

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2012-13 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 2012-13 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

OFFICE OF THE GOVERNOR

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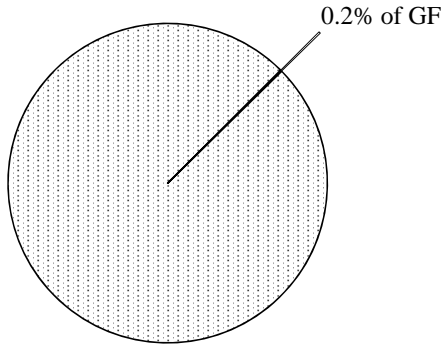
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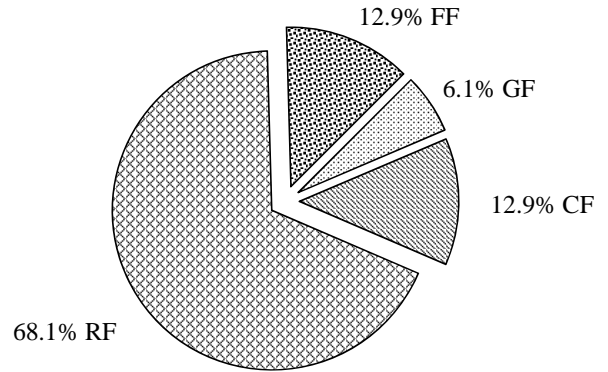
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**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor
GRAPHIC OVERVIEW**

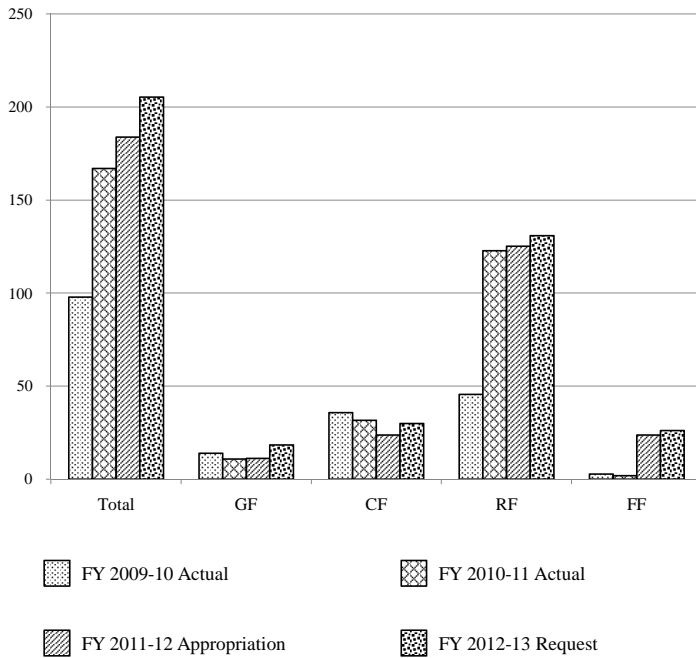
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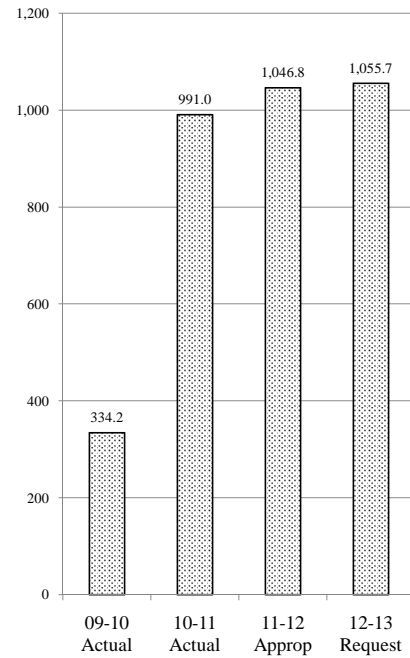
Department Funding Sources



**Budget History
(Millions of Dollars)**

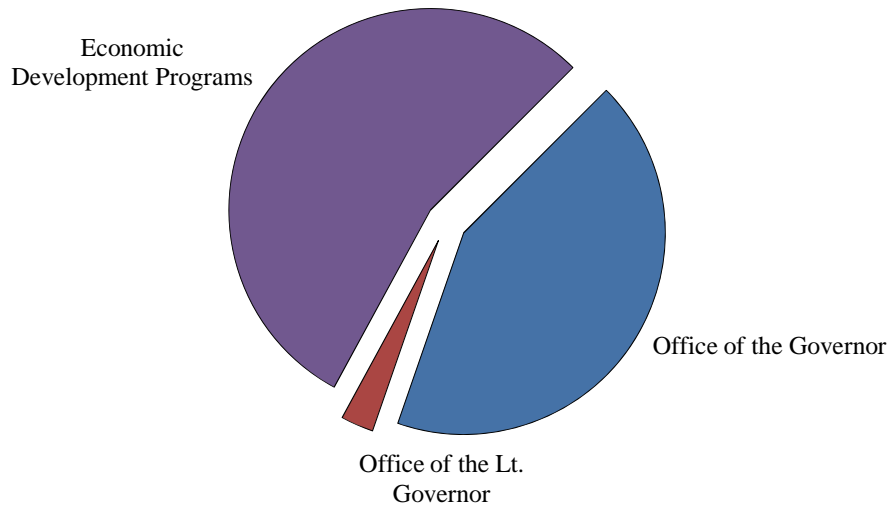


FTE History

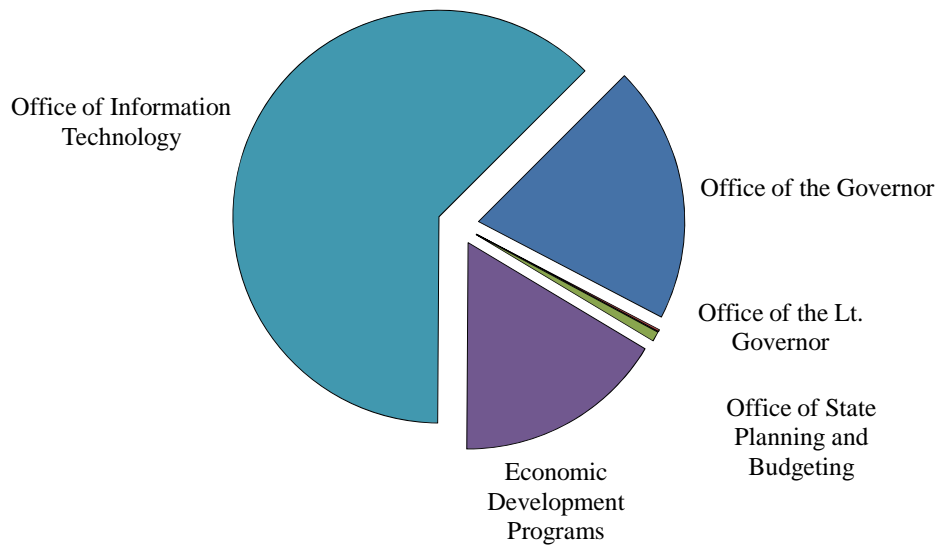


Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

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; and
- The **Office of Information Technology** oversees technology initiatives at the State level, and recommends the implementation of strategies to maximize efficiencies in service delivery through the application of enterprise 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, legislative actions have greatly diminished the level of State funding provided to GEO.

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 fund the 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. On October 18, 2011, Governor Hickenlooper issued Executive Order D 2011-230 sending the Governor's Office of Homeland Security to the Colorado Department of Public Safety. It is anticipated that legislative and budgetary requests are forthcoming to further articulate this reorganization action.

Economic Development Programs

Funding for the Office of Economic Development and International Trade (OEDIT) is heavily dependent on cash funds. Much of the increase in cash funds occurred in the 2006 legislative session through the passage of H.B. 06-1201 (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.

Revenue available for transfer to the Limited Gaming Fund can vary considerably from year to year. As of the September 2011 Legislative Council Economic and Revenue Forecast, funds administered by OEDIT are slated to receive \$13.8 million in limited gaming tax revenue at the end of FY 2011-12 for use in FY 2012-13.

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 included a transfer of 680.7 FTE and \$57.7 million from state agencies to OIT.

Funding historically dedicated to the associated information technology staff in specific State agencies and programs continues to be appropriated to those agencies in order for them to maintain consistency of program, state, and federal funding streams and reporting standards. Agencies make payments to OIT for their share of information technology staff payroll costs, 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 appropriation levels for OIT from pre-consolidation through the Governor's FY 2012-13 budget request.

Office of Information Technology - Appropriation Changes from FY 2007-08 through FY 2012-13						
	FY 2007-08 (Appropriation)	FY 2008-09 (Appropriation)	FY 2009-10 (Appropriation)	FY 2010-11 (Appropriation)	FY 2011-12 (Appropriation)	FY 2012-13 (Request)
FTE	13.0	227.3	218.8	898.8	902.8	902.8
Change	n/a	1648.5%	-3.7%	310.8%	0.4%	0.0%
Appropriation						
Appropriation	\$1,348,258	\$46,808,750	\$44,974,711	\$121,981,006	\$114,620,717	\$117,644,951
Change	n/a	3371.8%	-3.9%	171.2%	-6.0%	2.6%

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

DECISION ITEM PRIORITY LIST

1	<p>OIT Leased Space Expansion</p> <p>Office of the Governor, Office of Information Technology. The FY 2012-13 budget request includes adjustments needed to expand the Governor's Office of Information Technology's current leased space footprint to accommodate needs of the Colorado Benefits Management System (CBMS) and other OIT consolidation projects. <i>Statutory authority: Section 24-37.5-104, C.R.S.</i></p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>RF</p>	<p align="right"><u>\$0</u></p> <p align="right">0.0</p> <p align="right">0</p>
2	<p>Energy Policy Development and Implementation</p> <p>Office of the Governor. The FY 2012-13 budget request includes funding and FTE for the Governor's Energy Office (GEO) from limited gaming tax revenue to develop and implement strategies to enhance energy security, manage consumer energy costs, create jobs, and protect the environment. See staff's issue entitled "Funding the Governor's Energy Office (GEO)" for a detailed description of the request. <i>Statutory authority: Section 24-38.5-101, C.R.S.</i></p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>CF</p>	<p align="right"><u>\$3,059,151</u></p> <p align="right">20.7</p> <p align="right">3,059,151</p>
3	<p>Economic Development Commission General Fund Increase</p> <p>Economic Development Programs. The FY 2012-13 budget request includes funding the Economic Development Commission to provide incentives to businesses seeking to expand in or relocate to Colorado. The Office of Economic Development and International Trade estimates that the funding will create 2,319 net new jobs. For detailed information on this request, see staff's briefing issue entitled "Economic Development Commission General Fund Increase." <i>Statutory authority: Section 24-46-101 through 105, C.R.S.</i></p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p>	<p align="right"><u>\$5,750,000</u></p> <p align="right">0.9</p> <p align="right">5,750,000</p>
4	<p>Global Business Development Initiative</p> <p>Economic Development Programs. The FY 2012-13 budget request seeks increased funding in the Office of Economic Development and International Trade's Global Business Development unit to be more proactive in efforts to retain target cluster industries in Colorado. The requested staff will be responsible for developing relationships with existing Colorado businesses in targeted clusters to identify the positive attributes of doing business in the state, as well as the barriers that businesses in specific clusters face in the state. <i>Statutory authority: Sections 24-48.5-101 (2), 24-49.5-101 through 105, and 24-47-101 through 102, C.R.S.</i></p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p>	<p align="right"><u>\$250,000</u></p> <p align="right">2.8</p> <p align="right">250,000</p>

5	Performance-based Film Incentives Funding	<p>Economic Development Programs. The FY 2012-13 budget request includes funding from limited gaming tax revenue for the Colorado Office of Film, Television, and Media to increase the amount of moneys available as incentives for film production to occur in the state. See staff's issue entitled "Performance-based Film Incentive Funding Request" in this document for a detailed description of the request. <i>Statutory authority: Section 24-48.5-311, C.R.S.</i></p>	Total Funds <i>FTE</i> CF	<u>\$3,000,000</u> 0.0 3,000,000
6	Global Business Development Increase in Cash Funds	<p>Economic Development Programs. The FY 2012-13 budget request seeks to raise the spending authority from the Minority Business Development Cash Fund to extend the Global Business Development unit's outreach efforts to raise awareness of opportunities available to minority owned businesses in Colorado. <i>Statutory authority: Section 24-49.5-101 through 105, C.R.S.</i></p>	Total Funds <i>FTE</i> CF	<u>\$20,050</u> 0.0 20,050
7	Leading Edge Program Grants Letternote Change	<p>Economic Development Programs. The FY 2012-13 request includes a letternote change to include language in the Long Bill that allows for the cash fund revenue sources for the program to include fees generated by activities conducted by the state's Small Business Development Centers. The moneys would be used to support additional leading edge classes. <i>Statutory authority: Solely in the annual Long Bill.</i></p>	Total Funds <i>FTE</i> GF CF	<u>\$0</u> 0.0 0 0
8	OIT Legal Services Spending Authority Increase	<p>Office of Information Technology. The FY 2012-13 budget request seeks 463 additional hours of legal services from the Department of Law to align appropriations with actual expenditures occurring in FY 2009-10 and FY 2010-11. <i>Statutory authority: Section 24-37.5-104, C.R.S.</i></p>	Total Funds <i>FTE</i> RF	<u>\$35,054</u> 0.0 35,054
9	OIT and DPA Electronic Data Warehouse Transfer	<p>Office of Information Technology. The FY 2012-13 budget request includes a budget neutral action to transfer the appropriations and costs associated with the ongoing licensing, maintenance, and support of the Electronic Data Warehouse from the Department of Personnel and Administration to the Governor's Office of Information Technology. <i>Statutory authority: Section 24-37.5-104, C.R.S.</i></p>	Total Funds <i>FTE</i> RF	<u>\$94,922</u> 0.0 94,922

10	Colorado First Responder Authentication Credential (COFRAC) Funding Request	Total Funds	<u>\$408,549</u>
	Office of Information Technology. The FY 2012-13 budget request seeks an ongoing base increase to support the Colorado First Responder Authentication Credential (COFRAC). The moneys would be used for hardware, software, maintenance, and hosting costs associated with the development of a system to electronically validate the identity and attributes of individuals responding to emergency incidents. <i>Statutory authority: Section 24-37.5-104, C.R.S.</i>	<i>FTE</i>	0.0
		RF	408,549
11	General Fund Base Reduction	Total Funds	<u>(\$28,164)</u>
	Office of the Governor. The FY 2012-13 budget request includes a reduction of one receptionist position in the Governor's Office. <i>Statutory authority: Section 24-20-101, C.R.S.</i>	<i>FTE</i>	(1.0)
		GF	(28,164)
TOTAL DECISION ITEM LIST			
		Total Funds	<u>\$12,589,562</u>
		<i>FTE</i>	23.4
		GF	5,971,836
		CF	6,079,201
		RF	538,525

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NON-PRIORITIZED DECISION ITEM LIST

1	<p>Statewide Vehicle Replacement Request</p> <p>Office of the Governor. The FY 2012-13 budget request reflects assumed changes in the billing for the centralized provision of vehicles by the Department of Personnel and Administration. This request will be considered in a separate staff briefing. <i>Statutory authority: Section 24-30-1104 (2), C.R.S.</i></p>	<p>Total Funds <u>(\$25,439)</u></p> <p><i>FTE</i> 0.0</p> <p><i>RF</i> (25,439)</p>
2	<p>CBMS Electronic Data Management Request (HCPF R-13)</p> <p>Office of Information Technology. The Department of Health Care Policy and Financing, Department of Human Services, and the Governor's Office of Information Technology request \$1,257,600 total funds (including \$533,792 General Fund) in FY 2012-13 to develop an Electronic Document Management System to be integrated into the web-based Colorado Program Eligibility and Application Kit (PEAK) component of the Colorado Benefits Management System (CBMS). The Electronic Document Management System would be used to scan and store documents in the CBMS database and index each file for retrieval. <i>Statutory authority: Sections 25.5-4-106 (3) and 25.5-4-204 (1), C.R.S.</i></p>	<p>Total Funds <u>\$1,257,600</u></p> <p><i>FTE</i> 0.0</p> <p><i>RF</i> 1,257,600</p>
3	<p>Hospital Provider Fee Administrative True-up Request (HCPF R-12)</p> <p>Office of Information Technology. The Department of Health Care Policy and Financing (HCPF) requests a total funds decrease of \$52,769, comprised of an increase in cash funds and a decrease in federal funds in FY 2012-13 in order to true-up appropriations for the actual need for hospital provider fee administration. The corresponding impact to the Governor's Office of Information Technology and the Department of Human Services is an increase of \$14,040 reappropriated funds transferred from HCPF. This request will be considered in a separate staff briefing. <i>Statutory authority: Section 25.5-4-402.3, C.R.S.</i></p>	<p>Total Funds <u>\$14,040</u></p> <p><i>FTE</i> 0.0</p> <p><i>RF</i> 14,040</p>
TOTAL NON-PRIORITIZED DECISION ITEMS		
		<p>Total Funds <u>\$1,246,201</u></p> <p><i>FTE</i> 0.0</p> <p><i>RF</i> 1,246,201</p>

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BASE AND TECHNICAL CHANGES

1	<p>Restoration of S.B. 11-076 (PERA Contributions)</p> <p>All Divisions. The FY 2012-13 budget request restores the FY 2011-12 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 11-076.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p> <p>CF</p> <p>RF</p> <p>FF</p>	<p><u>\$1,761,234</u></p> <p>0.0</p> <p>89,811</p> <p>4,054</p> <p>1,587,920</p> <p>79,449</p>
2	<p>Centrally Appropriated Line Item Adjustments</p> <p>Office of the Governor, Economic Development Programs. The FY 2012-13 budget request includes adjustments to common policy items directed by the Department of Personnel and Administration.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p> <p>CF</p> <p>RF</p> <p>FF</p>	<p><u>\$2,049,305</u></p> <p>0.0</p> <p>365,341</p> <p>96,758</p> <p>1,607,493</p> <p>(20,287)</p>
3	<p>Annualize Lobato Litigation Funding</p> <p>Office of the Governor. The FY 2012-13 budget request includes a reduction of \$0.4 million as a result of the conclusion of the Lobato vs. State of Colorado lawsuit.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p>	<p><u>(\$382,500)</u></p> <p>0.0</p> <p>(382,500)</p>
4	<p>Statewide IT Common Policy Adjustments</p> <p>Office of the Governor. The FY 2012-13 budget request includes adjustments to common policy items directed by the Governor's Office of Information Technology.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p> <p>CF</p> <p>RF</p> <p>FF</p>	<p><u>\$2,135,923</u></p> <p>0.0</p> <p>1,211,946</p> <p>(3,704)</p> <p>933,000</p> <p>(5,319)</p>

5	<p>Other Technical Adjustments</p> <p>Office of the Governor. The FY 2012-13 budget request includes a technical adjustment to align appropriations with current funding and staffing levels.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>FF</p>	<p><u>\$2,321,877</u></p> <p>(14.5)</p> <p>2,321,877</p>
6	<p>Annualization of Prior Year OIT Legislation</p> <p>The FY 2012-13 budget request annualizes numerous legislative actions from the prior fiscal year in the Governor's Office of Information Technology. Many of the bills annualized in FY 2012-13 from the prior legislative session provided one-time funding to support initiatives occurring in the Department of Revenue.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>RF</p>	<p><u>(\$278,426)</u></p> <p>0.0</p> <p>(278,426)</p>
7	<p>Annualization of CBMS Prior Year Actions</p> <p>Office of Information Technology. The FY 2012-13 budget request includes the annualization of several budget and legislative actions taken in prior years related to the operation of the Colorado Benefits Management System (CBMS).</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>RF</p>	<p><u>\$61,332</u></p> <p>0.0</p> <p>61,332</p>
8	<p>Restoration of FY 2010-11 5% Operating Reduction</p> <p>Office of Information Technology. The FY 2012-13 budget request restores the FY 2010-11 five percent operating expenses reduction made for two years through a prior budget action.</p>	<p>Total Funds</p> <p><i>FTE</i></p> <p>RF</p>	<p><u>\$58,227</u></p> <p>0.0</p> <p>58,227</p>
TOTAL BASE AND TECHNICAL CHANGES			
		<p>Total Funds</p> <p><i>FTE</i></p> <p>GF</p> <p>CF</p> <p>RF</p> <p>FF</p>	<p><u>\$7,726,972</u></p> <p>(14.5)</p> <p>1,284,598</p> <p>97,108</p> <p>3,969,546</p> <p>2,375,720</p>

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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 2011-12 appropriation and its FY 2012-13 request.

Table 1: Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2011-12 Appropriation	\$11.2	\$23.6	\$125.1	\$23.8	\$183.7	1,046.8
FY 2012-13 Request	18.4	29.8	130.9	26.2	205.3	1,055.7
Increase / (Decrease)	\$7.3	\$6.2	\$5.8	\$2.4	\$21.6	8.9
Percentage Change	65.0%	26.1%	4.6%	10.0%	11.7%	0.9%

Table 2: Total Department Requested Changes, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
Decision Items	\$6.0	\$6.1	\$0.5	0.0	\$12.6	23.4
Non-Prioritized Items	0.0	0.0	1.2	0.0	1.2	0.0
Technical/Base Changes	1.3	0.1	4.0	2.4	7.7	(14.5)
TOTAL	\$7.3	\$6.2	\$5.8	\$2.4	\$21.6	8.9

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BRIEFING ISSUE

ISSUE: Performance-based Goals and the Department's FY 2012-13 Budget Request

This issue brief summarizes the Office of the Governor's report on its performance relative to its strategic plan, and discusses how the FY 2012-13 budget request advances the Department's performance-based goals. Pursuant to the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (H.B. 10-1119), the full strategic plan for the Office of the Governor can be accessed from the Office of State Planning and Budgeting web site.

The issue brief assumes that the performance-based goals are appropriate for the Office. Pursuant to the SMART Government Act legislative committees of reference are responsible for reviewing the strategic plans and recommending changes to the departments. The issue brief also assumes that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. Please note that the Office's strategic plan includes five overarching highest priority objectives and performance measures.

DISCUSSION:

Performance-based Goals and Measures (Office of the Governor)

The Department's five top priority objectives are:

1. Budget and Efficiency

Objective: Improve the delivery of services to Colorado's citizens through a comprehensive review of processes throughout all State departments and the development of a consistent framework around which departments plan their operational strategies.

- a. How is the Department measuring the specific goal/objective? The Office of the Governor is measuring its goal/objective by the number of Lean Process events it holds for executive branch agencies. The core concept of Lean Process involves maximizing value to customers while minimizing waste.
- b. Is the Department meeting its objective, and if not, why? The Office of the Governor is in the beginning stages of implementing Lean Process concepts to assist agencies in planning operational strategies.
- c. How does the budget request advance the performance-based goal? The Office has not submitted any decision items related to Lean Process events. It is assumed that the events will be accomplished within existing resources.

2. Health

Objective: Ensure efficient and effective healthcare through cost containment and coverage, health care reform, and an improved system of care.

- a. How is the Department measuring the specific goal/objective? The Office of the Governor is measuring its goal/objective by identifying and measuring three “Winnable Battles” that are worked on cross-departmentally. The three “Winnable Battles” include behavioral health, obesity, and oral health. Within the three categories for a first year focus, the Office has chosen 15 metrics by which to gauge progress. The 15 metrics were not provided to staff.
- b. Is the Department meeting its objective, and if not, why? Staff did not receive performance data for this objective. Given the broad nature of the objective, it is assumed that many of the performance data associated with the three focus areas may appear in the strategic plans of the Department of Human Services (DHS), Department of Health Care Policy and Financing (HCPF), and the Department of Public Health and Environment (CDPHE).
- c. How does the budget request advance the performance-based goal? The Office has not submitted any decision items related to health, however, it is assumed that the FY 2012-13 budget requests for DHS, HCPF, and CDPHE contain specific funding request related to this objective.

3. Water

Objective: Develop a statewide strategy to address water needs as the population grows.

- a. How is the Department measuring the specific goal/objective? The Office of the Governor is measuring its goal/objective by continuing the process of identifying and implementing projects conducted by the Basin Round Table, Interbasin Compact Committee, and the Colorado Water Conservation Board.
- b. Is the Department meeting its objective, and if not, why? Staff did not receive performance data for this objective. Given the broad nature of the objective, it is assumed that many of the performance data associated with this objective may appear in the strategic plans of other agencies, such as the Department of Natural Resources (DNR).
- c. How does the budget request advance the performance-based goal? The Office has not submitted any decision items related to water, however, it is assumed that the FY 2012-13 budget requests for other agencies, such as DNR, may contain specific funding request related to this objective.

4. Education

Objective: Create a globally competitive workforce by decreasing the education gap, increasing attendance and graduation rates, and decreasing the use of remediation.

- a. How is the Department measuring the specific goal/objective? The Office of the Governor is measuring its goal/objective by identifying the number of children that are grade-level literate by the third grade. The baseline percentage of children is 71 percent. The goal is to rise to 76 percent by 2014.
- b. Is the Department meeting its objective, and if not, why? Staff did not receive performance data for this objective. Given the education-focused nature of the objective, it is assumed that the performance data associated with this objective appear in the strategic plan for the Department of Education.
- c. How does the budget request advance the performance-based goal? The Office has not submitted any decision items related to education, however, it is assumed that the FY 2012-13 budget request for the Department of Education contains funding requests related to this objective.

5. Economic Development

Objective: Create jobs and boost Colorado's economy through regulatory reform, business recruitment and retention, workforce development, tourism, capital formation, and communication technologies.

- a. How is the Department measuring the specific goal/objective? The Office of the Governor is measuring its goal/objective by comparing Colorado job growth to the national average, regional average, and a competitive state average. For 2012, the national average is 0.9 percent, the regional average is 1.1 percent, and the competitive state (Utah) average is 1.5 percent.
- b. Is the Department meeting its objective, and if not, why? Staff did not receive performance data for this objective.
- c. How does the budget request advance the performance-based goal? The Office of Economic Development and International Trade submitted three FY 2012-13 budget requests to fund initiatives aimed at achieving this objective.
 1. \$5.75 million for incentives to assist with existing business expansions and new company relocations.
 2. \$3.0 million for performance-based incentive for film production in Colorado.
 3. \$0.25 million for increased, proactive efforts to retain target cluster industries in Colorado.

Performance-based Goals and Measures (Governor’s Office of Information Technology)

In addition to the performance-based goals and measures submitted by the Office of the Governor, the Governor’s Office of Information Technology (OIT) submitted a separate strategic plan that includes performance-based goals and measures. The strategic plan (and its corresponding performance measures) is known as the “OIT Playbook,” and defines OIT’s value proposition, top strategic priorities, and key initiatives, and shows the assessment of the current status in each of its stated priorities, as well as its future goals. The “OIT Playbook” priorities are:

- Customer Success;
- People;
- Innovation;
- Service Excellence;
- Trusted Partnerships; and
- Information Security.

Each of the initiatives highlighted in the “OIT Playbook” has its own set of quarterly strategic targets and is reviewed regularly to track and measure progress and performance toward the quarterly targets. OIT started collecting data for most of its metrics at the beginning of FY 2011-12. It is OIT’s intention that these performance measures will be tracked and updated throughout the entirety of FY 2011-12, and in all fiscal years going forward, with results included in all future strategic plan submittals. The table below highlights pertinent information for the key operational performance measures submitted to the Joint Budget Committee as part of its FY 2012-13 budget request.

Governor's Office of Information Technology (OIT) Key Operational Performance Measures			
Performance Measure	Target	Actual	Description
Cost Savings / Cost Avoidance	\$3.25 million	\$1.55 million	Tracks savings and cost avoidance achieved as a result of consolidation and other initiatives and seeks to identify and define measurable outcomes related to the benefits of consolidation. The data reported is focused on professional services and operating expenses and does not consider the impact of ongoing base personal services reductions. Data is tracked on a monthly basis and the current actual is \$1.55 million year to date.
Procurement (Days to Process a Purchase Order)	< 10 Business Days	9 Business Days	Measures the average number of business days from the initiation of an internal IT procurement request to final purchase order issuance date. The metric is tracked on a monthly basis.
Contracting (Days to Complete Contract)	< 45 Business Days	26 Business Days	Measures the average number of business days from the solicitation award or internal procurement request to final contract execution. The metric is tracked on a monthly basis.
Participation at All Hand and All Managers Meetings	80%	87%	Measure ensures regular and effective communication, improves collective performance, strengthens brand awareness, increases staff morale and motivation, develops key skills, and creates a forum for open dialogue. Data is based on the total percentage of participation at quarterly All Hands and All Managers meetings.
First Contact Resolution	60%	57%	Assesses the percentage of customers’ issues that are resolved within the first point of contact. Data is tracked on a monthly basis.

Governor's Office of Information Technology (OIT) Key Operational Performance Measures

Performance Measure	Target	Actual	Description
Mean Time to Total Resolution	90%	96%	Calculates the average resolution time of service requests that were closed within the given period that aligns with the priority of the request. Data is currently being captured for the four largest departments and OIT headquarters with priority 1 targeted at less than four hours, priority 2 at less than 24 hours, and priority 3 at less than two weeks. Data is tracked on a monthly basis.
Project Health Index for Major IT Projects	90%	94%	Uses as its basis the OIT Standard Project Health Status and is based on six standard criteria (scope, resources, budget, risk, schedule, and deliverables). This is intended to measure the overall health of Executive Governance Committee (EGC) technology projects. Data is tracked on a monthly basis.
Application / System Availability	99.50%	99.69%	Measures the overall application availability percentage (excluding planned downtime) for critical and essential systems and business applications. This was defined as the most relevant measure of service delivery success by OIT customers in FY 2010-11. Data is tracked on a monthly basis.
Security Awareness Trainings Completed	95%	95%	Identifies the percentage of state employees who complete the required annual statewide security awareness training. Data is tracked on an annual basis.
Broadband Availability By Household	94%	92.81%	Tracks the household broadband availability percentage (wireline & fixed wireless) across Colorado (where broadband is defined as 3 Mbps down and 1 Mbps up). The objective is to understand the current broadband landscape in Colorado and how we are improving. Data is tracked biannually. Note that this metric is currently based on provider-reported data.
Rural Broadband Availability By Households	90%	88.73%	Metric is similar to the one above, and is focused on broadband availability in rural areas only. Data is tracked biannually, and this metric is currently based on provider-reported data as well.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BRIEFING ISSUE

ISSUE: Limited Gaming Tax Revenue Overview

Current law dictates the distribution of the State's share of limited gaming tax revenue to the General Fund and a series of cash funds designed to support a variety of programs. The September 2011 Legislative Council Staff Economic Forecast projects that \$38.0 million will be available for transfer to the General Fund and cash funds at the end of FY 2011-12 for use in FY 2012-13. The Office of the Governor requests a legislative change to transfer an additional \$6.1 million to two cash funds that would otherwise go to the General Fund per current statute.

SUMMARY:

- As of the 1990 statewide election, limited stakes gambling is legal in the towns of Cripple Creek (Teller County), Black Hawk (Gilpin County), and Central City (Gilpin County);
- A portion of the tax revenue generated from limited gaming is distributed to programs such as tourism, gaming impact mitigation, and economic development;
- Senate Bill 11-159 (Steadman/Ferrandino) dedicated \$19.2 million of limited gaming tax revenue to the General Fund beginning in FY 2010-11, and created a percentage-based formula for distributing funds to statutorily created programs; and
- The Governor's FY 2012-13 budget request seeks to decrease the amount of moneys transferred from limited gaming tax revenue to the General Fund by \$6.1 million to fund the Governor's Office of Energy and increased performance-based film incentives administered by the Colorado Office of Film, Television, and Media.

RECOMMENDATION:

Staff recommends that the Joint Budget Committee first determine if it seeks to fund the Governor's Office of Energy and performance-based film incentives programs as requested by the Governor for FY 2012-13 and then determine if other changes must be made to the distribution of limited gaming tax revenue. If the Committee opts to fund the Governor's request, or make other statutory, staff recommends that the Committee sponsor legislation to do so.

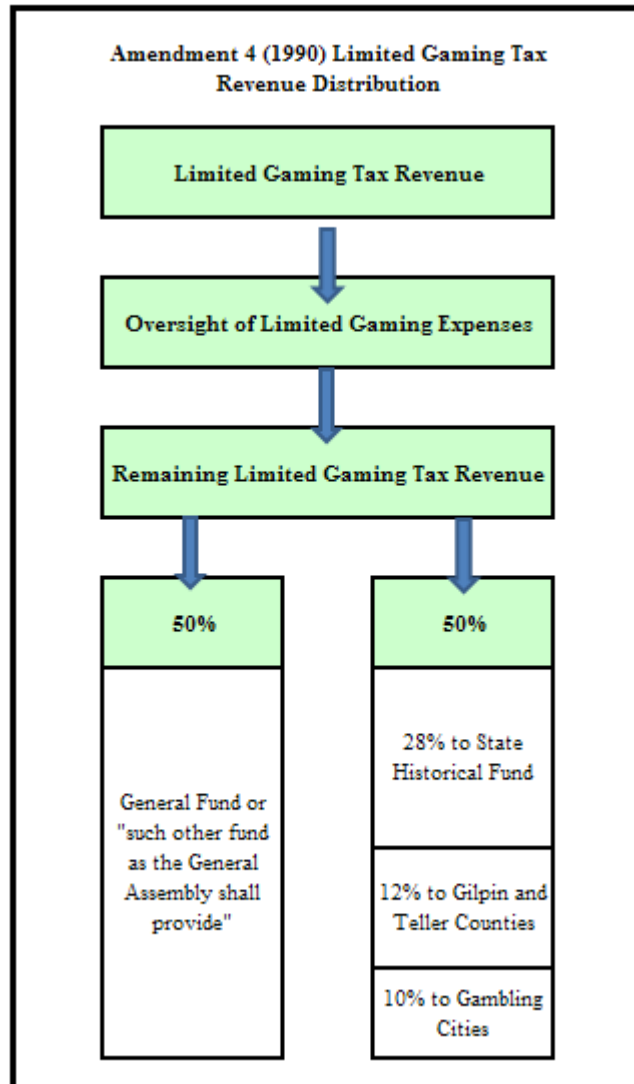
DISCUSSION:

Background

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 (often referred to as the "State share") and the State Historical Fund, Teller and Gilpin Counties, and the Cities of Cripple Creek, Central, and Black Hawk. 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 chart below depicts the flow of moneys from the gaming cities, as articulated by Amendment 4.



Senate Bill 11-159 (Steadman/Ferrandino) revised the distribution of limited gaming tax revenue in the following manner:

- Transferred the first \$19.2 million of the “State share” to the General Fund;
- Any amount of the “State share” that is greater than \$19.2 million and less than \$48.5 million shall be transferred to various programs based on percentages:
 - Travel and Tourism Promotion – 50 percent;
 - Bioscience Discovery Evaluation – 18 percent;
 - Local Government Limited Gaming Impact Fund – 15 percent;
 - Innovative Higher Education Research – 7 percent;
 - New Jobs Incentives – 5 percent;
 - Council on Creative Industries (Arts) – 4 percent; and
 - Film Incentives – 1 percent.
- Any amount of the “State share” that is greater than \$48.5 million is transferred to the General Fund; and
- If a specified percentage transfer is slated to go to a program that has been statutorily repealed, the moneys instead go to the General Fund.

Revenue Forecast

The September 20, 2011 Legislative Council Staff Economic and Revenue Forecast projects that \$38.0 million will be available for the “State share” at the end of FY 2011-12 for use in FY 2012-13. The forecast for the transfer to the “State share” is slightly larger at the end of FY 2012-13 for use in FY 2013-14, rising to \$38.2 million. The table below describes how the “State share” will be distributed, per current statute.

Limited Gaming Tax Revenue Forecasted State Share Distributions			
	FY 2010-11	FY 2011-12	FY 2012-13
Total LCS September 20, 2011 Forecast	\$43,205,373	\$38,040,410	\$38,193,249
General Fund	19,200,000	19,200,000	19,200,000
General Fund from Excess of \$48.5 million	0	0	0
General Fund from Repealed Programs	<u>1,200,269</u>	<u>942,021</u>	<u>949,662</u>
Total General Fund	\$20,400,269	\$20,142,021	\$20,149,662
Total Amount for Statutory Programs	<u>\$24,005,373</u>	<u>\$18,840,410</u>	<u>\$18,993,249</u>
Local Gov't Limited Gaming Impact (15%)	3,600,806	2,826,062	2,848,987
Travel and Tourism Promotion (50%)	12,002,687	9,420,205	9,496,625
Bioscience Discovery (18%)	4,320,967	3,391,274	3,418,785
Innovative Higher Ed Research (7%)	1,680,376	1,318,829	1,329,527
New Jobs Incentives (repealed) (5%)	n/a	n/a	n/a
Council on Creative Industries (4%)	960,215	753,616	759,730
Film Incentives (1%)	240,054	188,404	189,932

Governor’s Request

The Office of the Governor requests that the first \$19.2 million of the “State’s share” that is transferred to the General Fund be reduced by \$6.1 million beginning at the end of FY 2011-12. The proposal indicates that \$6.1 million would be transferred instead to the Colorado Office of Film, Television, and Media and to the Governor’s Office of Energy. The table below summarizes the Governor’s proposal (proposed changes are highlighted in yellow and italicized).

Limited Gaming Tax Revenue Forecasted State Share Distributions			
	FY 2010-11	FY 2011-12	FY 2012-13
Total LCS September 20, 2011 Forecast	\$43,205,373	\$38,040,410	\$38,193,249
General Fund	19,200,000	<i>13,140,849</i>	<i>13,140,849</i>
General Fund from Excess of \$48.5 million	0	0	0
General Fund from Repealed Programs	<u>1,200,269</u>	<u>942,021</u>	<u>949,662</u>
Total General Fund	\$20,400,269	\$14,082,870	\$14,090,511
Total Amount for Statutory Programs	<u>\$24,005,373</u>	<u>\$18,840,410</u>	<u>\$18,993,249</u>
Local Gov't Limited Gaming Impact (15%)	3,600,806	2,826,062	2,848,987
Travel and Tourism Promotion (50%)	12,002,687	9,420,205	9,496,625
Bioscience Discovery (18%)	4,320,967	3,391,274	3,418,785
Innovative Higher Ed Research (7%)	1,680,376	1,318,829	1,329,527
New Jobs Incentives (repealed) (5%)	n/a	n/a	n/a
Council on Creative Industries (4%)	960,215	753,616	759,730
Film Incentives (1%)	240,054	188,404	189,932
<i>Governor's Energy Office</i>	<i>0</i>	<i>3,059,151</i>	<i>3,059,151</i>
<i>Film Incentives</i>	<i>0</i>	<i>3,000,000</i>	<i>3,000,000</i>

Legislation is required to implement the funding distribution changes requested by the Governor in the FY 2012-13 budget request. The specific statutory changes are detailed in later sections of this briefing document that address the funding requests for the Governor’s Energy Office and Film Incentives.

Staff Recommendation

Staff recommends a four step process to determine if statutory changes to current law governing the distribution of the “State share” of limited gaming tax revenue are needed.

1. The Committee should first take action on the Governor’s request to fund the Governor’s Energy Office and performance-based film incentives in the Colorado Office of Film, Television, and Media.
2. If the Committee chooses to provide funds to the Governor’s Energy Office and/or performance-based film incentives in the Colorado Office of Film, Television, and Media, it should determine if the funds should come from limited gaming tax revenue or General Fund moneys.
3. Senate Bill 11-159 (Steadman/Ferrandino) assumed that \$48.5 million would be available for transfer to the “State share” at the end of FY 2010-11 for use in FY 2011-12. The

actual amount of the transfer was \$43.2 million, thus the amount transferred by percentage to statutory programs was less than anticipated. The table below summarizes the anticipated revenue available to the “State share” at the end of FY 2010-11 at the time of S.B. 11-159 construction versus the actual amount transferred to the “State share” at the end of FY 2010-11.

FY 2010-11 Limited Gaming "State Share" Distribution - Projected vs. Actual			
	Projected FY 2010-11	Actual FY 2010-11	Difference Actual - Projected
Total "State Share"	\$48,488,500	\$43,205,373	(\$5,283,127)
General Fund	19,200,000	19,200,000	0
General Fund from Excess	0	0	0
General Fund from Repealed Programs	<u>1,464,425</u>	<u>1,200,269</u>	<u>(264,156)</u>
Total General Fund	\$20,664,425	\$20,400,269	(\$264,156)
Amount for Statutory Programs	<u>\$29,288,500</u>	<u>\$24,005,373</u>	<u>(\$5,283,127)</u>
Local Gov't Limited Gaming Impact (15%)	4,393,275	3,600,806	(792,469)
Travel and Tourism Promotion (50%)	14,644,250	12,002,687	(2,641,564)
Bioscience Discovery (18%)	5,271,930	4,320,967	(950,963)
Innovative Higher Ed Research (7%)	2,050,195	1,680,376	(369,819)
New Jobs Incentives (repealed) (5%)	n/a	n/a	n/a
Council on the Arts (4%)	1,171,540	960,215	(211,325)
Film Incentives (1%)	292,885	240,054	(52,831)

The Committee should determine if it wishes to adjust the statutory distribution percentages based on actual revenue for FY 2010-11 and forecasted revenue for FY 2011-12 and beyond.

4. If the Committee desires to make statutory changes, it should determine if the changes desired are one-time in nature or ongoing. Staff recommends that the Committee seek statutory changes that are ongoing in nature to provide program funding stability as best possible given the fluctuations in the limited gaming tax revenue collections.
5. If the Committee desires to make a change(s) to the statutory distribution of the “State share,” staff recommends that the Committee sponsor a “JBC” bill to make the adjustment(s).

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BRIEFING ISSUE

ISSUE: Funding the Governor's Energy Office (GEO)

The Governor's Energy Office (GEO) administers a wide variety of programs to improve energy conservation, energy efficiency, and promote clean and renewable energy resources. The initiatives receive funding from a variety of 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. The Governor's FY 2012-13 budget request seeks \$3.1 million cash funds from limited gaming tax revenue and 20.7 FTE to retool the agency and its focus following several years of increased federal funding from the American Recovery and Reinvestment Act of 2009 (ARRA).

SUMMARY:

- GEO was created in 1977 as the Office of Energy Conservation to develop a statewide, comprehensive strategy for furthering energy conservation tactics and increasing the use of renewable energy sources of fuel;
- 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, FY 2011-12, and has not requested General Fund moneys for FY 2012-13;
- GEO receives federal funds from the Department of Energy, Department of Health and Human Services, oil-overcharge settlements, and a one-time amount of \$143.7 million as a result of the passage of the federal American Recovery and Reinvestment Act of 2009 (ARRA); and
- The Governor seeks \$3.1 million cash funds from limited gaming tax revenue and 20.7 FTE for FY 2012-13 to enhance energy security, manage consumer costs, protect the environment, and create jobs.

RECOMMENDATION:

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 the role of GEO in the post-ARRA funded environment beginning in FY 2012-13. It is staff's recommendation that the Committee fund GEO at the requested level of \$3.1 million beginning in FY 2012-13. It is staff's recommendation that the fund source consist of General Fund moneys rather than the requested cash funds from limited gaming tax revenue.

DISCUSSION:

Background

The Governor's Energy Office was formed by Executive Order in 1977 and tasked with promoting energy conservation under the original name of the Office of Energy Conservation. In 1980, the legislature passed S.B. No. 131 (Bishop/Reeves) to put in statute the goals of the Office to develop a statewide, comprehensive strategy for furthering energy conservation tactics and increasing the use of renewable energy sources of fuel.

Funding History

Over the years, the Office has been funded with federal moneys associated with weatherization projects and petroleum violation escrow funds (PVE) that are earmarked for a narrow set of uses. PVE is a fixed source of funding, with a total allocation to Colorado of \$70.5 million. As of October 20, 2012, \$2.6 million remained in the PVE accounts. In preparation for the depletion of PVE funds (and due to the narrow scope with which the funds can be used), GEO, in conjunction with the legislature, migrated funding for its programs to alternative sources.

In the last five years, alternative funding sources for GEO have included General Fund, limited gaming tax revenue, severance tax revenue, and one-time federal moneys provided through the passage of the American Recovery and Reinvestment Act of 2009 (ARRA).

- **General Fund:** 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 Office did not request nor receive an appropriation of any General Fund moneys in FY 2010-11, FY 2011-12, and FY 2012-13.
- **Severance Tax Revenue:** GEO receives appropriations from four cash funds that acquire moneys from the collection of severance taxes. First, \$2.0 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.

Households eligible for the home energy efficiency program described above must be at or below one hundred percent of the area median income guidelines adjusted for family size based on the most recently published area median income limits established by the United States Department of Housing and Urban Development (HUD). GEO is legislatively bound to serve as many low-income households throughout the state as possible achieve the maximum lifetime energy savings per dollar expended, use competitive bidding procedures to hire contractors, and, whenever feasible, contract with Colorado accredited youth corps to provide labor.

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. The FY 2012-13 transfer is the last to GEO's Low-Income Energy Assistance Fund contained in current statute. All moneys in the fund are continuously appropriated to GEO, thus an annual appropriation is not required.

Third, the Energy Outreach Colorado Low-Income Energy Assistance Fund administered by GEO received a transfer of \$1.1 million in FY 2008-09, \$1.6 million in FY 2009-10, \$3.25 million in FY 2010-11, and \$3.25 million in FY 2011-12 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 for FY 2012-13 from the Energy Outreach Colorado Low-Income Energy Assistance Fund. The FY 2012-13 transfer is the last to the Energy Outreach Colorado Low-Income Energy Assistance Fund contained in current statute. 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. The Office generally receives approximately \$200,000 each fiscal year for this purpose.

- **Limited Gaming Tax Revenue:** GEO received a continuous appropriation of moneys from the Clean Energy Fund established in 2007. The principal of the Clean Energy Fund consisted 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 or FY 2009-10 due to insufficient General Fund revenues for the State. Beginning at the end of FY 2010-11, transfers from limited gaming tax revenue to the Clean Energy Fund were eliminated.
- **ARRA Moneys:** 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. Approximately \$143.7 in federal funds was awarded to GEO with the passage of ARRA for expenditure in the programmatic categories listed above. The majority of funds are obligated to be expended by FY 2011-12, as illustrated in the table below.

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	

Governor’s FY 2012-13 Funding Request

The Governor seeks \$3.1 million cash funds from limited gaming tax revenue and 20.7 FTE for FY 2012-13. Per the Governor’s official request, the priority focus areas of the Governor’s Energy Office for FY 2012-13 are to:

“Advance energy efficiency and the use of clean and renewable energy in Colorado, a spectrum of resources that include solar and wind energy, natural gas, and clean coal technology among others. Advancing the Colorado electricity generation and transportation energy markets will enhance energy security, manage consumer costs, protect the environment, and create jobs.”

The table below outlines each of the four priority focus areas of the Governor's Energy Office for FY 2012-13, as outlined in the agency's funding request.

Governor's Energy Office FY 2012-13 Priority Focus Areas			
Enhanced Energy Security Strategy	Consumer Cost Management	Job Creation	Environmental Protection
Colorado imports nearly 80 percent of its transportation fuel.	Coloradans spend more than \$17 million on energy.	10 percent of Colorado's economy is accounted for through the energy industry.	Energy consumption impacts the environment via emissions.
Relying on outside fuel sources decreases the security and reliability of Colorado's energy.	Energy efficiency decreases costs.	Potential for growth in the energy sector is large.	A diversified fuel sources and energy technologies can sustain environmental quality.
Increasing energy efficiency reduces the state's energy risks.	Reducing market barriers to diverse energy sources encourages market competition.	Industries in Colorado in both fuel needs and emission technologies.	
Colorado has an abundance of local energy sources.			

The budget request for the Governor's Energy Office contains eight specific projects that tie directly to one or more of the four priority focus areas presented above. The following table outlines the projects, personal services costs, program costs, and FTE sought by the Office. Below the table, each of the eight projects outlined in the table is described in detail.

Governor's Energy Office FY 2012-13 Funding Request By Project					
Project Number	Project Type	Requested Personal Services	Requested Program Costs	Requested Total	Requested FTE
1	Facilitating Development of the Electric Power Market Towards a Balanced Energy Portfolio	\$247,792	\$175,104	\$422,896	2.7
2	Diversifying Colorado's Transportation Fuels Portfolio	198,069	0	198,069	2.1
3	Unlocking the Potential of Residential, Small Commercial, and Agriculture Energy Efficiency	204,469	227,600	432,069	2.2
4	Developing Transmission for Internal and External Electricity Markets	63,360	3,789	67,149	0.5
5	Greening Government	118,016	0	118,016	1.3
6	Public Sector Resource Efficiency Energy Performance Contracting (EPC)	90,736	240,031	330,767	1.0

Governor's Energy Office FY 2012-13 Funding Request By Project

Project Number	Project Type	Requested Personal Services	Requested Program Costs	Requested Total	Requested FTE
7	Economic Development Through Innovation in the Energy Market	300,064	0	300,064	3.1
8	Energy Policy Development	342,984	30,000	372,984	3.3
n/a	Overhead and Support	365,788	451,351	817,139	4.5
	Total	\$1,931,278	\$1,127,875	\$3,059,153	20.7

- 1. Facilitating Development of the Electric Power Market towards a Balanced Energy Portfolio:** The request indicates that all actors within the electric power sector have a narrowly focused perspective and incentive structure which impacts the broad, long-term objectives of Colorado citizens. GEO’s identified role includes the provision of a statewide view, with an emphasis on transparency, which uses its technical expertise to ensure a holistic approach is taken in determining the future of electricity generation.
- 2. Diversifying Colorado’s Transportation Fuels Portfolio:** The request indicates that transitioning away from imported oil requires consumers to have the fuel, the vehicles, and the fueling infrastructure to support any new transportation fuels. GEO’s identified role includes acting as a convener and a central point of knowledge to coordinate private and public investments in fueling infrastructure, vehicle conversion and development, and fuel sources.
- 3. Unlocking the Potential of Residential, Small Commercial, and Agriculture Energy Efficiency:** The request indicates that there is a lack of information and standardization about the long-term cost savings and environmental benefits to improving energy efficiency that results in upgrades made to a property not being fully incorporated into the market value of that property. GEO’s identified role includes coordinating a program to educate appraisers, realtors, financiers, and property owners on how to monetize energy efficient upgrades into property values.
- 4. Developing Transmission for Internal and External Electricity Markets:** The request indicates that a large barrier to renewable energy production projects is the lack of electricity transmission infrastructure or an electricity transmission plan. GEO’s identified role includes monitoring and reporting on transmission development (and the complexities of overlaying federal and state rules, regulated and unregulated utility companies, and land use concerns) to ensure that entities are planning, permitting, and paying for infrastructure investments in alignment with the interests of the people of Colorado in regards to reliability, consumer costs, and environmental issues.

5. **Greening Government:** The request indicates that lack of information is a barrier to improving energy efficiency in State agencies. GEO's identified role includes acting as an energy-use consultant to guide efficient energy outcomes.
6. **Public Sector Resource Efficiency Energy Performance Contracting (EPC):** The request indicates that energy efficient upgrades are prohibitively expensive causing organizations to put off investing in building retrofits that achieve long-term cost savings and energy conservation. GEO's identified role includes continued management of its program for local governments, K-12 schools, and institutions of higher education to use performance contracting as a financing mechanism to make capital improvements using anticipated energy bill savings generated from energy efficiencies.
7. **Economic Development through Innovation in the Energy Market:** The request indicates that Colorado has a strong network of research universities, national laboratories, and private sector research facilities, but a perceived weakness in migrating science into commercial products. GEO's identified role includes working with the Office of Economic Development and International Trade to promote the state's clean technology industry to local industry partners, potential investors, and international markets.
8. **Energy Policy Development:** The request indicates that states have different policies and regulations that can be leverage as best practices by Colorado. GEO's identified role includes leveraging the trained policy staff expertise that has been developed over the past few years to develop policies aimed at maintaining Colorado's place as an energy industry leader.

Governor's FY 2012-13 Statutory Change Request

The request requires changes to statutory provisions addressing the distribution of the State's share of limited gaming tax revenue. Specifically, the following sections are required to be amended to fulfill the request:

The first nineteen million two hundred thousand dollars of the state share shall be transferred to the state general fund.

Any amount of the state share that is greater than nineteen million two hundred thousand dollars but less than or equal to forty-eight million five hundred thousand dollars...

The requested statutory change would reduce the amount transferred to the General Fund by \$3.1 million, thus decreasing General Fund revenue, and require the following:

The first ~~nineteen~~ SIXTEEN million ~~two~~ ONE hundred FORTY thousand EIGHT HUNDRED FORTY-SEVEN dollars of the state share shall be transferred to the state general fund.

Any amount of the state share that is greater than ~~nineteen~~ SIXTEEN million ~~two~~ ONE hundred FORTY thousand EIGHT HUNDRED FORTY-SEVEN dollars but less than or equal to forty-eight million five hundred thousand dollars...

Staff Recommendation

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 the role of GEO in the post-ARRA funded environment beginning in FY 2012-13. The two options available to the Committee are:

1. Reduce GEO to a federally-funded, weatherization-only agency; or
2. Invest State moneys in GEO to provide the Governor with staff and resources to retool its programs and policies with a focus toward energy security, management of consumer costs, protection of the environment, and the creation of jobs.

It is staff's recommendation that the Committee fund GEO at the requested level of \$3.1 million and 20.7 FTE beginning in FY 2012-13. Colorado, due to its natural resources and prior monetary investments made by all sectors, is positioned as a leader in energy production and research in the country. The Governor's proposal to revamp GEO represents a comprehensive plan that develops highly skilled expertise in a complex policy area to ensure that energy development, and its associated industries, does not have unnecessary burdens to growing in a balanced manner consistent with the fiscal and environmental desires of Coloradans.

It is staff's recommendation that the fund source consist of General Fund moneys rather than the requested cash funds from limited gaming tax revenue. Much of the focus on programs receiving moneys from limited gaming tax revenue is on revenue projections and distributions governed by statute. This focus takes time and energy away from evaluating the programs to determine goals, success rates, modifications needed, and appropriate funding levels. By appropriating General Fund moneys to GEO for its stated purposes, the focus shifts away from the distribution of limited gaming tax revenue projections and to the performance-based goals of the agency.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BRIEFING ISSUE

ISSUE: Economic Development Commission General Fund Increase

The Colorado Economic Development Commission is a legislatively created, nine-member panel tasked with promoting economic development in the state through the development of incentive packages. The goal of the incentives is to assist with existing business expansions and new company relocations in order to promote job creation and retention in all regions of the state. The Governor's FY 2012-13 seeks an increase of \$5.75 million General Fund and 0.9 FTE to increase the financial incentives available to businesses interested in expanding in or relocating to Colorado.

SUMMARY:

- The Colorado Economic Development Commission is a legislatively created, nine-member panel tasked with promoting economic development in the state through the development of incentive packages;
- The Commission received a General Fund appropriation of \$1.0 million for use in FY 2011-12 to support economic development efforts in Colorado;
- The demand for incentives to companies well-suited to locate or expand in Colorado outpaces available funds, thus job-creating opportunities are lost; and
- The Office of Economic Development and International Trade seeks an appropriation of \$5,750,000 General Fund and 0.9 FTE to provide incentives to spur economic activity and directly create net new jobs.

RECOMMENDATION:

Staff recommends that the Committee appropriate \$5,750,000 General Fund and 0.9 FTE to the Economic Development Commission in FY 2012-13 for job-creation incentives. The funding request represents providing the Commission with funds needed to compete at a base level to meet the demand of companies well-suited to locate or expand in Colorado.

DISCUSSION:

Background

The Colorado Economic Development Commission (EDC) was created in 1987 by the legislature to promote economic development in Colorado. The Commission includes four members appointed by the governor (at least one person from west of the continental divide and one person from the eastern slope predominately from the rural area), two members appointed by

the Speaker of the House of Representatives, and two members appointed by the President of the Senate. The current Commission members are:

- Dick Monfort, Chair, Greeley;
- Bill Sisson, Grand Junction;
- Dick Robinson, Denver;
- Don Elliman, Denver;
- Howard Gelt, Denver;
- Wellington Webb, Denver;
- Dwayne Romero, Snowmass Village;
- Darius Allen, Alamosa, and
- JJ Ament, Littleton.

The EDC is responsible for developing incentive packages (in the form of financial assistance such as loans, grants, and local match requirements) and package operating guidelines to assist with existing business expansions and new company relocations in order to promote job creation and retention in all regions of the state.

EDC Program Oversight

The Commission has oversight authority for several financing programs, incentives, and tax credits designed to support businesses and economic development in the state.

- **Strategic Fund** – the Commission provides funding incentives to businesses that create and maintain net new jobs. The incentive amount is based on a cost per job calculation that considers annual average wage rate (county level), as well as whether the business is located in an enterprise zone;
- **Job Growth Incentive Tax Credit** – per H.B. 09-1001 (Rice/Heath), the Commission provides a State income tax credit to businesses undertaking job creation projects that would not occur in Colorado without a financial incentive. To qualify, businesses have to create at least 20 net new jobs (or five net new jobs if within an enhanced enterprise zone) in the state during the credit period (defined as 60 consecutive months where the business may qualify for an annual tax credit) with an average yearly wage of at least 110 percent of the county average wage rate based on where the business is located. All net new jobs must be maintained for at least one year after the positions are filled to qualify for tax credits. The maximum tax credit the EDC can authorize is calculated by taking 50 percent of the Federal Insurance Contributions Act (FICA) tax paid by the business on the net job growth for each year in the credit period;
- **Regional Tourism Act Program** – per S.B. 09-173 (Veiga/Rice), the Commission reviews and renders a ruling on applications put forth by local government entities to pursue tourism-related capital improvement projects using State sales tax increment financing. The Commission is limited to approving two projects that would lead to a dedication of up to (but not over) \$50 million in State sales tax revenue per year.

Recently, media attention has been garnered by the City of Aurora and City and County of Denver's ongoing discussions concerning the application for regional tourism authority funds to assist with the development of a new home for the National Western Stock Show and Rodeo, hotel, and convention center complex located near the Denver International Airport;

- **Colorado Enterprise Zone Program** – the Commission designates Enterprise Zone status to areas with high unemployment, low per capita income, and / or slower population growth. Businesses and projects within the zones are provided tax incentives to encourage businesses to locate and expand in designated economically distressed areas of the state. There are 16 Enterprise Zones and 2 sub-zones in Colorado.

Current EDC Funding and Projects

The EDC received a General Fund appropriation of \$1.0 million for use in FY 2011-12 to support economic development efforts in Colorado. Additionally, the EDC received a one-time \$13 million allocation of Federal Funds from the Jobs & Growth Tax Relief Reconciliation Act and gaming funds for a total of 5 years that sunset January 2011. These funds have now been depleted. The job-creation incentives provided to companies over the past four years have included (list not all inclusive):

- Vestas (\$0.9 million);
- United States Olympic Committee (\$0.5 million);
- Charles Schwab (\$1.0 million);
- Corinthian Colleges, Inc. (\$1.2 million);
- Dot Hill (\$0.3 million);
- Arrow Electronics (\$1.1 million);
- Leprino (\$1.2 million);
- SMA (\$1.0 million); and
- Siemens Energy (\$0.3 million).

Governor's Request

The Office is requesting an increase in its annual General Fund appropriation from \$1,013,764 to \$6,763,764, an increase of \$5,750,000, to support the Economic Development Commission (EDC) in FY 2012-13. It is indicated that this funding will spur economic activity and directly create at least 2,319 net new jobs. The EDC will primarily use the funds to provide incentives to businesses looking to expand in or relocate to Colorado. The Department will use \$70,772 of the requested funding for costs associated with a new 0.9 FTE, annualizing to 1.0 FTE in FY 2013-14.

Projected Economic Impact of Request

The Governor's funding request indicates that 2,319 new jobs in Colorado will be created if the \$5.75 million General Fund appropriation request is included in the enacted FY 2012-13 budget. The table below summarizes the relationship between jobs created and funding provided from 2008 through 2011.

Governor's Office Request Statistics - Calculating Annual Wage					
	Jobs Created	Annual Average Wage	Total Incentive Funding Provided	Cost Per Job Created	Weighted Average Annual Wage
2008	648	\$66,808	\$1,470,000	\$2,269	\$7,692
2009	1,323	63,258	3,065,000	2,317	14,870
2010	1,238	65,264	3,070,759	2,480	14,356
2011	<u>2,419</u>	<u>38,547</u>	<u>2,543,000</u>	<u>1,051</u>	<u>16,568</u>
Total	5,628	\$58,469	\$10,148,759	\$1,803	\$53,487

Based on past use of funds and related outcomes, the Department projects the creation of 2,319 new jobs in Colorado with an additional \$5,750,000. At an average annual wage rate of \$53,487, this results in additional income of \$123,982,866 to Coloradans. The State would receive \$4,900,000 of this annually in direct tax revenue. Thus, the request indicates that funding will generate full pay-back to the State in a little over one year. Beyond job creation and tax revenue to the State, the additional funding could spur capital expenditures that have an undeterminable effect on the economy.

Colorado As Compared to Other States

Colorado is not known as a state that provides rich incentives to businesses located in the state or businesses contemplating a move to the state. Colorado is known as a state that uses its funding to target industries that are attracted to Colorado based on a number of factors including:

- Transportation networks (air, freight, and rail);
- Tax structure (corporate, property, and individual);
- Skilled labor force;
- Housing prices;
- Utilities;
- Water; and
- Colleges, universities, and research institutions.

Most states (approximately 30) make a form of discretionary economic development funds available to state officials. The Office of Economic Development and International Trade has identified several states that Colorado typically competes with for job-creating opportunities. The table below summarizes the level of discretionary incentives made available by state.

Notable State Incentives		
State	Fund	Appropriation
Texas	Texas Enterprise Fund	\$280 million in FY05; \$47.7 million in FY2011
Arizona	Deal Closing Fund	\$25 million in FY 2011

Notable State Incentives		
State	Fund	Appropriation
North Carolina	One North Carolina Fund	\$10 million /year
Virginia		\$10 million/year
Florida		\$26.4 million
New York		\$35 million
Georgia		\$25 million
Missouri (proposed)	Compete Missouri	\$141 million by 2014

It is obvious from the figures in the table above that Colorado does not appropriate the financial incentives at a level that can compete with other states solely on a dollar-for-dollar basis. Instead, the Economic Development Commission works closely with staffers from the Office of Economic Development and International Trade to target industries that are attracted to Colorado based on the qualities that the state has to offer (see above). The moneys appropriated to the Economic Development Commission are not used to compete with other states, rather they are used to affirm the State's commitment to investing in economic development in the state.

Staff Recommendation

Staff recommends that the Committee appropriate \$5,750,000 General Fund and 0.9 FTE to the Economic Development Commission in FY 2012-13 for job-creation incentives. While Colorado cannot compete with other states on a dollar-for-dollar incentive basis, it is imperative in today's economic development environment that states make some incentive funding available to prospective companies considering Colorado as a location for their new or expanded facility. Currently, the Economic Development Commission is at a disadvantage financially because it does not have the funding resources needed to enter into conversations with companies seeking to create jobs. The funding request represents providing the Commission with funds needed to compete at a base level to meet the demand of companies well-suited to locate or expand in Colorado.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BRIEFING ISSUE

ISSUE: Performance-based Film Incentive Funding Request

The Colorado Office of Film, Television, and Media is legislatively tasked with promoting Colorado as a location for making feature films, television shows, television commercials, still photography, music videos, and emerging mass media projects and providing financial incentives to do so. The Governor's FY 2012-13 budget request seeks an additional \$3.0 million cash funds from limited gaming tax revenue and statutory changes to increase the viability of the State's performance-based film incentives program.

SUMMARY:

- The Colorado Office of Film, Television, and Media is an office of the Creative Industries Division, within the Office of Economic Development and International Trade, legislatively tasked with promoting Colorado as a location for making feature films, television shows, television commercials, still photography, music videos, and emerging mass media projects and providing financial incentives to do so;
- For use in FY 2011-12, the Office received an appropriation of \$240,054 cash funds for administration of the Office and performance-based film incentives; and
- The Office requests an additional, ongoing \$3.0 million cash funds from limited gaming tax revenue beginning in FY 2012-13 for performance-based film incentives.

RECOMMENDATION:

Staff recommends that the Committee reject the Governor's request to provide an appropriation of \$3.0 million cash funds from limited gaming tax revenue in FY 2012-13 and beyond to the Colorado Office of Film, Television, and Media for performance-based film incentives. Due to Colorado's lack of recent competitiveness in attracting out-of-state film productions, coupled with the downturn in State financial resources, it is staff's opinion that the Committee focus its General Fund appropriations on core priorities of State government.

DISCUSSION:

Background

The Office of Film, Television, and Media is an office of the Creative Industries Division within the Office of Economic Development and International Trade. As authorized by statute (Section 24-48.5-311, C.R.S.), the Office of Film, Television, and Media's mission is to promote Colorado as a location for making feature films, television shows, television commercials, still photography, music videos, and emerging mass media projects. The Office is tasked with

administering the State's performance-based incentive for film production in Colorado in an effort to achieve its legislatively-authorized mission.

Current Statutory Framework for Film Incentives

Per its statutory authority (Section 24-48.5-311, C.R.S.) the Office of Film, Television, and Media allows production companies to claim a performance-based incentive if the company employs a workforce for any in-state production activities made up of at least twenty-five percent Colorado residents. The amount of the incentive is based up on the origination location of the film production:

- For a production company that originates the film production in Colorado, an amount equal to ten percent of the total amount of the production company's qualified local expenditures if the total of such expenditures equals or exceeds one hundred thousand dollars; and
- For a production company that does not originate the film production activities in Colorado, an amount equal to ten percent of the total amount of the production company's qualified local expenditures if the total of such expenditures equals or exceeds two hundred fifty thousand dollars.

In order for a production company to claim a performance-based incentive for film production activities in Colorado, it must first apply to the Office prior to beginning production activities in the state. The application must include a statement of intent by the production company to produce a film in Colorado and documentation necessary to demonstrate the production company's projected qualified local expenditures. At this time, if the application is approved, a conditional written approval is provided to the production company indicating that it will be eligible to receive a performance-based incentive. The conditional approval communication also estimates the amount of the incentive that will be due to the production company.

Following the completion of production activities in Colorado, the production company that obtained conditional written approval for a performance-based incentive from the Office of Film, Media, and Television submits financial documents to the Office that detail the expenses incurred in the course of the film production activities in Colorado, along with a signed affidavit stating that the financial documents are an accurate accounting of the production company's qualified local expenditures. If the production company has met its qualified local expenditures' obligations, it receives an incentive payment from the Office.

Current Funding for Film Incentives

The Office of Film, Television, and Media receives a percentage of limited gaming tax revenue for the operation of the Office and performance-based film incentives. Per Section 12-47.1-701, C.R.S., the Office receives one percent of the State share of limited gaming tax revenue that is greater than \$19.2 million and less than \$48.5 million. For use in FY 2011-12, the Office received an appropriation of \$240,054 cash funds and 4.5 FTE. For FY 2012-13 and FY 2013-14, the Office is projected to receive \$188,404 and 189,932 cash funds, respectively.

Governor's Funding Request

The Office of Film, Television, and Media requests an ongoing, additional \$3.0 million from limited gaming tax revenue beginning in FY 2012-13 for performance-based film incentives. The request requires changes to statutory provisions addressing the distribution of the State's share of limited gaming tax revenue. Specifically, the following sections are required to be amended to fulfill the request:

The first nineteen million two hundred thousand dollars of the state share shall be transferred to the state general fund.

Any amount of the state share that is greater than nineteen million two hundred thousand dollars but less than or equal to forty-eight million five hundred thousand dollars...

The requested statutory change would reduce the amount transferred to the General Fund by \$3.0 million, thus decreasing General Fund revenue, and require the following:

The first ~~nineteen~~ SIXTEEN million two hundred thousand dollars of the state share shall be transferred to the state general fund.

Any amount of the state share that is greater than ~~nineteen~~ SIXTEEN million two hundred thousand dollars but less than or equal to forty-eight million five hundred thousand dollars...

In addition to the funding request, the Office of Film, Television, and Media seeks to amend statute to raise the allowable incentive from 10 percent to 20 percent of the total amount of the production company's qualified local expenditures to 20 percent and create a gap loan program to provide up to 20 percent of a production's costs in the form of a low-interest bank loan that is guaranteed by the State.

Projected Economic Impact of Request

The Governor's funding and statutory change request indicates that the state will be able to attract production companies that will create approximately 600 jobs for a variety of film-related professions and skilled laborers. Additionally, at the current 10% incentive rate, the requested funding will generate \$30 million in new production expenditures and \$3.6 million in additional tax revenue in Colorado.

Staff Recommendation

Colorado offers much to out-of-state film production companies including unparalleled scenery, proximity to Los Angeles and daily non-stop flights, a skilled workforce, available hotel space, film-friendly communities, and a reasonable cost of living. Beginning in 2002, however, states introduced large film incentives to induce employment gains and provide economic stimulus. Colorado has not kept pace in providing performance-based incentives. Currently, New Mexico, Louisiana, Georgia, Utah, and a handful of other states all offer much larger incentives than does Colorado. As a result, Colorado is not competitive in growing its small share of the market.

It its 2009 report, Summary of the Impact of Film Incentives on the Colorado Economy and on Public Revenues, the Leeds School of Business at the University of Colorado Boulder indicated Colorado's current status in the film production industry:

“Despite growth in the national film industry, Colorado’s film industry is in a state of decline, caused by the lack of competitive incentives similar to those in other states, as well as a small and centralized infrastructure.”

Staff recommends that the Committee determine if investing funds to attract out-of-state film productions to Colorado and grow an industry from a relatively small base is a priority use of State moneys. Due to Colorado's lack of recent competitiveness in attracting out-of-state film productions, coupled with the downturn in State financial resources, it is staff's opinion that the Committee reject the Governor's request to provide an appropriation of \$3.0 million cash funds from limited gaming tax revenue in FY 2012-13 and beyond to the Colorado Office of Film, Television, and Media for performance-based film incentives.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

BRIEFING ISSUE

ISSUE: Governor's Office of Information Technology Budget Request Highlights

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. The agency's FY 2012-13 includes funding for services provided to State agencies, as well as two information technology capital construction requests.

SUMMARY:

- The FY 2012-13 budget request for OIT billings to State agencies represents an increase of \$3.3 million over the prior fiscal year;
- The FY 2012-13 budget request includes a capital construction request to upgrade or replace the Colorado Financial Reporting System (COFRS);
- The FY 2012-13 budget request includes a capital construction request to consolidate the State's 33 data centers into two data centers; and
- The Colorado Digital Trunked Radio System (DTRS) has an operating and required capital expenditures shortfall of \$112.8 over the next five years.

DISCUSSION:

Statewide Information Technology 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. Fee-for-service payments are collected in four functional areas. The FY 2011-12 appropriation included \$93.3 million in fee-for-service payments made to OIT. The FY 2012-13 request seeks \$96.6 million in fee-for-service payments to OIT.

1. **Purchase of Services from Computer Center:** 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 (COFRS), 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 2011-12 appropriation provided for OIT to collect \$63.1 million for its operation of the computer center. The FY 2012-13 request proposes a reimbursement level of \$69.8 million. The increase is primarily due to a redistribution of resources from the Management and Administration of OIT common policy, a budget-to-actual true-up, and the out year annualization of S.B. 10-148 (eFort).

2. **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 2011-12 appropriation provided for OIT to collect \$17.7 million for the MNT. The FY 2012-13 request proposes a reimbursement level of \$18.4 million. The increase is primarily due to a redistribution of resources from the Management and Administration of OIT common policy and a series of budget-to-actual true-ups.

3. **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 appropriation provided for OIT to collect \$7.6 million for the management and administration of OIT. The FY 2012-13 request seeks a reimbursement level of \$3.3 million. The decrease is due to a redistribution of resources from the Management and Administration of OIT common policy to other information technology common policy billings.

4. **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 FY 2011-12 appropriation provided for OIT to collect \$4.9 million for communication services. The FY 2011-12 request seeks a reimbursement level of \$5.7 million. The increase is primarily due to a redistribution of resources from the Management and Administration of OIT common policy and a series of budget-to-actual true-ups.

COFRS Modernization

OIT has submitted a capital construction request for FY 2012-13 to upgrade or replace the Colorado Financial Reporting System (COFRS). The requested appropriation is \$42.5 million over a five year period beginning in FY 2012-13. The request to update or replace the system comes as a result of several factors:

- Technology obsolescence;
- Changing business needs;
- Inability to effectively and efficiently support multiple business functions or provide managers with access to real-time information;
- Inability and/or difficulty meeting new legal and regulatory requirements;
- Limited account code structure; and
- Transaction balancing.

This request includes all of the components necessary to replace the system, including software, services, maintenance, training curriculum, post implementation support, project management, and ongoing operating support.

Data Center Conversion

OIT currently maintains 33 data centers across 17 departments. The Office submitted a capital construction request of \$1.9 million for FY 2012-13 to begin consolidation of the 33 data centers into two data centers. The request to consolidate the data centers comes as a result of several factors:

- Cooling failures;
- Inadequate back-up power supplies;
- Inadequate fire suppression capabilities;
- Majority of facilities at or near physical and infrastructure capacity;
- Inadequate security for data centers supporting mission critical equipment; and
- Lack of standardization across data centers.

This OIT submittal only seeks funding for professional services to complete the migrations and infrastructure to act as a beginning target for moves. The request does not represent all of the costs associated with the hardware, software or applications within the current 33 locations. Those costs are currently covered by existing operating budgets.

Funding Stability of the Colorado Statewide Digital Trunked Radio System

The Colorado Statewide Digital Trunked Radio System (DTRS) provides interoperable radio communications between State, regional, federal, and tribal agencies. 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.

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 must be upgraded over the next five years to maintain long-term system viability. 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.

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 Joint Budget Committee 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.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
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BRIEFING ISSUE

ISSUE: Health Information Technology and the Road Ahead

Health information technology systems are implemented to improve health care quality, prevent medical errors, reduce health care costs, increase administrative efficiencies, decrease paperwork, and create an environment conducive to affordable care for the individual and for the health care system as a whole. The State is actively determining a future course of action to ensure that all health information technology-related systems and data in State agencies are able to communicate (interoperable), designed and implemented in the most cost effective means possible without duplicity, comply with federal regulations, and mirror the goals of the state's health insurance exchange.

SUMMARY:

- Health Information Technology (HIT) is defined as the use of computer hardware and software to store, protect, retrieve, and transfer clinical, administrative, and financial information electronically in health care settings;
- The S.B. 07-196 Health Information Technology Advisory Committee identified many challenges to advancing HIT in Colorado;
- The American Recovery and Reinvestment Act of 2009 (ARRA) provided funding to numerous HIT stakeholders to develop the infrastructure and protocols needed to successfully implement HIT; and
- Provisions of state legislation and the federal Patient Protection and Affordable Care Act (ACA) require the State to examine how it provides access to eligibility determination and enrollment services for State-funded medical and public assistance programs within a web-based exchange marketplace.

RECOMMENDATION:

Staff recommends that the Committee appropriate \$133,000 reappropriated funds from agencies engaged in health information technology activities and 1.0 FTE in FY 2012-13 and beyond to the Governor's Office of Information Technology to hire a full-time, State-funded Health Information Technology Director. It is staff's opinion that one individual must be responsible for coordinating all health information technology-related activities occurring in State agencies to ensure that systems and data are able to communicate (interoperable), designed and implemented in the most cost effective means possible without duplicity, comply with federal regulations, and mirror the goals of the state's health insurance exchange.

DISCUSSION:

Background

Health Information Technology (HIT) is defined as the use of computer hardware and software to store, protect, retrieve, and transfer clinical, administrative, and financial information electronically in health care settings. Specifically, HIT generally includes the following:

- Electronic Medical Records;
- Clinical Support Systems;
- Computerized Physician Order Entry;
- Regional Data Sharing Interchanges for Health Care Information; and
- Data Privacy and Security Measures.

The goal of implementing HIT systems in various health care-related organizations is to improve health care quality, prevent medical errors, reduce health care costs, increase administrative efficiencies, decrease paperwork, and create an environment conducive to affordable care for the individual and for the health care system as a whole.

Health Information Technology Advisory Committee

To develop a long-range plan for HIT, S.B. 07-196 (Hagedorn/Massey) created the 18 member Health Information Technology Advisory Committee. The Committee, comprised of a wide-variety of stakeholders, explored the following issues:

- Strategies for incorporating HIT into the health care delivery system;
- Changes to State legislation in order to be consistent on both the state and interstate levels for advancing HIT interoperability;
- Changes to laws in order to best support privacy and security in the transmission of electronic health information at the state and interstate levels;
- Strategies for correcting major deficiencies in information sharing in the health care delivery system;
- Directions for the executive and legislative decision-making bodies to implement strategies proposed by the long-range plan; and
- Strategies for creating or obtaining funding and sustaining financial support for any approaches proposed by the committee.

The Committee identified the following challenges to advancing HIT in Colorado:

- Implementation costs;
- Uncertainty regarding return on investment;
- Providers are at differing HIT program development stages, limiting interoperability;
- Provider and consumer lack of knowledge on HIT benefits (or HIT in general);
- Need for compatibility with federal standards and with other states; and
- Privacy concerns.

The Committee then produced the following seven recommendations to meet the long-range planning needs of HIT implementation in Colorado:

- Designate a single entity as the primary organization to provide governance, promote health information exchanges, and collaborate with other regional health information organizations;
- Promote the use of electronic prescribing;
- Promote the adoption of clinical data collection and sharing of information among providers;
- Support the use of personal health records and other private sector solutions;
- Increase awareness and educate stakeholders on benefits, tools, patient rights and provider obligations;
- Create a specific HIT resource within the Office of Information Technology (OIT); and
- Encourage private sector adoption through education, incentives and policy.

American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (ARRA) included a section called the Health Information Technology for Economic and Clinical Health (HITECH) Act to promote the adoption and meaningful use of health information technology. HITECH authorized spending \$48.8 billion across the country via grants, loans, technical assistance, and incentives to advance the use of health information exchange on a state and regional basis and support workforce training programs. The HITECH Act explicitly authorizes federal funds to be used for health information exchange projects through a State-designated entity.

In April 2009, Governor Ritter, through executive order, designated the Colorado Regional Health Information Organization (CORHIO) as the state-level entity to receive HITECH moneys. CORHIO is a nonprofit, public-private partnership focused on the secure implementation of health information exchange. The Governor’s Office, CORHIO, and other partners coordinated applications that resulted in Colorado receiving funding for five HITECH grant programs:

- BEACON Community award to Rocky Mountain Health Plans and an association of Mesa County health care organizations to build and strengthen their HIT infrastructure and exchange capabilities to improve care coordination, increase the quality of care, and slow the growth of health care spending (\$11.8 million);
- Community College Consortium award to a partnership of community colleges including Pueblo Community College to increase the number of professionals skilled in HIT in the workforce as providers transition to electronic health record (\$625,000);
- University-based Training award to the University of Colorado Denver School of Nursing for establishing and/or expand training programs designed to increase the availability of individuals qualified to serve in specific HIT professional roles requiring university-level training (\$2.6 million);
- Regional Extension Center award to establish an HIT Regional Extension Center (named “CO-REC”) to offer technical assistance, guidance, and information on best practices to support and accelerate health care providers’ in becoming users of electronic health records (\$12.5 million); and

- State Health Information Exchange Cooperative Agreement grant awarded to CORHIO to build capacity for exchanging health information across the health care system both within and across states (\$9.1 million).

HITECH also provided funds to state Medicaid agencies to create incentive payment programs (called the “State Medicaid EHR Incentive Program” in each state) to encourage eligible professionals, eligible hospitals, and critical access hospitals as they adopt, implement, upgrade or demonstrate meaningful use of certified electronic health record technology. Eligible professionals can receive up to \$63,750 over the six years that they choose to participate in the program. State’s must submit a “State Medicaid Health Information Technology Plan” to the United States Department of Health and Human Services’ Centers for Medicare and Medicaid Services (CMS) that includes a specific HIT roadmap necessary to successfully implement an incentive program (and to ensure that each state implements an HIT approach consistent with achieving broader health care goals). The Department of Health Care Policy and Financing (HCPF) contracted with CORHIO to develop the State Medicaid HIT Plan (SMHP) for submission to CMS. It is anticipated that incentive payments will begin in Colorado during the summer of 2012.

If the State opts to enhance its SMHP, it is eligible to request funding under HITECH to expand electronic health record and health information exchange programs further. For example, funds could be requested to expand eligibility for Medicaid electronic health record incentive payments to behavioral health care providers. CMS has made available this funding at a Medicaid matching funds rate of 90 percent federal moneys and 10 percent state moneys.

Patient Protection and Affordable Care Act

The implementation of the Patient Protection and Affordable Care Act (ACA) will increase the workload of eligibility and enrollment systems. The Colorado Health Institute estimates that over 200,000 individuals who are currently uninsured will be eligible for Medicaid or CHP+, while over 300,000 individuals will be newly covered through individual or employer-based insurance plans. Many of these individuals (both public and private insurance coverage seekers) will screen themselves for program eligibility, tax credits, and subsidies and enroll in an appropriate health insurance plan through the state’s health insurance exchange.

Federal guidelines indicate that eligibility determination and enrollment between a health insurance exchange and Medicaid must be continuous. To assist states in achieving this goal, CMS has made available enhanced Medicaid matching funds at a rate of 90 percent federal moneys and 10 percent state moneys. The moneys, available until the end of 2015, can be used for eligibility and enrollment information technology projects.

Currently, the Colorado Benefits Management System (CBMS) provides automated eligibility determination and benefit calculation for a variety of public assistance programs administered by the Department of Health Care Policy and Financing (HCPF). Clients interact with CBMS via county administration staff, certified medical assistance sites, or a recently launched web portal. Once eligibility is determined in CBMS, the information is exchanged with the State’s Medicaid Management Information System (MMIS), which serves as an automated claims processing system.

The Colorado Health Foundation funded the “Enrollment Strategic Assessment” project to assist the state in understanding its current status, options for reaching a desired state, and implementation requirements for eligibility determination and enrollment systems. The findings from the report, published in March 2011, provide input to the future direction of HIT systems development.

Enrollment Strategic Assessment

The Colorado Health Foundation funded the Enrollment Strategic Assessment project led by Rebound Solutions Consulting Corporation. An advisory group of state and county agencies, the Governor’s Office, and various non-profit organizations met regularly with the project team to help guide and inform the assessment. The report published indicates the following deficiencies in current practices:

Colorado Health Foundation Eligibility Assessment Analysis Findings	
Component	Findings
Governance	Model is not right-sized for the complexity and scope needed for effective transformation; Model does not meet federal standards for effective coordination; Gap exists between planning and operations; and Roles and responsibilities are unclear.
Funding Alignment	Funding is not managed with an enterprise perspective.
Strategic Alignment	Too many operational silos.
Client Service and Outreach	Not consistent or cost effective; Clients have difficulties finding relevant information; Limited coordination of outreach efforts; and Client correspondence is confusing.
Self-service	No option exists for self-service application submittal.
Seamless Process	Processes are not seamless between health and human services programs.
Effective Use of Data	Performance management reporting is limited; and Reporting best practices are not implemented.
Real-time Enrollment	Real-time enrollment does not exist.
Automated Verification	Citizenship verification is being piloted and is not automated.
Effective Caseworker Support	Training is not sufficient.

As indicated in the staff briefing on the Department of Human Services’ Office of Information Technology Services on November 10, 2011, ACA is not the source of the state’s current eligibility determination and enrollment issues, but rather shines a light on known, existing issues. The following table summarizes the current and the desired state of eligibility determination and enrollment services, as identified in the study Colorado Health Foundation-sponsored study:

Colorado Health Foundation Eligibility Assessment Analysis Findings	
Current State	Desired State
Operational Silos	Coordinated Governance
Paper Based	Electronic Submission
High Cost Per Transaction	High Self-Service (Low Cost Per Transaction)
Caseworker Centric	Caseworkers Focused On Higher Value Functions
Manual Verification	Automated / Real-Time Verification
Legacy Architecture	Service Oriented Architecture
Inadequate Reporting	Robust Business Intelligence
Federal Compliance Issues	Federally Compliant
Processing Times Measured In Weeks	Processing Times Measured In Minutes
No Self-Services	Full Self-Service
Cumbersome Correspondence	Electronic Correspondence

Actions Taken

In the spring of 2011, the Governor’s Office of Information Technology created the CBMS Executive Steering Committee (ESC) consisting of executive leadership from State agencies, as well as county government agencies. The members of the ESC are:

- Kristin Russell, Secretary of Technology and Chief Information Officer, Governor’s Office of Information Technology;
- Sue Birch, Executive Director, HCPF;
- Reggie Bicha, Executive Director, DHS;
- Kevin Patterson, Deputy Chief of Staff, Office of the Governor;
- Susan Beckman, Arapahoe County Commissioner, CCI Health and Human Services Steering Committee Chair; and
- Frank Alexander, Director, Boulder County Department of Housing and Human Services, President of Colorado Human Services Directors Association.

The ESC is tasked with providing leadership, oversight, and guidance on strategic direction, budget, and accountability of CBMS. The ESC meets every other week for 90 minutes. Additionally, the ESC has completed four strategic planning sessions. Reporting to the ESC is the Integrated Project Team (IPT) comprised of program directors and managers from DHS, HCPF, the Governor’s Office of Information of Technology, and the counties. The IPT prioritizes, develops, and implements best practices. The IPT reports out and provides various recommendations to the ESC every other week at the ESC meeting.

The leadership of the ESC and IPT has initiated and implemented a professional business process to map out the development of CBMS. Often dubbed the “18 Month Plan,” the governance of CBMS now includes guiding documents that account for financial, technical, and training ramifications for all proposed system changes and upgrades.

The Governor's Office of Information Technology, HCPF, the Department of Human Services (DHS), and counties have embarked on a series of technical solutions to improve the performance of CBMS in the short-term and long-term.

- The Governor's Office of Information Technology completed an upgrade of all the CBMS servers in December of 2010. Known as "tech refresh," the upgrades have improved processing time and enhanced the capacity of the system by making the system as a whole more stable;
- The second phase of the Program Eligibility and Application Kit (PEAK) website was launched in the spring of 2011. PEAK is an online service that Colorado citizens can use to apply for DHS and HCPF-funded benefits and update case information, including address changes and contacts. The first phase of PEAK allowed users to screen themselves for benefits and check the status of their benefits;
- "CBMS Web," formerly known as Intelligent Data Entry (IDE) was launched in April of 2011 to simplify data entry for caseworkers by removing unnecessary fields and screens and only requiring entry of necessary information for the specific program applied for at a given time during the interactive interview / interview application process.
 - The development of "CBMS Web" is the first step in a long-term process of migrating CBMS' underlying code from a PowerBuilder development environment to a Java-based development environment. PowerBuilder is a reliable development environment, however, the migration to a Java-based development environment allows changes to be made to CBMS with greater flexibility;
- The Governor's Office of Information Technology took part in the free Oracle Insight Program. The Program provided Oracle with an opportunity to examine CBMS for system challenges, recommend potential solutions, and discuss the value solutions for overcoming the identified challenges.
- The Governor's Office of Information Technology conducted a complete training assessment to assist in the design of web-based, modular training tools for county caseworkers; and
- DHS, HCPF, and the Governor's Office of Information Technology submitted a decision item to the Joint Budget Committee to provide an appropriation of \$1.3 million total funds (including \$0.5 million General Fund) to implement an electronic document management system to be integrated into the Colorado PEAK component of CBMS in FY 2012-13. The document system would capture and maintain the hard copy records that applicants must supply to substantiate their eligibility for assistance programs. If implemented, it is projected to reduce county workload, decrease client frustration associated with delayed retrieval of paper copies of records, and bring HCPF into compliance with audit findings by the federal Centers for Medicare and Medicaid indicating a need for timelier Medicaid eligibility determinations and re-determinations.

In addition to CBMS-specific actions, HCPF completed an assessment of the current Medicaid Management Information System (MMIS), and is developing a strategy for modernization and re-procurement of the entire system within the next five years. The assessment and subsequent strategy will be used to provide guidance for the development of a Request for Proposals (RFP) for the re-procurement of by the summer of 2015. It is feasible that the design process for the re-

procurement RFP for MMIS will include a robust discussion on the relationship between CBMS and MMIS in the eligibility determination, enrollment, and claims processes to maximize adherence to federal and state requirements and produce sound client outcomes.

Recommendation

The Colorado Health Foundation provided grant funding to the Governor’s Office of Information Technology for a State HIT Director position from April 30, 2010 through May 1, 2011, with a no cost extension from May 1, 2011 through August 1, 2011. The Governor’s Office of Information Technology is seeking grant funding from the Colorado Health Foundation and CORHIO to fund the position through June 30, 2012.

Staff recommends that the Committee appropriate \$133,000 reappropriated funds from agencies engaged in HIT and 1.0 FTE in FY 2012-13 and beyond to the Governor’s Office of Information Technology to hire a full-time, State-funded HIT Director. The calculations for the recommendation are found in the following table:

State Health Information Technology Director Recommended FY 2012-13 Appropriation	
Salary	\$100,000
Centrally Appropriated Expenses	25,000
Operating Expenses	<u>8,000</u>
Total	\$133,000

The implementation of HIT on a statewide level, while beneficial from a health outcome and long-term fiscal perspective, is labor intensive and complex in nature. In State government alone, multiple agencies are currently engaged in the maintenance and development of numerous systems and datasets that are directly or indirectly related to HIT, including the Department of Health Care Policy and Financing, Department of Human Services, Department of Public Health and Environment, Department of Revenue, and Department of Regulatory Agencies. It is staff’s opinion that one individual must be responsible for coordinating all HIT-related activities occurring in State agencies to ensure that systems and data are able to communicate (interoperable), designed and implemented in the most cost effective means possible without duplicity, comply with federal regulations, and mirror the goals of the state’s health insurance exchange.

Staff recognizes the high value that has been provided to the State by the Colorado Health Foundation and CORHIO in funding this position through FY 2011-12. It is staff’s opinion that, under current federal and state law, the coordination of State HIT assets and collaboration with non-government organizations engaged in critical components of the state’s HIT infrastructure planning is a function of high importance to the State from a fiscal and program delivery perspective, and thus should be funded with State resources rather than grant funds. Staff’s recommendation to fund the position with State resources guarantees that this core function is not subject to the availability of funds of which the State has no control. It also demonstrates the State’s commitment to implementing and connecting HIT systems responsibly within the parameters of current regulations and with a single vision that accounts for health care related activities outside the scope of State agencies, yet important to achieving a goal of improved health outcomes for individuals.

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GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING John Hickenlooper, Governor

(1) OFFICE OF THE GOVERNOR

As the chief executive of the state, the Governor is responsible for the overall operation of the executive branch of government. This office provides for coordination, direction, and planning of agency operations, as well as maintaining a liaison with local governments and the federal government. Offices within the Governor's Office include: the Governor's Energy Office, the Office of Homeland Security, the Boards and Commissions Office, the Citizens' Advocate Office, and the Office of Policy and Initiatives.

(A) Governor's Office

Administration of Governor's Office and Residence	<u>2,549,600</u>	<u>2,147,420</u>	<u>2,126,636</u>	<u>2,154,098</u>	*
<i>FTE</i>	33.1	32.4	32.4	31.4	
General Fund	2,095,694	1,589,599	2,108,931	2,134,969	
Cash Funds	442,682	544,368	0	0	
Reappropriated Funds	11,224	13,453	17,705	19,129	
Discretionary Fund	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	
General Fund	19,500	19,500	19,500	19,500	
Mansion Activity Fund	<u>195,467</u>	<u>179,786</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	195,467	179,786	200,000	200,000	

Total Funds - (A) Governor's Office	2,764,567	2,346,706	2,346,136	2,373,598	1.2%
<i>FTE</i>	<u>33.1</u>	<u>32.4</u>	<u>32.4</u>	<u>31.4</u>	(3.1%)
General Fund	2,115,194	1,609,099	2,128,431	2,154,469	1.2%
Cash Funds	638,149	724,154	200,000	200,000	0.0%
Reappropriated Funds	11,224	13,453	17,705	19,129	8.0%

*This line item includes a decision item.

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(B) Special Purpose					
Health, Life, and Dental	<u>1,840,362</u>	<u>5,114,698</u>	<u>6,517,528</u>	<u>6,453,369</u>	
General Fund	646,102	730,835	376,769	538,575	
Cash Funds	0	0	89,506	119,635	
Reappropriated Funds	1,194,260	4,383,863	5,735,881	5,500,654	
Federal Funds	0	0	315,372	294,505	
Short-term Disability	<u>23,843</u>	<u>104,889</u>	<u>117,278</u>	<u>129,810</u>	
General Fund	5,553	5,473	7,816	11,617	
Cash Funds	0	0	1,468	2,459	
Reappropriated Funds	18,290	99,416	101,935	110,548	
Federal Funds	0	0	6,059	5,186	
S.B. 04-257 Amortization Equalization Disbursement	<u>322,166</u>	<u>1,618,186</u>	<u>1,883,695</u>	<u>2,346,849</u>	
General Fund	75,662	83,561	123,638	210,030	
Cash Funds	0	0	23,228	44,452	
Reappropriated Funds	246,504	1,534,625	1,640,982	1,998,615	
Federal Funds	0	0	95,847	93,752	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>200,106</u>	<u>1,182,942</u>	<u>1,518,837</u>	<u>2,016,824</u>	
General Fund	46,476	60,317	99,352	180,495	
Cash Funds	0	0	18,665	38,201	
Reappropriated Funds	153,630	1,122,625	1,323,800	1,717,560	
Federal Funds	0	0	77,020	80,568	
Shift Differential	<u>41,562</u>	<u>75,022</u>	<u>107,879</u>	<u>77,532</u>	
Reappropriated Funds	41,562	75,022	107,879	77,532	

*This line item includes a decision item.

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Workers' Compensation	<u>140,688</u>	<u>142,719</u>	<u>238,235</u>	<u>405,515</u>	
General Fund	9,821	17,380	29,065	49,473	
Reappropriated Funds	130,867	125,339	209,170	356,042	
Legal Services	<u>407,266</u>	<u>958,783</u>	<u>654,968</u>	<u>654,968</u>	
General Fund	398,470	921,703	616,705	616,705	
Reappropriated Funds	8,796	37,080	38,263	38,263	
Lobato Litigation Expenses	<u>0</u>	<u>417,573</u>	<u>432,500</u>	<u>50,000</u>	
General Fund	0	417,573	432,500	50,000	
Purchase of Services from Computer Center	<u>2,070,751</u>	<u>234,346</u>	<u>0</u>	<u>2,111,753</u>	
General Fund	1,187,816	234,346	0	1,313,552	
Reappropriated Funds	882,935	0	0	798,201	
Multiuse Network Payments	<u>56,037</u>	<u>51,951</u>	<u>44,999</u>	<u>153,693</u>	
General Fund	17,976	24,665	35,099	4,688	
Reappropriated Funds	38,061	27,286	9,900	149,005	
Management and Administration of OIT	<u>47,747</u>	<u>83,470</u>	<u>84,524</u>	<u>0</u>	
General Fund	39,036	70,400	71,195	0	
Cash Funds	2,411	3,617	3,704	0	
Reappropriated Funds	2,838	4,258	4,306	0	
Federal Funds	3,462	5,195	5,319	0	
Payment to Risk Management and Property Funds	<u>288,321</u>	<u>85,800</u>	<u>116,359</u>	<u>155,663</u>	
General Fund	69,334	25,433	34,908	46,699	
Reappropriated Funds	218,987	60,367	81,451	108,964	
Vehicle Lease Payments	<u>101,735</u>	<u>104,363</u>	<u>116,449</u>	<u>91,010</u>	*
Reappropriated Funds	101,735	104,363	116,449	91,010	

*This line item includes a decision item.

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Leased Space	<u>808,710</u>	<u>923,660</u>	<u>1,290,813</u>	<u>2,371,521</u>	*
General Fund	0	0	563,490	563,490	
Reappropriated Funds	808,710	923,660	727,323	1,808,031	
Capitol Complex Leased Space	<u>471,244</u>	<u>461,386</u>	<u>462,762</u>	<u>513,730</u>	
General Fund	264,803	262,014	264,382	264,382	
Reappropriated Funds	206,441	199,372	198,380	249,348	
Total Funds - (B) Special Purpose	6,820,538	11,559,788	13,586,826	17,532,237	29.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	2,761,049	2,853,700	2,654,919	3,849,706	45.0%
Cash Funds	2,411	3,617	136,571	204,747	49.9%
Reappropriated Funds	4,053,616	8,697,276	10,295,719	13,003,773	26.3%
Federal Funds	3,462	5,195	499,617	474,011	(5.1%)

(C) Governor's Energy Office

Program Administration	<u>133,421</u>	<u>84,524</u>	<u>1,123,339</u>	<u>6,493,283</u>	*
FTE	26.0	26.0	26.1	32.3	
Cash Funds	0	0	0	2,993,283	
Federal Funds	133,421	0	1,123,339	3,500,000	
Clean Energy	<u>3,069,713</u>	<u>3,215,323</u>	<u>0</u>	<u>0</u>	
FTE	5.0	5.0	0.0	0.0	
Cash Funds	3,069,713	3,215,323	0	0	

*This line item includes a decision item.

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School Energy Efficiency	<u>292,940</u>	<u>268,870</u>	<u>204,600</u>	<u>207,975</u>	
<i>FTE</i>	2.0	2.0	2.0	2.0	
Cash Funds	292,940	268,870	204,600	207,975	
Legal Services	<u>0</u>	<u>0</u>	<u>17,413</u>	<u>83,281</u>	*
Cash Funds	0	0	0	65,868	
Federal Funds	0	0	17,413	17,413	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>37,036</u>	<u>54,574</u>	
Cash Funds	0	0	37,036	54,574	
Total Funds – (C) Governor's Energy Office	3,496,074	3,568,717	1,382,388	6,839,113	394.7%
<i>FTE</i>	<u>33.0</u>	<u>33.0</u>	<u>28.1</u>	<u>34.3</u>	<u>22.1%</u>
Cash Funds	3,362,653	3,484,193	241,636	3,321,700	1,274.7%
Federal Funds	133,421	0	1,140,752	3,517,413	208.3%
(D) Other Programs and Grants					
Program Administration	<u>0</u>	<u>0</u>	<u>26,158</u>	<u>26,158</u>	
<i>FTE</i>	0.0	0.0	0.0	0.0	
Cash Funds	0	0	26,158	26,158	
Total Funds - (D) Other Programs and Grants	0	0	26,158	26,158	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	0	0	26,158	26,158	0.0%

*This line item includes a decision item.

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(E) Office of Homeland Security					
Program Administration	<u>0</u>	<u>0</u>	<u>937,732</u>	<u>958,532</u>	
<i>FTE</i>	0.0	0.0	10.0	10.0	
Federal Funds	0	0	937,732	958,532	
Grants and Training	<u>0</u>	<u>0</u>	<u>18,761,187</u>	<u>18,761,187</u>	
Federal Funds	0	0	18,761,187	18,761,187	
Total Funds - (E) Office of Homeland Security					
	<u>0</u>	<u>0</u>	<u>19,698,919</u>	<u>19,719,719</u>	0.1%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>10.0</u>	<u>10.0</u>	0.0%
Federal Funds	0	0	19,698,919	19,719,719	0.1%
Total Funds - (1) Office of the Governor					
	13,081,179	17,475,211	37,040,427	46,490,825	25.5%
<i>FTE</i>	<u>66.1</u>	<u>65.4</u>	<u>70.5</u>	<u>75.7</u>	7.4%
General Fund	4,876,243	4,462,799	4,783,350	6,004,175	25.5%
Cash Funds	4,003,213	4,211,964	604,365	3,752,605	520.9%
Reappropriated Funds	4,064,840	8,710,729	10,313,424	13,022,902	26.3%
Federal Funds	136,883	5,195	21,339,288	23,711,143	11.1%

*This line item includes a decision item.

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(2) OFFICE OF THE LIEUTENANT GOVERNOR

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

Administration	<u>293,391</u>	<u>261,117</u>	<u>215,119</u>	<u>221,233</u>	
<i>FTE</i>	3.7	3.7	2.7	2.7	
General Fund	222,230	217,458	215,119	221,233	
Reappropriated Funds	76,290	76,630	0	0	
Federal Funds	(5,129)	(32,971)	0	0	
Discretionary Fund	<u>2,843</u>	<u>2,875</u>	<u>2,875</u>	<u>2,875</u>	
General Fund	2,843	2,875	2,875	2,875	
Commission of Indian Affairs	<u>75,353</u>	<u>73,383</u>	<u>76,256</u>	<u>78,086</u>	
<i>FTE</i>	2.3	2.3	2.3	2.3	
General Fund	75,353	73,383	75,072	76,902	
Cash Funds	0	0	1,184	1,184	

Total Funds - (2) Office of the Lieutenant Governor	371,587	337,375	294,250	302,194	2.7%
<i>FTE</i>	<u>6.0</u>	<u>6.0</u>	<u>5.0</u>	<u>5.0</u>	<u>0.0%</u>
General Fund	300,426	293,716	293,066	301,010	2.7%
Cash Funds	0	0	1,184	1,184	0.0%
Reappropriated Funds	76,290	76,630	0	0	0.0%
Federal Funds	(5,129)	(32,971)	0	0	0.0%

*This line item includes a decision item.

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(3) OFFICE OF STATE PLANNING AND BUDGETING

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

Personal Services	<u>1,377,143</u>	<u>1,339,732</u>	<u>1,371,610</u>	<u>1,403,975</u>	
<i>FTE</i>	19.5	19.5	19.5	19.5	
Cash Funds	79,801	88,615	0	0	
Reappropriated Funds	1,297,342	1,251,117	1,371,610	1,403,975	
Operating Expenses	<u>69,644</u>	<u>75,570</u>	<u>50,944</u>	<u>50,944</u>	
General Fund	0	25,000	0	0	
Cash Funds	31,450	0	0	0	
Reappropriated Funds	38,194	50,570	50,944	50,944	
Economic Forecasting Subscriptions	<u>15,853</u>	<u>6,153</u>	<u>16,362</u>	<u>16,362</u>	
Reappropriated Funds	15,853	6,153	16,362	16,362	

Total Funds - (3) Office of State Planning and Budgeting	1,462,640	1,421,455	1,438,916	1,471,281	2.2%
<i>FTE</i>	<u>19.5</u>	<u>19.5</u>	<u>19.5</u>	<u>19.5</u>	<u>0.0%</u>
General Fund	0	25,000	0	0	0.0%
Cash Funds	111,251	88,615	0	0	0.0%
Reappropriated Funds	1,351,389	1,307,840	1,438,916	1,471,281	2.2%

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(4) ECONOMIC DEVELOPMENT PROGRAMS

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

Administration	<u>589,491</u>	<u>591,920</u>	<u>587,469</u>	<u>597,994</u>	
<i>FTE</i>	5.5	5.5	6.0	6.0	
General Fund	543,662	546,091	537,742	548,267	
Cash Funds	0	0	2,435	2,435	
Reappropriated Funds	45,829	45,829	45,142	45,142	
Federal Funds	0	0	2,150	2,150	
Vehicle Lease Payments	<u>13,447</u>	<u>15,161</u>	<u>15,161</u>	<u>15,161</u>	
General Fund	13,447	15,161	15,161	15,161	
Leased Space	<u>230,738</u>	<u>231,540</u>	<u>231,540</u>	<u>231,540</u>	
General Fund	230,738	231,540	231,540	231,540	
Global Business Development	<u>0</u>	<u>1,484,521</u>	<u>2,021,935</u>	<u>2,315,853</u>	*
<i>FTE</i>	0.0	15.7	17.6	20.4	
General Fund	0	1,465,071	1,443,848	1,717,716	
Cash Funds	0	19,450	219,950	240,000	
Federal Funds	0	0	358,137	358,137	
Leading Edge Program Grants	<u>50,976</u>	<u>50,976</u>	<u>126,407</u>	<u>126,407</u>	*
General Fund	50,976	50,976	50,976	50,976	
Cash Funds	0	0	75,431	75,431	

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Small Business Development Centers	<u>1,712,569</u>	<u>1,807,215</u>	<u>1,290,276</u>	<u>1,295,168</u>	
<i>FTE</i>	3.5	3.5	4.0	4.0	
General Fund	83,896	84,248	83,495	84,522	
Federal Funds	1,628,673	1,722,967	1,206,781	1,210,646	
Colorado Office of Film, Television, and Media	<u>351,486</u>	<u>401,615</u>	<u>293,000</u>	<u>3,293,000</u>	*
<i>FTE</i>	2.9	2.7	4.5	4.5	
Cash Funds	351,486	401,615	293,000	3,293,000	
Colorado Promotion - Colorado Welcome Centers	<u>503,515</u>	<u>488,925</u>	<u>500,000</u>	<u>500,000</u>	
<i>FTE</i>	3.0	3.3	3.3	3.3	
Cash Funds	503,515	488,925	500,000	500,000	
Colorado Promotion - Other Program Costs	<u>15,481,283</u>	<u>14,897,080</u>	<u>14,150,000</u>	<u>14,150,000</u>	
<i>FTE</i>	2.9	4.0	4.0	4.0	
Cash Funds	15,481,283	14,897,080	14,150,000	14,150,000	
Economic Development Commission - General Economic Incentives and Marketing	<u>3,538,779</u>	<u>1,269,408</u>	<u>1,089,510</u>	<u>6,842,280</u>	*
<i>FTE</i>	3.0	2.6	4.0	4.9	
General Fund	3,511,261	850,726	1,010,994	6,763,764	
Cash Funds	27,518	418,682	78,516	78,516	
Colorado First Customized Job Training	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	
General Fund	2,725,022	2,725,022	2,725,022	2,725,022	
CAPCO Administration	<u>79,196</u>	<u>98,867</u>	<u>78,562</u>	<u>80,281</u>	
<i>FTE</i>	1.6	1.6	2.0	2.0	
Reappropriated Funds	79,196	98,867	78,562	80,281	

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Council on Creative Industries	<u>1,920,276</u>	<u>1,910,360</u>	<u>1,936,397</u>	<u>1,936,397</u>	
<i>FTE</i>	3.0	3.0	3.0	3.0	
Cash Funds	1,147,276	1,910,360	1,172,000	1,172,000	
Federal Funds	773,000	0	764,397	764,397	
Bioscience Discovery Evaluation	<u>7,474,364</u>	<u>5,770,944</u>	<u>5,273,321</u>	<u>5,274,000</u>	
<i>FTE</i>	0.6	0.0	0.6	0.6	
Cash Funds	7,474,364	5,770,944	5,273,321	5,274,000	
Indirect Cost Assessment	<u>0</u>	<u>22,030</u>	<u>22,030</u>	<u>29,370</u>	
Cash Funds	0	22,030	22,030	29,370	
New Jobs Incentives	<u>4,745,500</u>	<u>1,440,724</u>	<u>0</u>	<u>0</u>	
Cash Funds	4,745,500	1,440,724	0	0	
Business Development	<u>818,209</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<i>FTE</i>	8.2				
General Fund	818,209	0	0	0	
Grand Junction Satellite Office	<u>37,007</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<i>FTE</i>	0.3				
General Fund	37,007	0	0	0	
Minority Business Office	<u>147,740</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<i>FTE</i>	2.2				
General Fund	147,740	0	0	0	
International Trade Office	<u>536,037</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<i>FTE</i>	4.5				
General Fund	528,637	0	0	0	
Cash Funds	7,400	0	0	0	

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Total Funds - (4) Economic Development Programs	40,955,635	33,206,308	30,340,630	39,412,473	29.9%
<i>FTE</i>	<u>41.2</u>	<u>41.9</u>	<u>49.0</u>	<u>52.7</u>	<u>7.6%</u>
General Fund	8,690,595	5,968,835	6,098,778	12,136,968	99.0%
Cash Funds	29,738,342	25,369,810	21,786,683	24,814,752	13.9%
Reappropriated Funds	125,025	144,696	123,704	125,423	1.4%
Federal Funds	2,401,673	1,722,967	2,331,465	2,335,330	0.2%

OFFICE OF INFORMATION TECHNOLOGY

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

(A) Management and Administration of OIT

Personal Services	<u>898,038</u>	<u>1,085,071</u>	<u>1,090,263</u>	<u>1,127,581</u>	
<i>FTE</i>	7.4	10.1	13.0	13.0	
Reappropriated Funds	898,038	1,085,071	1,090,263	1,127,581	
Operating Expenses	<u>101,033</u>	<u>148,093</u>	<u>150,268</u>	<u>558,817</u>	*
Reappropriated Funds	101,033	148,093	150,268	558,817	
Statewide IT Management	<u>1,717,010</u>	<u>4,932,822</u>	<u>5,091,353</u>	<u>5,233,061</u>	
<i>FTE</i>	17.7	56.8	68.9	68.9	
Reappropriated Funds	1,717,010	4,932,822	5,091,353	5,233,061	
Legal Services	<u>1,793</u>	<u>1,908</u>	<u>1,968</u>	<u>37,022</u>	*
Reappropriated Funds	1,793	1,908	1,968	37,022	
Indirect Cost Assessment	<u>24,909</u>	<u>34,041</u>	<u>12,373</u>	<u>12,373</u>	
Reappropriated Funds	24,909	34,041	12,373	12,373	

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H.B. 10-1119 Feasibility Study	<u>0</u>	<u>48,563</u>	<u>0</u>	<u>0</u>	
Federal Funds	0	48,563	0	0	
Total Funds - (A) Management and Administration of OIT	2,742,783	6,250,498	6,346,225	6,968,854	9.8%
FTE	<u>25.1</u>	<u>66.9</u>	<u>81.9</u>	<u>81.9</u>	<u>0.0%</u>
Reappropriated Funds	2,742,783	6,201,935	6,346,225	6,968,854	9.8%
Federal Funds	0	48,563	0	0	0.0%

(B) Computer Center Services

(I) Computer Services

Personal Services	<u>2,667,280</u>	<u>41,977,905</u>	<u>43,717,624</u>	<u>44,424,962</u>	
FTE	36.3	543.7	568.3	568.3	
Reappropriated Funds	2,667,280	41,977,905	43,717,624	44,424,962	
Operating Expenses	<u>5,853,505</u>	<u>5,456,156</u>	<u>5,761,199</u>	<u>5,754,871</u>	*
Cash Funds	2,328	2,328	2,328	2,328	
Reappropriated Funds	5,851,177	5,453,828	5,758,871	5,752,543	
Rental, Lease, or Lease/Purchase of Central Processing Unit	<u>336,035</u>	<u>336,035</u>	<u>336,034</u>	<u>336,034</u>	
Reappropriated Funds	336,035	336,035	336,034	336,034	
Indirect Cost Assessment	<u>248,290</u>	<u>986,044</u>	<u>1,096,776</u>	<u>1,096,776</u>	
Reappropriated Funds	248,290	986,044	1,096,776	1,096,776	

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Total Funds - (I) Computer Services	9,105,110	48,756,140	50,911,633	51,612,643	1.4%
<i>FTE</i>	<u>36.3</u>	<u>543.7</u>	<u>568.3</u>	<u>568.3</u>	<u>0.0%</u>
Cash Funds	2,328	2,328	2,328	2,328	0.0%
Reappropriated Funds	9,102,782	48,753,812	50,909,305	51,610,315	1.4%

(II) Statewide Information Technology Services Administration

Personal Services	<u>395,340</u>	<u>430,963</u>	<u>436,838</u>	<u>444,303</u>	
<i>FTE</i>	4.5	6.7	5.0	5.0	
Reappropriated Funds	395,340	430,963	436,838	444,303	
Operating Expenses	<u>6,450</u>	<u>3,491</u>	<u>6,450</u>	<u>6,450</u>	
Reappropriated Funds	6,450	3,491	6,450	6,450	

Total Funds - (II) Statewide Information Technology Services Administration	401,790	434,454	443,288	450,753	1.7%
<i>FTE</i>	<u>4.5</u>	<u>6.7</u>	<u>5.0</u>	<u>5.0</u>	<u>0.0%</u>
Reappropriated Funds	401,790	434,454	443,288	450,753	1.7%

(III) Customer Service

Personal Services	<u>751,419</u>	<u>808,442</u>	<u>821,429</u>	<u>840,574</u>	
<i>FTE</i>	9.9	12.6	11.0	11.0	
Reappropriated Funds	751,419	808,442	821,429	840,574	

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Operating Expenses	<u>14,625</u>	<u>13,398</u>	<u>14,625</u>	<u>14,625</u>	
Reappropriated Funds	14,625	13,398	14,625	14,625	
Total Funds - (III) Customer Service	766,044	821,840	836,054	855,199	2.3%
<i>FTE</i>	<u>9.9</u>	<u>12.6</u>	<u>11.0</u>	<u>11.0</u>	<u>0.0%</u>
Reappropriated Funds	766,044	821,840	836,054	855,199	2.3%
(IV) Technology Management Unit					
Personal Services	<u>2,918,434</u>	<u>2,738,332</u>	<u>2,829,659</u>	<u>2,886,684</u>	
<i>FTE</i>	33.5	30.3	32.5	32.5	
Reappropriated Funds	2,918,434	2,738,332	2,829,659	2,886,684	
Operating Expenses	<u>364,371</u>	<u>364,373</u>	<u>364,371</u>	<u>364,371</u>	
Reappropriated Funds	364,371	364,373	364,371	364,371	
Total Funds - (IV) Technology Management Unit	3,282,805	3,102,705	3,194,030	3,251,055	1.8%
<i>FTE</i>	<u>33.5</u>	<u>30.3</u>	<u>32.5</u>	<u>32.5</u>	<u>0.0%</u>
Reappropriated Funds	3,282,805	3,102,705	3,194,030	3,251,055	1.8%
Total Funds - (B) Computer Center Services	13,555,749	53,115,139	55,385,005	56,169,650	1.4%
<i>FTE</i>	<u>84.2</u>	<u>593.3</u>	<u>616.8</u>	<u>616.8</u>	<u>0.0%</u>
Cash Funds	2,328	2,328	2,328	2,328	0.0%
Reappropriated Funds	13,553,421	53,112,811	55,382,677	56,167,322	1.4%

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(C) Network Services					
(I) Network Services					
Reappropriated Funds	1,468,641	7,238,081	7,455,818	7,590,673	
Operating Expenses	<u>16,188,346</u>	<u>17,014,513</u>	<u>16,200,371</u>	<u>16,166,621</u>	*
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	
Reappropriated Funds	14,988,346	15,814,513	15,000,371	14,966,621	
Toll-free Telephone Access to Members of the General Assembly	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
Reappropriated Funds	25,000	25,000	25,000	25,000	
Indirect Cost Assessment	<u>171,481</u>	<u>166,355</u>	<u>267,245</u>	<u>267,245</u>	
Reappropriated Funds	171,481	166,355	267,245	267,245	
Total Funds - (I) Network Services	17,853,468	24,443,949	23,948,434	24,049,539	0.4%
FTE	<u>17.4</u>	<u>92.6</u>	<u>90.6</u>	<u>90.6</u>	<u>0.0%</u>
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	0.0%
Reappropriated Funds	16,653,468	23,243,949	22,748,434	22,849,539	0.4%

(II) Order Billing

Personal Services	<u>621,168</u>	<u>606,157</u>	<u>607,422</u>	<u>620,946</u>
FTE	7.8	8.4	9.0	9.0
Reappropriated Funds	621,168	606,157	607,422	620,946

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Operating Expenses	<u>10,750</u>	<u>3,871</u>	<u>10,750</u>	<u>10,750</u>	
Reappropriated Funds	10,750	3,871	10,750	10,750	
Total Funds - (II) Order Billing	631,918	610,028	618,172	631,696	2.2%
<i>FTE</i>	<u>7.8</u>	<u>8.4</u>	<u>9.0</u>	<u>9.0</u>	0.0%
Reappropriated Funds	631,918	610,028	618,172	631,696	2.2%
Total Funds – (C) Network Services	18,485,386	25,053,977	24,566,606	24,681,235	0.5%
<i>FTE</i>	<u>25.2</u>	<u>101.0</u>	<u>99.6</u>	<u>99.6</u>	0.0%
Cash Funds	1,200,000	1,200,000	1,200,000	1,200,000	0.0%
Reappropriated Funds	17,285,386	23,853,977	23,366,606	23,481,235	0.5%

(D) Communication Services

Personal Services	<u>3,570,140</u>	<u>3,589,565</u>	<u>3,608,382</u>	<u>3,685,808</u>	
<i>FTE</i>	44.6	41.4	46.0	46.0	
Cash Funds	708,028	721,134	0	0	
Reappropriated Funds	2,862,112	2,868,431	3,608,382	3,685,808	
Operating Expenses	<u>134,627</u>	<u>134,631</u>	<u>183,231</u>	<u>183,231</u>	
Cash Funds	0	0	48,600	48,600	
Reappropriated Funds	134,627	134,631	134,631	134,631	
Training	<u>1,828</u>	<u>17,910</u>	<u>22,000</u>	<u>22,000</u>	
Reappropriated Funds	1,828	17,910	22,000	22,000	

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Utilities	<u>165,002</u>	<u>165,003</u>	<u>165,002</u>	<u>165,002</u>	
Reappropriated Funds	165,002	165,003	165,002	165,002	
Local Systems Development	<u>199,134</u>	<u>206,643</u>	<u>121,000</u>	<u>121,000</u>	
Federal Funds	199,134	206,643	121,000	121,000	
Indirect Cost Assessment	<u>379,134</u>	<u>369,791</u>	<u>715,020</u>	<u>715,020</u>	
Reappropriated Funds	379,134	369,791	715,020	715,020	
Total Funds - (D) Communication Services	4,449,865	4,483,543	4,814,635	4,892,061	1.6%
FTE	<u>44.6</u>	<u>41.4</u>	<u>46.0</u>	<u>46.0</u>	<u>0.0%</u>
Cash Funds	708,028	721,134	48,600	48,600	0.0%
Reappropriated Funds	3,542,703	3,555,766	4,645,035	4,722,461	1.7%
Federal Funds	199,134	206,643	121,000	121,000	0.0%

(E) Colorado Benefits Management System

Colorado Benefits Management System	<u>0</u>	<u>25,482,457</u>	<u>0</u>	<u>0</u>	
FTE	0.0	53.2	0.0	0.0	
Reappropriated Funds	0	25,482,457	0	0	
Personal Services	<u>0</u>	<u>0</u>	<u>4,500,517</u>	<u>4,592,223</u>	
FTE	0.0	0.0	58.5	58.5	
Reappropriated Funds	0	0	4,500,517	4,592,223	
Operating Expenses	<u>0</u>	<u>0</u>	<u>19,007,729</u>	<u>20,340,928</u>	*
Reappropriated Funds	0	0	19,007,729	20,340,928	

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor
APPENDIX A: NUMBERS PAGES**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
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Total Funds - (E) Colorado Benefits Management System	0	25,482,457	23,508,246	24,933,151	0.0%
<i>FTE</i>	<u>0.0</u>	<u>53.2</u>	<u>58.5</u>	<u>58.5</u>	<u>0.0%</u>
Reappropriated Funds	0	25,482,457	23,508,246	24,933,151	0.0%

(G) Miscellaneous Line Items Consolidated Into Other Subdivisions Per Statewide OIT Consolidation

Office of the Chief Information Security Officer Program	<u>429,236</u>	<u>276,565</u>	<u>0</u>	<u>0</u>	
Costs	1.8	2.4	0.0	0.0	
<i>FTE</i>					
Reappropriated Funds	429,236	276,565	0	0	
Chief Information Offices in State Agencies Program	<u>1,626,959</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Costs	10.3	0.0	0.0	0.0	
<i>FTE</i>					
Reappropriated Funds	1,626,959	0	0	0	
Internal Program Support Program Costs	<u>730,746</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<i>FTE</i>	10.2	0.0	0.0	0.0	
Reappropriated Funds	730,746	0	0	0	

Total Funds - (G) Miscellaneous Line Items Consolidated Into Other Subdivisions Per Statewide OIT Consolidation	2,786,941	276,565	0	0	0.0%
<i>FTE</i>	<u>22.3</u>	<u>2.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	2,786,941	276,565	0	0	0.0%

*This line item includes a decision item.

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APPENDIX A: NUMBERS PAGES**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds - Office of Information Technology	42,020,724	114,662,179	114,620,717	117,644,951	0.0%
<i>FTE</i>	<u>201.4</u>	<u>858.2</u>	<u>902.8</u>	<u>902.8</u>	<u>0.0%</u>
Cash Funds	1,910,356	1,923,462	1,250,928	1,250,928	0.0%
Reappropriated Funds	39,911,234	112,483,511	113,248,789	116,273,023	0.0%
Federal Funds	199,134	255,206	121,000	121,000	0.0%
Total Funds - Governor - Lieutenant Governor - State Planning and Budgeting	97,891,765	167,102,528	183,734,940	205,321,724	11.7%
<i>FTE</i>	<u>334.2</u>	<u>991.0</u>	<u>1,046.8</u>	<u>1,055.7</u>	<u>0.9%</u>
General Fund	13,867,264	10,750,350	11,175,194	18,442,153	65.0%
Cash Funds	35,763,162	31,593,851	23,643,160	29,819,469	26.1%
Reappropriated Funds	45,528,778	122,723,406	125,124,833	130,892,629	4.6%
Federal Funds	2,732,561	1,950,397	23,791,753	26,167,473	10.0%

*This line item includes a decision item.

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- **S.B. 11-037 (Heath/Kerr, J.):** Creates the "Veteran of World War II" special license plates to identify that the owner of the motor vehicle is a veteran of World War II. For FY 2011-12, appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account for the implementation. These moneys are reappropriated to the Governor's Office of Information Technology for computer programming services. For more information on S.B. 11-037, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- **S.B. 11-076 (Steadman/Becker):** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$1,785,283 total funds, of which \$100,336 million is General Fund, \$4,054 is cash funds, \$1,601,444 is reappropriated funds, and \$79,449 is federal funds.
- **S.B. 11-102 (Williams/Todd):** Establishes a new voluntary donation line on income tax forms for the Families in Action for Mental Health Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services. For more information on S.B. 11-102, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- **S.B. 11-109 (Shaffer/Solano):** Establishes a new voluntary donation line on income tax forms for the Public Education Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services. For more information on S.B. 11-109, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- **S.B. 11-138 (Hodge/Gerou):** Supplemental appropriation to the Office of the Governor to modify FY 2010-11 appropriations.

- **S.B. 11-159 (Steadman/Ferrandino):** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. Specifically, the bill places the following provisions in statute:
 - The first \$19.2 million of the "State share" shall be transferred to the General Fund;
 - Any amount of the "State share" that is greater than \$19.2 million, but less than \$48.5 million will be transferred as follows:
 - 50.0 percent to the Colorado Travel and Tourism Promotion Fund;
 - 18.0 percent to the Bioscience Discovery Evaluation Cash Fund;
 - 15.0 percent to the Local Government Limited Gaming Impact Fund;
 - 7.0 percent to the Innovative Higher Education Research Fund;
 - 5.0 percent to the New Jobs Incentives Cash Fund;
 - 4.0 percent to the Creative Industries Cash Fund for the purposes of the Council on Creative Industries; and
 - 1.0 percent to the Creative Industries Cash Fund for performance-based film incentives.
 - Any amount of the "State share" that is greater than \$48.5 million will be transferred to the General Fund;
 - Any moneys slated for transfer to programs that have been repealed or discontinued statutorily shall instead be transferred to the General Fund; and
 - Appropriates \$15.9 million cash funds and 13.8 FTE to the Governor's Office for FY 2011-12.

- **S.B. 11-164 (Hodge/Gerou):** Transfers \$2.5 million from the Colorado Travel and Tourism Promotion Cash Fund to the General Fund on June 30, 2011. For additional information on S.B. 11-164, please see the "Summary of Major Legislation" section in the Department of Labor and Employment staff budget briefing document.

- **S.B. 11-169 (Boyd/Summers):** Continues a program in the Department of Regulatory Agencies that is set to repeal, effective July 1, 2011 that regulates individuals performing services within a physical therapists scope of practice. Appropriates \$23,680 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-169, please see the "Summary of Major Legislation" section in the Department of Regulatory Agencies staff budget briefing document.

- **S.B. 11-176 (Carroll/Levy):** Permits the accrual of earned time for inmates who have been housed in administrative segregation for at least 90 days, provided they meet the statutory criteria for doing so. Appropriates \$20,720 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12.

For more information on S.B. 11-176, please see the "Summary of Major Legislation" section in the Department of Corrections staff budget briefing document.

- **S.B. 11-184 (Steadman/Ferrandino):** Establishes a tax amnesty program from October 1, 2011 to November 15, 2011 that allows taxpayers who owe taxes to the State to pay those taxes without penalty and at an interest rate set at one-half of the established rate. Appropriates \$23,680 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-184, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- S.B. 11-197 (Boyd/Acree): Establishes the "Girl Scout Centennial" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on S.B. 11-197, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- **S.B. 11-209 (Hodge/Gerou):** General appropriations act for FY 2011-12.
- **S.B. 11-247 (Hudak/Kerr, J.):** Repeals the Colorado Early Childhood Council Advisory Team (ECCAT) in the Office of the Lieutenant Governor and makes conforming amendments, including an appropriations reduction of \$77,034 reappropriated funds received from the Department of Human Services and 1.0 FTE in FY 2011-12 and a reduction of \$27,538 reappropriated funds in FY 2010-11.
- **H.B. 11-1002 (Nikkel/Kopp):** Requires the Department of Transportation to develop and maintain a publicly accessible, searchable, online database of its revenue and expenditure data prior to July 1, 2012. Requires the new database to link to the state's existing Transparency Online Project (TOP) website and sets requirements for information to be included in the database. For FY 2011-12, appropriates \$54,538 reappropriated funds to the Governor's Office of Information Technology for computer programming services associated with this bill.
- **H.B. 11-1004 (Baumgardner/Harvey):** Exempts a vehicle that is used primarily for agriculture on a farm or ranch classified as agricultural land for property tax purposes and repeals the farm truck and tractor exemption from having to pay the motorist insurance identification fee. Appropriates \$22,200 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation of bill. These moneys are reappropriated to the Governor's Office of Information Technology for computer programming services.
- **H.B. 11-1043 (Massey/Steadman and Spence):** Revises statutes concerning medical marijuana. Appropriates \$7,696 cash funds from the Medical Marijuana License Cash Fund to the Department of Revenue, Information Technology Division for

reprogramming the Department's computers systems, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming services. For more information on H.B. 11-1043, please see the "Summary of Major Legislation" sections in the Department of Revenue and the Department of Human Services staff budget briefing documents.

- **H.B. 11-1045 (Kefalas/Newell):** Continues and expands the Colorado Innovation Investment Tax Credit Program and creates the framework for future expansion of the Program contingent on additional moneys being available to backfill lost income tax revenue and to pay related administrative expenses. For FY 2011-12, provides \$35,398 cash funds and 0.5 FTE to the Governor's Office of Economic Development and International Trade for Program implementation.
- **H.B. 11-1071 (Hamner/Bacon):** Establishes a new voluntary donation line on income tax forms for the Roundup River Ranch Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates the moneys to the Governor's Office of Information Technology for such services.
- **H.B. 11-1097 (Barker/Guzman):** Establishes a new voluntary donation line on income tax forms for the Goodwill Industries Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services.
- **H.B. 11-1157 (Casso/White):** Allows the owner of a diesel powered vehicle registered in a vehicle emissions program area, but primarily based outside of that area, to be exempt from the requirements of vehicles based in the program area. For FY 2011-12, appropriates \$6,000 cash funds from the Highway Users Tax Fund and \$592 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation. \$592 is reappropriated to the Governor's Office of Information Technology for computer programming changes required for implementation.
- **H.B. 11-1163 (Vaad/Tochtrop):** Defines conditions under which the Department of Transportation may issue a "super-load" permit. Reappropriates \$740 to the Governor's Office of Information Technology in FY 2011-12 for programming services related to the implementation of the permit conditions. For more information on H.B. 11-1163, please see the "Summary of Major Legislation" section in the Department of Transportation staff budget briefing document.

- **H.B. 11-1166 (Murray/Aguilar):** Establishes the "Type I Diabetes" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1166, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- **H.B. 11-1182 (Ferrandino/Hodge):** Establishes a fee for registration of vehicles to support the Colorado State Titling and Registration Account of the Highway Users Tax Fund. Reappropriates \$3,256 from the Department of Revenue to the Governor's Office of Information Technology for computer programming services in FY 2010-11.
- **H.B. 11-1216 (Riesberg and Gerou/Aguilar):** Authorizes public and private sales of unique combinations of letters and numbers on license plates by a license plate auction group created in the Governor's Office to raise money by auctioning off numbers and to create a market for the sale of registration numbers. The moneys raised are to be used to aid persons with disabilities obtain benefits and to augment the General Fund. For FY 2011-12, appropriates \$2,960 cash funds from the Colorado State Titling and Registration System to implement the bill. Those moneys are reappropriated to the Governor's Office for implementation of the bill. For more information on H.B. 11-1216, please see the "Summary of Major Legislation" section in the Department of Human Services staff budget briefing document.
- **H.B. 11-1234 (Vaad/Spence and Williams):** Creates a taxicab license plate which will be required of all vehicles engaged in the taxicab business and only those vehicles authorized to provide taxicab service. Specifies that the taxicab license plate is to be used for vehicles that are used as both a taxicab and luxury limousine. Appropriates \$8,880 cash funds from the Colorado State Titling and Registration Account and \$2,072 cash funds from the Licensing Services Cash Fund to the Department of Revenue in FY 2011-12 for programming changes to the Department's computer systems. These moneys are reappropriated to the Governor's Office of Information Technology. For more information on H.B. 11-1234, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.
- **H.B. 11-1295 (Acree/Newell):** Establishes a new voluntary donation line on income tax forms for the Multiple Sclerosis Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services.
- **H.B. 11-1298 (Tyler and Vaad/Spence):** Establishes the "Craig Hospital" special license plate to be sold to vehicle owners. Purchasers of the license plate must donate to

Craig Hospital. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1298, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.

- **H.B. 11-1316 (Priola/Johnston):** Establishes the Denver Nuggets and Colorado Avalanche special license plates to be sold to vehicle owners. Purchasers of the license plate must contribute to Kroenke Sports Charities. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1316, please see the "Summary of Major Legislation" section in the Department of Revenue staff budget briefing document.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

**APPENDIX C: UPDATE OF FY 2011-12
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

- 9a Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology, Colorado Benefits Management System** -- It is the intent of the General Assembly that any system changes to the Colorado Benefits Management System that result from legislation enacted to reduce State expenditures be prioritized to ensure that the State savings noted in the Legislative Council Staff Fiscal Note can be achieved within the time frames specified, to the extent possible.

Comment: This Long Bill footnote has been incorporated into the priority setting process of the Executive Steering Committee of CBMS.

Requests for Information

- 1 All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. 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 2011-12.

Comment: Staff did not receive complete information from the Office of the Governor. Only the Office of Economic Development and International Trade provided data. If the response received is relevant to the Office of the Governor's FY 2012-13 budget request, staff will include it as part of the figure setting process.

- 2 Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology, 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.

Comment: Staff did not receive the report from the Office of Information Technology prior to the staff briefing to the Committee. If the response received is relevant to the Office of the Governor's FY 2012-13 budget request, staff will include it as part of the figure setting process.

- 3 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 did not receive the report from the Governor's Energy Office prior to the staff briefing to the Committee. If the response received is relevant to the Office of the Governor's FY 2012-13 budget request, staff will include it as part of the figure setting process.

- 4 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.

Comment: Staff received the annual report by November 1, 2011 and it meets all of the guidelines specified in the request for information. If the Committee would like to review the findings published in the report, staff can prepare a separate memo.



State of Colorado

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

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SCOTT RENFROE
Senator

October 31, 2011

Representative Cheri Gerou, Chair
Joint Budget Committee

Dear Representative Gerou:

The Legislative Audit Committee has been concerned about departments not implementing audit recommendations that they have agreed to implement. The State Auditor and her staff have developed a database to track recommendations and produce reports identifying those not implemented. We are providing this report for your consideration as you evaluate the budget requests for the Governor's Office of Information Technology.

Attached you will find information regarding the following recommendations:

Governor's Office of Information Technology		
<u>Number of Recommendations</u>	<u>Audit of Origination</u>	<u>Audit Date</u>
4	State of Colorado Statewide Single Audit	Fiscal Year Ended June 30, 2008

Thank you for integrating this into your budget process.

Sincerely,

Senator Lois Tochtrop, Chair
Legislative Audit Committee

Office of the State Auditor Recommendations

Financial Recommendations Not Entirely Implemented As of Fiscal Year Ending June 30, 2010

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Office of the Governor	The Governor's Office of Information Technology (OIT) should strengthen its controls over the State mainframe computer by: (a) implementing audit recommendations related to network security and user access communicated to OIT in 2006 under separate cover.	4a	Deficiency in Internal Control	Not Implemented	July 2011	4a	Deficiency in Internal Control	Deferred	January 2010	4a	Deficiency in Internal Control	N/A	Agree - original implementation date is January 2010				
Office of the Governor	The Governor's Office of Information Technology (OIT) should strengthen its controls over the State mainframe computer by: (b) periodically reviewing Top Secret security parameters to ensure compliance with best practices and OIT security policies.	4b	Deficiency in Internal Control	Not Implemented	October 2010	4b	Deficiency in Internal Control	Deferred	January 2010	4b	Deficiency in Internal Control	N/A	Agree - original implementation date is January 2010				
Office of the Governor	The Governor's Office of Information Technology (OIT) should strengthen its controls over the State mainframe computer by: (h) overseeing the activities of agency security administrators to ensure compliance with established information system controls and security policies and procedures.	4h	Deficiency in Internal Control	Partially Implemented	February 2011	4h	Deficiency in Internal Control	Deferred	January 2010	4h	Deficiency in Internal Control	N/A	Agree - original implementation date is January 2010				
Office of the Governor	The Governor's Office of Information Technology (OIT) should strengthen its controls over the State mainframe computer by: (i) researching instances identified during this audit where user IDs for terminated employees were used after the date of termination and taking action as appropriate.	4i	Deficiency in Internal Control	Partially Implemented	July 2011	4i	Deficiency in Internal Control	Deferred	January 2010	4i	Deficiency in Internal Control	N/A	Agree - original implementation date is January 2010				