint Budget Committee annually on or before November 1.

<u>Comment</u>: The Department complied with the request, and submitted a summary to the Committee by November 1, 2010. Change request activities are classified as "change requests completed," "change requests in progress," and "change requests submitted but not yet started." There are a total of 103 "change requests completed," 12 of which are valued at $50,000 or more. There are a total of four "change requests in progress," five of which are valued at $50,000 or more. There are total of 652 "change requests submitted but not yet started," of which one is valued at $50,000 or more. For more information on change requests, see the staff briefing for the Department of Human Services, Office of Information Technology Services.