

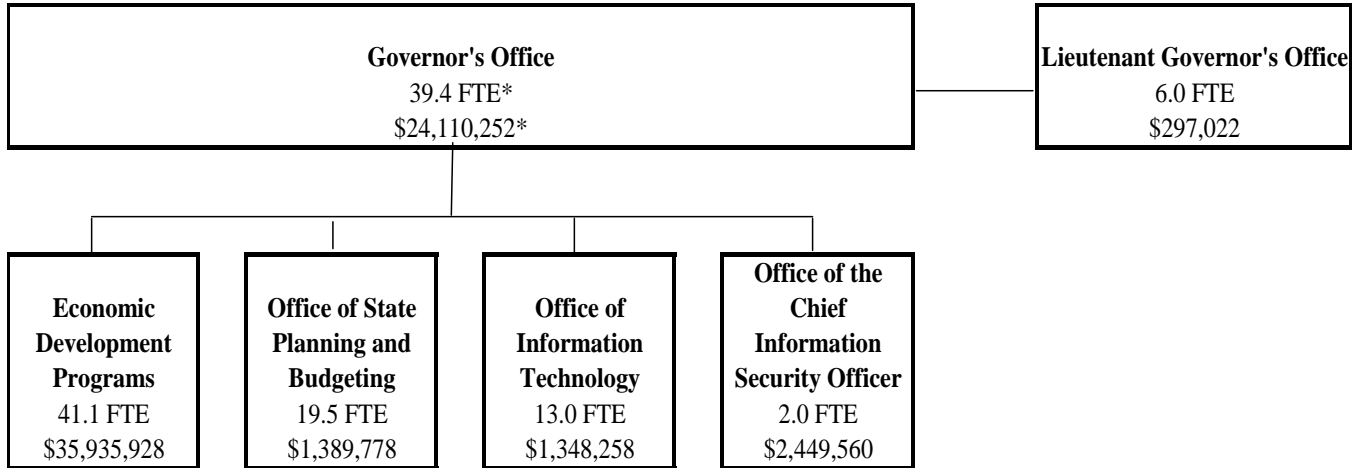
# Governor's Office FY 2008-09 Strategic Plan



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## Organization Chart

The Governor's Offices are comprised of seven programs: the Office of the Governor, the Lieutenant Governor's Office, the Office of State Planning and Budgeting, the Office of Economic Development and International Trade, the Office of Information Technology, the Governor's Energy Office and the Office of the Chief Information Security Officer.



\* Includes Special Purpose and Other Programs and Grants

## **The Office of the Governor**

The Governor strives to deliver efficient services to Colorado citizens. The Office of the Governor works to increase coordination of agency operations and program management in the Executive Branch. The Office also acts as a liaison with local governments, with the legislative and judicial branches of state government, and with the federal government; and otherwise executes the Executive power of the State. The Office is responsible for ensuring the appointment of the highest quality candidates and the most inclusive participation on the State's boards and commissions. The Governor's Office assists citizens with concerns, grievances, and inquiries about state government. The Office must ensure that the Governor is able to promptly and thoroughly communicate with the people of Colorado. Lastly, the Office is responsible for assuring that all of its actions are in compliance with the law and of the highest ethical standards.

### **Mission Statement**

The Governor ensures that the laws of the State of Colorado are faithfully executed. As Chief Executive, the Governor exercises supervision over and management of the departments of the Executive Branch.

### **Vision Statement**

The Governor's Office endeavors to expand opportunities for all Coloradans through sound public policy to create a better Colorado.

### **Governor's Offices Performance Measures**

These performance measures are summaries. Detailed Performance Measures and Outcomes are listed under each Office description and summary further below in the budget document.

### **Governor's Energy Office (GEO)**

In conjunction with the development of the Climate Change Plan the goal is to reduce per capita energy demand, reduce overall demand, and incorporate renewable energy technologies, both at a distributed and centralized level, into our energy systems.

- Reduce Atmospheric CO2 Equivalent.
- Reduce state fleet petroleum use 25% by 2012.
- Reduce energy use within state buildings 20% by 2012.

### **Office of Economic Development and International Trade (OEDIT)**

The goals of the office are to increase jobs and job opportunities for all Coloradans.

- Increase the number of jobs created and retained by businesses receiving assistance from OEDIT.
- Increase the dollar value of export transactions utilizing ITO assistance.

### **Office of Information Technology (OIT)**

The Office goal is to increase the effectiveness of government through the use of shared information and technology. OIT will maximize the efficiency of service delivery and will delivering consistent, cost-effective, reliable, accessible and secure services that satisfy the needs of the citizens of Colorado, its business communities, and its public sector agencies.

- Increase the percentage of laptops encrypted statewide.
- Increase the percentage of certified projects on target for successful completion.
- Decrease redundant IT expenditures.

### **Office of Chief Information Security Officer (CISO)**

The office goal is to establish a secure physical and technical environment that protects data and information technology (IT) resources essential to the operation of the State and state agencies that serve Colorado citizens.

- Establish 100% compliance for state agencies completion and compliance with the Colorado Revised Statutes (2007) 24-37.5 part 4. This includes approved Agency Cyber Security Plans, completed agency risk assessments, and completed Disaster Recovery (DR) testing.
- Decrease the number of successful cyber attacks on state managed computers and computer networks.

### **Office of State Planning and Budgeting (OSPB)**

The Office seeks to provide the Governor with analyses of current and future State revenues and makes strategic recommendations regarding the fiscal needs and management of executive branch agencies.

- Increase the value of proposals initiated by OSPB which have General Fund savings.
- Increase the accuracy of economic forecasts prepared by OSPB.

## **The Office of the Lieutenant Governor**

The Office of the Lieutenant Governor fulfills its obligations to the citizens of Colorado as outlined by the constitution and by statute. The Office of the Lieutenant Governor also focuses on making government work better for Colorado citizens and businesses and on effectively handling responsibilities assigned by the Governor.

## **The Governor's Energy Office – GEO**

### **Introduction**

The Energy Office, initially called the Office of Energy Conservation and later the Office of Energy Management and Conservation, was created to respond to the oil crisis of the late 1970's. The program was significantly scaled back in the 1980's when oil prices dropped and it became essentially a federal pass-through for low income weatherization services (LIHEAP). This function continues today as described below. Governor Ritter views current energy challenges as significant and transformational. The Governor has directed the Energy Office to provide Colorado citizens and businesses with resources to meet the demands of the new energy paradigm while developing the state as a model in efficient energy use and a leader in the new energy economy. The Energy Office is to become a clearinghouse for energy information and energy services for Colorado citizens and businesses. Utilities, communities, the state and the federal government have developed energy incentive programs around policy objectives. The Energy Office seeks to unite these efforts on local implementation of energy efficiency programs, on incentives for the deployment of renewable energy resources and on information to help citizens and businesses make wise energy choices.

### **Mission Statement**

“Leading Colorado to a New Energy Economy through energy efficiency and the advancement of clean and renewable energy resources.”

The Governor's Energy Office addresses two primary needs to achieve this mission:

- Advancing the New Energy Economy through economic development in the renewable energy sector; and
- Expanding energy efficiency and renewable energy technologies within Colorado's commercial, residential and public sectors.

The first need is being addressed in partnership with the Office of Economic Development and International Trade (OEDIT) by using resources from the new Clean Energy Fund (SB 07-246) as well as economic development resources through the Office of Economic Development and International Trade. Tasks include:

- Facilitation of technology transfer to develop commercial opportunities in Colorado associated with development of new technologies from Colorado research facilities;
- Assistance in development of early and mid stage renewable energy industry companies in Colorado;
- Attract, grow and retain existing renewable energy industries in Colorado.

The second need is being addressed through the strategic vision described within the Governor's Energy Office (GEO). The goals of these two tasks are to reduce the emissions of pollutants tied to climate change, develop a sustainable energy regime for Colorado and attract economic investment in Colorado's New Energy Economy.

## **Vision Statement**

The Governor's Energy Office seeks to implement programs and policies to make Colorado a national leader in clean energy, energy independence and a sustainable energy policy.

## **Strategic Vision**

The Governor's Energy Office is developing the economic development portion of its mission in conjunction with the Office of Economic Development and International Trade. Therefore, the Strategic Vision of this office focuses primarily on energy efficiency increases and renewable energy in the commercial, residential and public sectors. The office goal is to efficiently deliver these services while ensuring transparency through clear measurable objectives that support the Climate Action Plan being developed in the Governor's Office.

## **Low Income Services**

While many of the action items necessary within the low income community are consistent with the general residential community, a federal/state/ private partnership has been formed to address the implementation of these measures through the Low Income Home Energy Assistance Program.

The Low Income Home Energy Assistance Program (Federally called LIHEAP; LEAP at the State level) provides weatherization (energy efficiency upgrades like insulation in low income housing units) services for low income individuals. This is a federal program funded primarily through the US Department of Energy with a portion of funding from the Department of Human Services. The GEO runs a parallel process funded through HB 06-1200 which provides funds (\$5 million in 2007-08) toward weatherization services for LEAP eligible clients. Finally, Xcel Energy participates through the EAP program contributing to gas demand side management efforts in low income homes in their territory. The goal is to permanently lower energy costs for low income individuals and families and increase their financial stability while lowering demand on the utility grid and reducing pollution. The state-financed portion of the program is funded through 2008-09 from severance tax funds. The program process is described in the flowchart marked "Low Income Weatherization Funding Chart". Qualifying families must meet the federal low income requirements defined as 185% of federal poverty level. This qualification is done through the LEAP office in the Department of Human Services. The GEO delivers services through contracts with eight regional weatherization service providers. In addition to training, oversight and funding of the program, the GEO runs a quality control division responsible for auditing the performance of these service entities and offering educational resources to improve the quality of the service delivery.

*The goals of this program are in line with the overall purpose of GEO while having a parallel objective of helping low-income families achieve financial stability by reducing energy costs.*

## **Residential Services**

Residential building emissions account for over 20% of greenhouse gas emissions nationwide. Any efforts to address climate change must engage the public in order to minimize these emissions. GEO sees this happening primarily through changes in the construction of new



residential buildings and through existing home retrofits with more effective insulation and heating systems combined with increases in appliance efficiency levels, lighting systems and incentives to increase distributed renewable generation systems such as solar thermal systems (space and water heating), solar photo voltaic (electricity generation) and other technologies. For new construction GEO runs a building codes program to help local governments implement more energy effective codes (such as the 2006 IECC), training for building professionals, and partnerships to buy down costs of efficiency upgrades for low income housing options through CHFA and DOLA's Low Income Housing Program. For existing buildings GEO is developing programs to implement on the community level advanced through our regional representative model working with local utilities, cities, counties and community groups.

### **Commercial and Public Sector Services**

GEO's commercial systems division uses a market-based model to advance energy efficiency and incorporates the savings to advance renewable energy. Since the size and scale of the savings are significant with commercial structures, GEO employs "performance contracting" to finance large scale investments in efficiency systems. Performance contracting earmarks a portion of future energy savings to finance the upfront costs of the capital investment. GEO has traditionally contracted with individuals to work with the entities involved as representatives to the energy service companies. This ensures that the commercial entity's interests (until now those have been state buildings) are being represented in the negotiations.

In 2007, HB 1309 dedicated significant resources over three years to conduct performance contracts on all public K-12 school buildings. These funds will finance in-house performance contracting experts to evaluate school buildings energy use. Using this method of implementing the legislature's directive will save hundreds of thousands of dollars in contracting costs while increasing delivery of Kilowatt Hours (Kwh) saved per dollar.

Finally, the Office is incorporating renewable energy systems into the performance contracting process, either on the front end through the initial performance contracts or on the back end if the savings exceed the contracted amount. Recently, this was the case with the solar photo voltaic system installed on the Governor's residence. We intend to use the same no-cost process to install renewable energy systems on the Capitol and other state facilities.

### **Delivery of Community Based Programs**

The Commercial and Residential Buildings Program Managers, as well as the Utility Programs Manager work with GEO specialists within different disciplines (wind/solar/geothermal/bio-fuels) to develop easily implemented programs. Regional Representatives will work with city and county governments, non-profit organizations, community groups and local utilities to develop partners who will assist in the implementation of the programs. Regional Representatives will also monitor, measure and verify the results across the state and report these results enabling the GEO to become more responsive to communities and citizens' needs.

## Performance Measures

The Governor's Energy Office will measure outcomes in five major areas.

1. Reduce demand for Megawatt hours (Mwh) – This is a statewide measurement of demand for electricity.
2. Reduce demand for British Thermal Units (BTUs) – This is a statewide measurement of demand for natural gas or propane.
3. Reduce Atmospheric CO<sub>2</sub> Equivalent.
4. Number of Customers.
5. Number of Renewable Energy Installations.

While formulating benchmarks to measure the above goals, the GEO is currently operating on the basis of three objectives established by the Governor.

- Western Governors' Association Goal of 20% reduction in electrical demand below current projections by 2020 (WGA Efficiency Goal).
- Executive Order Goal of 25% reduction in fleet petroleum use by 2012.
- Executive Order Goal of 20% reduction in energy use within state buildings by 2012.

The quantified power and emissions equivalence benchmarks of these goals are still being calculated and therefore are not included here. The larger goal will be incorporated in a "Climate Action Plan" to be released on November 5.

Currently there are a number of stakeholder groups meeting to arrive at recommendations for an emissions goal for the state. This will likely be a long term goal with shorter term objectives. For example, scientists estimate that a sustainable level of carbon in the atmosphere is approximately 450 parts per million worldwide. If we are to assume their projections are correct, a reduction in current emissions of carbon in the atmosphere by 80% by the year 2050 is required. A Climate Action Plan would anticipate this challenge being attacked immediately and would need to develop a series of goals over the intervening 33 years. It would be the task of the Governor's Energy Office to implement the measures to achieve those goals. The Climate Action Plan currently under development and scheduled to be announced in October 2007 will be the beginning of this goal setting.

Tracking these accomplishments has not been done in the past. The GEO is working to quantify the measurements that have occurred over the past fiscal year (2006-07). It is only by doing this and quantifying the effects of the measures that are implemented that Colorado will be able to adequately gauge progress in meeting the goals to be announced in the Climate Action Plan.

Performance Measure	Outcome	FY 2005 -06 Actual	FY 2006 -07 Actual	FY 2007 -08 Approp	FY 2008 -09 Request
Atmospheric CO2 Equivalent Reduced	Benchmark	N/A	N/A	TBD	TBD
	Actual	N/A	2,151 tons	TBD	TBD
Number of Customers	Benchmark	N/A	N/A	TBD	TBD
	Actual	N/A	3,489	TBD	TBD
Megawatt Hour Demand Reduced	Benchmark	N/A	N/A	TBD	TBD
	Actual	N/A	1,535	TBD	TBD
British Thermal Unit Demand Reduces	Actual	N/A	N/A	TBD	TBD
	Benchmark	N/A	43,612	TBD	TBD
Number of Renewable Installations	Benchmark	N/A	N/A	TBD	TBD
	Actual	N/A	N/A	TBD	TBD

*Note:* Numbers are estimates and to be confirmed by experts. Since much of this information is new, baseline data has not been fully determined and data continues to be gathered.

Performance objectives will be primarily determined by the Climate Action Plan to be announced by the Governor on November 5. A placeholder goal of 80% reduction by 2050 is recorded but it is likely that this number will change based on the to-be-determined goal set by the Governor.

### Objectives

The objectives of the Governor's Energy Office are to create a Colorado energy customer profile that minimizes carbon and other greenhouse emissions while providing high quality and affordable energy services to meet the needs of Colorado citizens.

### Key Trends

Since 1990, carbon emissions in Colorado have increased by 35%. Scientists agree that this is not a sustainable course. Per capita energy use is increasing as Colorado's population continues to grow. While estimates vary, approximately 450 ppm is considered a sustainable level of atmospheric carbon. This would require a reduction in emissions of approximately 80% below today's levels by 2050. By 2050, demographers anticipate a doubling in the state's population. Current growth in energy demand is rising at approximately 2.9% per year on an annual historical population growth curve between 1.7% and 2%. Per capita electric demand increased 1.7% annually from 1990-2001. The first task of the Energy Office is to reduce per capita energy growth to zero. This must be done even as the State Demographer anticipates a continuing population growth of between 1.7 and 2% per annum. Therefore to reduce overall demand, or even to maintain current levels of demand, per capita use must be reduced to make up for population growth. However this also will not be sustainable in the long run – at a certain point, the state will have achieved an optimal level of efficiency in our systems and, combined with population growth, demand will begin to increase once again. The only way to additionally

reduce emissions is to provide new power through clean technologies and to replace existing power with clean technologies. GEO's mission is to reduce emissions to achieve a sustainable energy future for Colorado by reducing per capita energy demand, reduce overall demand, and incorporate renewable energy technologies, both at a distributed and centralized level, into our energy systems. Approximately 70% of Colorado's power generation comes from burning coal, 20% from natural gas and 10% from renewable energy (wind, solar, hydro). Without a cost effective method of sequestering the carbon generated from coal burning, renewable energy that does not produce carbon will be key toward achieving a sustainable energy infrastructure in Colorado. The need for a renewable energy infrastructure, transmission and distributed generation will be areas of increased focus for the GEO. Workload indicators will be primarily driven by population increases and per capita energy use trends. However, the ability to meet designated emissions objectives will be linked to power supply businesses and their emissions levels of climate change gases.

### **Legislation Impacting the GEO in 2007**

#### **Executive Order D 0011 07 and D 0012 07 the Greening of State Government**

These orders require all state departments to take action to reduce state government environmental impacts. These Executive Orders are to be implemented by the GEO.

#### **SB 07-91 Renewable Resource Generation Development Areas**

Establishes a 16 member task force to map out resource zones and load centers for the purposes of planning transmission capability to meet increasing demand and renewable energy supply from our rural areas. The GEO is charged with directing and staffing the work of this task force.

#### **HB 07-1150 Colorado Clean Energy Development Authority**

Establishes a state funding mechanism to leverage bond proceeds and provide government backed loan guarantees through a public authority for the purposes of building transmission capacity for renewable resources. The GEO chairs this authority and will be responsible for staffing the authority.

#### **HB 07-1281 Renewable Portfolio Standards**

Increased RPS from 10% by 2015 to 20% by 2020 for Investor Owned Utilities and 10% by 2020 for all other utilities

#### **HB 07-1279 Tax Credits for Renewable Energy**

Incentivized investment in renewable energy systems by extending the sales tax exemption for manufacturing equipment to renewable energy systems.

#### **SB 07-246 Clean Energy Fund**

Dedicated approx. \$7-10M/year to investment in the New Energy Economy and increasing energy efficiency and renewable energy throughout the state.

#### **HB 07-1087 Wind for Schools**

Creates a grant program to place wind turbines on schools

#### **House Bill 1228: Concerning Renewable Energy**

Requires biofuels to be used in state fleet vehicles

#### **Senate Bill 100: Energy Resource Zones Transmission Development**

Establishes energy resource zones to incentivize investment in transmission and allow for cost recovery by utilities for building transmission to rural resource areas.

#### **House Bill 1037: Concerning Energy Efficiency**

Directs the Colorado Public Utilities Commission to require jurisdictional electric utilities and gas local distribution companies to develop and substantially expand energy efficiency programs.

**House Bill 1146: Concerning Energy Efficiency**

Raises the baseline for local building codes to the 2003 International Energy Conservation Code. This will ensure buildings in our communities will be more energy efficient and help us reach our goal of 20% efficiency statewide by 2020.

**Senate Bill 51: High Performance State Buildings**

Requires that state buildings and those buildings constructed with state funds meet the Leadership in Energy and Environmental Design (LEED) Standards set by the United States Green Building Council.

**House Bill 1309: School Energy Efficiency**

The Governor's Energy Office has been helping state public buildings become more energy efficient through a process called "performance contracting" – generally done in concert with energy service companies. This bill earmarks funds to be committed to achieving similar energy efficiency gains throughout our K-12 school system.

**House Bill 1379: County Spending Authority for Environmental Spending Measures**

**Senate Bill 145: Local Incentives for Renewable Energy**

Both of these legislative measures give statutory cities and counties the authority to provide incentives for renewable and energy efficient investments.

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**Additional Legislation:**

Senate Bill 126: Funding for the Collaboratory

House Bill 1145: Renewable Resource Development on Public Lands

House Bill 1169: Net Metering for Cooperative Electric Associations

House Bill 1060: Bioscience Research Grants

House Bill 1203: Energy Management & Conservation Studies

**The Office of State Planning and Budgeting - OSPB**

**Introduction**

The Office of State Planning and Budgeting (OSPB) is statutorily charged with oversight of the short- and long-term resources needs of Colorado's executive branch agencies. OSPB evaluates the plans, policies, and programs of executive departments of Colorado State government. OSPB prepares quarterly revenue forecasts and prepares special economic reports. OSPB translates the Governor's priorities into a balanced executive budget request and associated strategic plans which OSPB submits to the General Assembly for consideration and approval. Upon legislative approval of the budget, the OSPB assists the Governor in the administration of the budget.

**Mission Statement**

The mission of the Office of State Planning and Budgeting (OSPB) is to provide the Governor with analyses of current and future State revenues and to make strategic recommendations regarding the fiscal needs and management of executive branch agencies.

**Vision Statement**

OSPB strives to fund critical state needs while investing in programs which improve services and create efficiencies over time. OSPB's work reflects its values of accuracy, efficiency, and fiscal accountability for taxpayer dollars spent and its commitment to creating a budget which is transparent to policy-makers and to the general public.

**Performance Measures**

Performance Measure	QTR Forecast	FY 2005 -06 Actual		FY 2006-07 Actual		FY 2007 -08 Approp.		FY 2008 -09 Request	
	Outcome	Sept	Dec	Sept	Dec	Sept	Dec	Sept	Dec
Prepare first and second quarter fiscal year General Fund revenue forecasts that are accurate within 4.0 percent of actual revenues.	Benchmark	+/-4.0%	+/-4.0%	+/-4.0%	+/-4.0%	+/-4.0%	+/-4.0%	+/-4.0%	+/-4.0%
	Actual	-3.1%	-2.9%	-11.0%	-10.4%	N/A	N/A	N/A	N/A

Performance Measure	QTR Forecast	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request
	Outcome	March	March	March	March
Prepare third quarter fiscal year General Fund revenue forecasts that are accurate within 3.0 percent of actual revenues.	Benchmark	+/-3.0%	+/-3.0%	+/-3.0%	+/-3.0%
	Actual	-5.0%	N/A	N/A	N/A

Performance Measure	QTR Forecast	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request
	Outcome	June	June	June	June
Prepare third quarter fiscal year General Fund revenue forecasts that are accurate within 2.0 percent of actual revenues.	Benchmark	+/-2.0%	+/-2.0%	+/-2.0%	+/-2.0%
	Actual	-1.2%	N/A	N/A	N/A

Performance Measure	Outcome	FY 2005 -06 Actual	FY 2006 -07 Actual	FY 2007 -08 Approp.	FY 2008 -09 Request
Value of proposals initiated by OSPB which have General Fund savings.	Benchmark	N/A	N/A	\$8,967,170	\$14,313,818
	Actual	N/A	N/A	N/A	N/A

### Objectives

OSPB will *ensure accuracy* of its quarterly General Fund forecast within a specified percent of actual revenues.

OSPB will *measure its quality of service* to state agencies through a survey administered to department budget offices. A survey will be completed in November 2007 to measure the quality of responsiveness and the clarity of budget guidance.

OSPB will *work toward ensuring accountability* by requiring that departments submit bottom-line performance measures in their strategic plans for FY 2008-09 with finalized strategic plans in FY 2009-10.

OSPB will *increase the transparency of the state budget* through posting the department budgets on the OSPB website and by posting of reader-friendly programmatic fact sheets and budget documents on the OSPB website.

### Workload Indicators

Workload Indicator	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request
Number of departments posting their budget on their website.	1	1	1	17
Number of department budgets posted on the OSPB website.	0	0	0	17
Number of issue briefs written and posted on the OSPB website	N/A	N/A	N/A	20

## Key Trends and Other Background Information

### *Revenue and Budget Trends:*

- Under the provisions of Referendum C, the State of Colorado will retain a cumulative \$5.99 billion over five years, from FY 2005-06 through FY 2009-10, eliminating the TABOR refund which would have otherwise occurred without this measure. No TABOR refund is projected for FY 2010-11, the first year following the end of the five-year Referendum C period, or for FY 2011-12.
- General Fund revenues grew 8.6 percent in FY 2006-07 and are forecasted to increase 3.0 percent in FY 2007-08 and 4.0 percent in FY 2008-09.
- The State is projected to have enough General Fund revenue to maintain appropriations growth of 6.0 percent in its operating budget. In FY 2007-08, the General Fund appropriations subject to the 6.0 percent growth \$7,087.5 million. This figure includes adjustments for FY 2006-07 Medicaid over-expenditures and includes adjustments for FY 2007-08 exemptions to the 6.0 percent limit which are added to the base. For FY 2008-09, the General Fund 6.0 percent limit is \$7,519.3 million. This sum represents a \$431.8 million increase over the unadjusted FY 2007-08 base (before the FY 2007-08 exemptions are added)
- The 6.0 percent General Fund limit on appropriations continues to limit the spending on the State's operating budget. The "big six" departments continue to represent approximately 95 percent of the State's General Fund spending available under the 6.0 percent General Fund appropriations limit. In declining order of (direct) General Fund size, these departments are the following: Education, Health Care Policy and Financing, Higher Education, Human Services, Corrections, and Judicial.
- After increasing 12.9 percent in FY 2005-06, State cash fund revenues decreased by 5.8 percent in FY 2006-07 and are forecasted to increase 4.7 percent in FY 2007-08. Severance tax decreased 38.1 percent from FY 2005-06 to FY 2006-07. While growing, this area continues to experience variability. In FY 2006-07, unemployment insurance decreased by 17.5 percent. Severance tax and unemployment contribute to the growth projected for FY 2007-08.
- Under S.B. 97-1, the State is required to transfer up to 10.355 percent of sales and use tax revenue to the HUTF in years when the state has enough revenue to pay its total obligations. The State made 100 percent of the S.B. 97-1 transfer to the Highway Users Tax Fund in FY 2005-06 and FY 2006-07 (at \$220.4 million and \$230.6 million, respectively), and is projected to do so again in FY 2007-08 and FY 2008-09 (at \$241.3 million and \$250.9 million, respectively). For FY 2009-10 and FY 2010-11, the S.B. 97-1 transfer is forecasted to be lower (\$241.2 million or 92 percent of the maximum in FY 2009-10 and \$229.6 million or 83 percent of the maximum in FY 2010-11).



- After having excess reserves of \$269.7 million in FY 2006-07, the State is projected to have excess reserves of \$147.0 million in FY 2007-08 (including \$98.0 million for transportation and \$49.0 million for capital construction pursuant to H.B. 02-1310), and \$49.0 million in FY 2008-09 (including \$32.7 million for transportation and \$16.3 million for capital construction).
- Transportation received \$410.4 million from FY 2006-07 General Fund revenue. Transportation is estimated to receive approximately \$1.3 billion over the five-year period from FY 2007-08 through FY 2011-12. Capital construction received \$235.8 million from FY 2006-07 General Fund revenue. Capital construction is projected to receive total of \$183.5 million from FY 2007-08 through FY 2011-12.
- Under Amendment 23, the State Education Fund receives a sum equal to 0.33 percent of state taxable income. The State Education Fund is projected to receive \$409.3 million in FY 2007-08, \$426.9 million in FY 2008-09, \$450.9 million in FY 2009-10, \$479.4 million in FY 2010-11, and \$507.3 million in FY 2011-12.

*Economic Conditions:*

- High energy prices have led to an economic boom on the Western Slope and have resulted in State revenue increases from sales and uses taxes as well as from severance taxes and mineral lease revenues.
- In 2006, Colorado employment rose 2.4 percent, resulting in a net increase of 52,800 new jobs. In 2007, employment growth is anticipated to moderate to 1.9 percent and 1.8 percent in 2008.
- The 2006 unemployment rate dropped to 4.3 percent, below the 5.1 percent rate experienced in 2005. The unemployment rate is forecasted to drop to 3.9 percent in 2007 and moderate to 4.0 percent in 2008 as growth in the labor force and population outpaces increases in new jobs.
- Consumer prices in the Denver-Boulder-Greeley area increased by 3.6 percent in 2006 following a 2.1 percent increase in 2005. The largest contributing factors were motor fuel, apparel, and medical care. Denver-Boulder-Greeley inflation grew by 2.5 in the second half of 2007. OSPB projects local inflation to be 2.8 percent in 2007 and 2.9 percent in 2008.
- Personal income grew 6.5 percent through 2006. Adjusting for inflation and population growth, however, real per capita income growth was only 1.0 percent. Personal income growth is forecasted to grow 6.2 percent in 2007.
- Total Colorado population growth was 1.9 percent in 2006, including net in-migration to Colorado of 49,700. In-migration is anticipated at 61,000 in 2007, 65,500 in 2008 with total population growth of 2.0 percent in 2007 and 2.1 percent in 2008.

- In 2006, residential single-family permits dropped 15.0 percent as home supply outstripped demand. Multi-family permits grew 38.1 percent.

## **The Office of Economic Development and International Trade – OEDIT**

### **Introduction**

The Office of Economic Development and International Trade (OEDIT) fosters a positive business climate that encourages quality economic development through financial and technical assistance provided in support of local and regional economic development activities throughout Colorado. A historical perspective makes it clear that an economic development strategy must be ongoing, integrated, and flexible to take advantage of opportunities and build long-term competitiveness.

### **OEDIT**

- Monitors and responds to economic conditions throughout the state;
- Targets resources to lagging economies in rural and urban areas;
- Initiates support for small business creation and expansion;
- Creates initiatives that support emerging industries;
- Builds a strong public-private approach for program delivery;
- Facilitates the development of improved quality jobs and an increased quality workforce; and
- Assists the State's economy, while preserving quality of life.

This document provides information on the Office of Economic Development and International Trade's strategic plan for the state's fiscal year beginning July 1, 2008 and ending June 30, 2009 (FY 08-09), assuming that the legislature provides the funding to implement this plan. It should be noted that OEDIT is currently undergoing a strategic planning process and anticipates that a number of areas contained in this strategic plan may be revised in the near future.

### **Mission Statement**

The mission of the Office of Economic Development and International Trade is to strengthen Colorado's prospects for long-term economic growth by providing broad-based support to Colorado businesses.

### **Vision Statement**

OEDIT's vision is to develop a robust Colorado economy that supports good-paying jobs and offers an environment for businesses to expand and thrive.

### **Objectives**

- Increase quality job creation by expanding and attracting businesses
- Maintain Colorado's diverse economic base by retaining existing jobs through responsive programs and a supportive business climate
- Position Colorado as a national leader in emerging industries, including renewable energy and biomedicine

- Support entrepreneurs and small businesses, and
- Strengthen regional economies, with specific emphasis on rural and lagging communities.

**Office of Economic Development and International Trade**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Jobs created and retained by businesses receiving assistance from OEDIT	Benchmark	9,000	9,000	9,000	9,000
	Actual	6,501	8093		
Assistance provided in support of emerging industries	Benchmark	NA	NA	\$7.25M	\$7.25M
	Actual				
Assistance provided in support of entrepreneurs and small businesses	Benchmark	NA	NA	5,000 Clients	5,000 Clients
	Actual				
Assistance provided to strengthen regional economies	Actual	NA	NA	25 assessments	25 assessments
	Benchmark			N/A	N/A
Increase Colorado's travel market share of total US marketable pleasure trips	Benchmark	2.2%	2.2%	2.5%	2.6%
	Actual	2.1%/18 <sup>th</sup>	2.3%/20 <sup>th</sup>		

**Business Finance Division- Performance Measures**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Economic Development Commission funds allocated to lagging communities	Benchmark	50%	50%	50%	50%
	Actual	39%	30%		
Economic Development Commission jobs retained or created in lagging communities	Benchmark	200	200	200	200
	Actual	0	25%		

**Business Development Division-Performance Measures**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Funding allocated to projects in lagging communities	Benchmark	30%**	30%	30%	30%
	Actual	33%	28.8%		
Customized Job Training Program Trainees in lagging communities	Benchmark	2,000	2,000	2,000	2,000
	Actual	2,456**	1,631		
Companies assisted within lagging communities	Benchmark	30	30	30	30
	Actual	18	18		

\*\*Existing Industry funding was not appropriated in FY04 or FY05, but 50% of Colorado First funding could be transferred to the Existing Industry program per statute. In FY06 100% of Colorado First funding may be transferred to the Existing Industry program. FY05-06 actual data will be reported by the end of the year.

**Minority Business Office Division- Performance Measures**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Total number of participants in public meetings	Benchmark	1,100	1,100	1,100	1,100
	Actual	2,341	2,625		
Number of callers and walk ins	Benchmark	1,600	1,600	1,900	1,900
	Actual	1,689	2,080		

**Small Business Development Centers Division**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Capital Formation	Benchmark	\$47.5 M	\$47.5 M	\$50.0 M	\$55.0 M
	Actual	\$32.4 M	\$30.1 M		
Jobs Created/Retained	Benchmark	1,840	1,840	1,900	2,000
	Actual	1,360	1,328		

\*The SBDC Network has a focus on working with Aerospace, Information Technology, Bioscience and Energy companies.

**International Trade Office Division – Performance Measures**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Dollar value of export transactions utilizing ITO assistance*	Benchmark	\$35.0 M	\$285M	\$285M	\$35M
	Actual	\$254.5 M*	\$255.6M		
Number of employees of foreign-owned companies recruited to Colorado, based on announced full employment	Benchmark	200**	200	200	200
	Actual	184	475		

\*The actual data include a transaction of \$750 million that the respondent stated would occur over a 3-year period. The University of Colorado's Business Research Division has recommended that the amount should be reported over a 3-year period as well at \$250 million per year.

\*\*The number has been revised to reflect the smaller-sized companies that are currently seeking assistance from ITO.

**Colorado Promotion/ Colorado Tourism Office Division- Performance Measures**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Fulfilled requests for State Vacation Guides and state maps through 800-calls and online requests	Benchmark	240,000	250,000	550,000	575,000
	Actual	246,546	227,383		
Bulk Shipments of State Vacation Guides to Welcome Centers, International and other outlets	Benchmark	230,000	240,000	250,000	260,000
	Actual	222,177	220,725		
State Welcome Center Visitors	Benchmark	1,000,000	1,030,000	1,100,000	1,200,000
	Actual	956,054	964,538		

\*Based upon information provided by Longwoods International, which is reported on a calendar year basis.

**Colorado Council on the Arts Division- Performance Measures**

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Counties that benefit from state grants	Benchmark	36	40	40	46
	Actual	38	44		
Local resources that are leveraged by state support	Benchmark	\$10.0 M	\$9.0 M	\$9.0 M	\$15.0 M
	Actual	\$10.0 M	\$15.0 M		
Assistance provided to creative industries and artist-entrepreneurs	Benchmark	\$1.05 M	\$1.05 M	\$1.9 M	\$1.9 M
	Actual	\$1.05 M	\$1.6 M		

**Administration Division**

The Administration Division provides funding for the oversight of economic development program activities and administrative functions within the various programs. This generally includes the Director of the Office of Economic Development and International Trade, accounting, budget, procurement, personnel, information technology (IT) administration, and other administrative functions.

Accounting, budget, procurement, and personnel functions ensure the sound fiscal administration of economic development programs. A strong IT system is essential for internal and external communication among the State's economic development programs.

**Business Finance Division**

The Business Finance Division serves as the primary contact for the State's business financing, business incentive and grant programs. The Business Finance Division is not a specific line item but instead is comprised of specific programs/line items. The Business Finance Division includes the Economic Development Commission, the Film Incentive Program, the New Jobs Incentive Program, the Bioscience Discovery Evaluation Grant Program, the Certified Capital Companies (CAPCO) Program, and Venture Capital Authority (VCA) staff. In addition, the OEDIT's Business Finance Division has shared oversight with the Department of Local Affairs for the economic development portion of the federal Community Development Block Grant Program and the state's Enterprise Zone Program. Background information for each program/line item follows.

**Economic Development Commission**

The Colorado Economic Development Commission (EDC) was created by the Legislature to promote economic development in Colorado. The Governor, President of the Senate, and Speaker of the House appoint Commission members. The EDC approves loans and grants from the Economic Development Fund to public and private entities throughout the State to help existing businesses expand and new companies locate to Colorado. It also supports marketing

programs and special activities to promote Colorado nationally and internationally. The EDC shares responsibility for oversight of the state's Enterprise Zone program. The nine Commission members make all policy and funding decisions.

During the 2006 session, the General Assembly passed and the Governor signed two new economic development incentive programs to be administered by the EDC. The *Film Incentive Cash Fund* provides incentive payments based on the amount of documented expenditures in Colorado made by qualified film production companies. The *New Jobs Incentive* (Job Creation Performance Incentive Fund) provides an incentive payment to qualifying companies that have created new jobs paying above average wages. The statute authorized incentive payments beginning January 2007.

### **Certified Capital Companies (CAPCO) Program**

In 2001, the legislature created the Certified Capital Companies (CAPCO) Program to provide an additional source of capital for new and expanding businesses that create jobs in Colorado.

The CAPCO legislation was structured to motivate insurance companies to provide a low-risk loan to for-profit venture capital firms; also known as CAPCOs. The state agreed to provide a \$1 for \$1 premium tax credit to insurance companies, up to \$100 million allocated in 2002, in exchange for their investment in CAPCOs. The 2004 legislature redirected a second \$100 million, which initially was anticipated to be allocated in 2004 to CAPCOs, to two other programs--the Venture Capital Authority and CoverColorado. The CAPCOs generally use the allocated tax credits and cash set-aside from the insurance company/companies' loan to repay the insurance companies. Insurance policies are also obtained to further guarantee the loan structure and reduce the risk to the insurance companies. Insurance companies may use their allocation of premium tax credits over a 10-year period (10% per year).

The CAPCOs use a portion of the initial funding received from the insurance companies (that has not been set-aside to repay the insurance companies) to invest in eligible Colorado businesses. The CAPCOs investment in Colorado businesses may be in the form of a loan, equity or some combination thereof.

The original legislation required each CAPCO to invest 30% within 3 years and 50% within 5 years. The amended legislation now requires each CAPCO to invest 100% within 10 years with compliance actions beginning after year 12. As of April 2007, each CAPCO had individually met the 50% in 5 years' investment requirement. The CAPCOs, collectively, have made 114 investments in Colorado businesses to date totaling \$50,601,741.

### **Venture Capital Authority Program**

In 2004, the legislature created the Venture Capital Authority (VCA) Program to provide an additional source of capital for new and expanding businesses. The state agreed to provide premium tax credits to insurance companies in exchange for insurance companies contributing at least \$.80 for each \$1.00 in premium tax credits, up to \$50 million over a 10-year period, to the



VCA. Insurance companies collectively may use up to \$5 million (10% per year) in premium tax credits per year.

Utilizing a competitive process, the VCA selected a fund manager, High Country Venture, LLC (HCV), in December 2004 to invest the funds received from the insurance companies in Colorado businesses. The VCA completed its contract negotiations and executed its contract with HCV in June 2005. Using the fund (Colorado Fund I, LP) established by the VCA and HCV, HCV has made 16 investments in Colorado businesses to date totaling \$6,787,900. Mark Lupa, Principal with HCV may be contacted at (303) 381-2646 or [mlupa@tangogroup.com](mailto:mlupa@tangogroup.com) for additional information on the fund's investments.

### **Bioscience Discoveries Evaluation Grant Program**

In 2006, the Bioscience Discoveries Evaluation Grant (BDEG) Program was created by the legislature for the purpose of improving and expanding the evaluation of new bioscience discoveries at research institutions with the intent of accelerating the development of new products and services.

The legislature allocated \$2,000,000 to the BDEG Program, with up to \$40,000 authorized for use for administrative costs. Offices of Technology Transfer (OTT) in Colorado applied for grants of up to \$150,000 per bioscience research project. All project funds, \$1,960,000, have been committed to OTTs.

During the 2007 legislative session, an additional \$2,500,000 was allocated to the BDEG Program. However, the \$2.5 million has requirements associated with its use which are different from the first allocation of \$2,000,000. OEDIT is reviewing the new legislation and beginning to develop the implementation process.

### **Business Development Division**

The Business Development Division serves as the primary point of contact for the State's significant business development retention, recruitment and expansion activities by providing leadership, assistance, technical support and referrals for local economic development initiatives.

Business Development staff provides research support and technical assistance for local and statewide initiatives and also coordinates the State's business development promotion efforts. In order to better serve economically lagging communities, OEDIT has defined four rural-focused service delivery regions, each of which has an assigned Business Development Representative (BDR). Three of the BDRs reside in the regions they serve. Assistance efforts in Denver, combined with regional services and OEDIT's Business Finance Programs, offer business development services to all regions and communities within the State. The Division also coordinates efforts of the Colorado Community Assessment Program, the Colorado Business Retention and Expansion Program, [www.ColoradoProspects.com](http://www.ColoradoProspects.com), and statewide business relocation prospects. Finally, to encourage job creation by aircraft manufacturers, the OEDIT has developed procedures for the registration of airports as aviation development zones, which were established in FY 05.

The Business Development Division and the Colorado Community College System (CCCS), jointly administer the Colorado First/Existing Industry Customized Job Training programs. The programs encourage economic development through job training support for the creation and retention of quality jobs. The Colorado First/Existing Industry programs focus on providing job training assistance to new companies that locate in Colorado and retraining assistance to Colorado companies with existing employees.

### **Minority Business Office Division**

The Minority Business Office (MBO) Division assists women and minority-owned businesses (the fastest growing small business segments in Colorado) to take advantage of certified Disadvantage Business Enterprise (DBE) business opportunities. The MBO assists these businesses with procurement opportunities thereby, fostering a stronger economy.

Throughout the year, the MBO took a proactive approach in reaching out to the minority and women communities by sponsoring events, conferences, and participating in workshops as a facilitator/panelist.

The MBO plan for FY07-FY08 includes:

- Plan and coordinate statewide survey-driven seminars related to marketing and outreach, networking for women and minorities, information on government and corporate awards /contracts, networking with peer businesses, mentoring and financial management information;
- With the passage of HB1209 (Bonds For Historically Underutilized Businesses), provide surety technical assistance services for women and minorities wishing to become bonded—and potentially utilizing insurance companies, surety companies, agents/brokers for the purpose of implementing the program;
- Partner with women and minority coalitions in creating a vendor directory for the 2008 Democratic National Convention (DNC) in order to create business, partnership opportunities for the 30,000 DNC stakeholders;
- In collaboration with the Rocky Mountain Minority Supplier Diversity Council and the Advance Colorado Center, initiate and implement the first trade fair for women and minorities utilizing bioscience companies and their procurement officers; and
- Promote Governor Ritter's Minority Business Advisory Council (MBAC) via local and statewide networking, organized meetings, eNewsletter and the website.

In order to be successful, the MBO will collaborate with state agencies, chambers of commerce and business entities to meet the goals of the office.

### **Small Business Development Center Division**

The Colorado Small Business Development Centers (CSBDC) provide counseling and training services to small business owners and entrepreneurs for business planning, sources of capital, domestic and international marketing, accounting, and related business disciplines. The CSBDC network consists of 13 service centers located throughout the State providing coverage to every Colorado county.

The U.S. Small Business Administration, State of Colorado and host state universities, public and private community colleges and business entities provide funding for the network. The Lead Center at OEDIT (Small Business Development Center Division) also provides start-up business services. This includes maintaining a clearinghouse of information regarding federal, state and local licensing requirements for starting a business. The Center serves as the first point of contact for individuals interested in starting a new business and provides referrals to various federal, state and local small business training, counseling and assistance programs in addition to start-up information, such as the SBDC Colorado Business Resource Guide, which is a comprehensive guide for starting and operating a business in Colorado.

The SBDC program also administers the Colorado Leading Edge Training Program, which provides intensive entrepreneurial training with a minimum of 35 classroom hours at sites across Colorado. The program provides hands-on instruction to existing and expanding small businesses and individuals who want to start a new business or expand an existing business. Individuals graduate with a working business plan and go on to receive a minimum of six SBDC one-on-one counseling sessions to further their business goals.

The SBDC network is pro-actively focusing on emerging industries important to the growth of Colorado businesses. The four emerging industries highlighted include Energy, Information Technologies, Aerospace, and Bioscience. The effort in working with the emerging industries is in the area of pre-venture, existing business needs, expansion efforts, and retention programs.

The SBDC network has an additional focus with the Veteran population. The SBDC Network hosts an annual Veterans conference that provides free counseling and training essential to the military entrepreneurs. The conference is offered to Veterans, spouses of Veterans, Veteran dependants, and employees of Veteran owned businesses.

### **Colorado International Trade Office Division**

The International Trade Office (ITO) promotes the export of Colorado products and services, working extensively with Colorado companies to expand their markets through exporting. The ITO offers low-cost, state-sponsored international trade shows and missions, guidance in the mechanics of exporting through seminars, identification of target markets, export troubleshooting (for example, assisting with information on regulatory issues), identifying trade leads, and assistance in arranging meetings between foreign buyers and Colorado companies to increase export sales. ITO publishes an e-newsletter, *International Trade Resources*, in FY 2006-07 with articles pertaining to exporting and international programs in Colorado. The Office also helps produce the *Colorado Business Opportunities* newsletter designed for site selectors and potential

investors. The Office also maintains trade relationships between the State and international groups. Highlights of ITO export promotion results last year include:

ITO actively promotes Colorado as a place to invest, showcasing Colorado to foreign companies. The ITO makes presentations in Colorado and abroad, providing an overview of Colorado's key industries and economic climate. Specific services to companies include assisting with understanding the process of opening an office or facility in Colorado, guidance on site selection and other technical issues, conducting market research specific to the international company's request(s), and helping them understand eligible incentives. ITO works in partnership with the Business Development Division of OEDIT to coordinate assistance with appropriate state and local economic development agencies.

The ITO statute authorizes it to establish satellite offices or presences in other countries as a means of furthering the mission of the agency. ITO has maintained an office in Guadalajara, Mexico, run by a contract representative since 1999. Other offices have been closed or scaled back since the early 1990s due to budget reductions. Our Honorary Japan Trade/Investment office offers limited services at a low cost; ITO has an Honorary Representative to Jordan, and has opened honorary investment offices in Munich, Germany and Zurich, Switzerland. ITO also has honorary trade offices in Buenos Aires, Argentina and Sao Paulo, Brazil. Foreign office activities are important for promoting Colorado's export and investment potential by acting as on-the-ground presences within key world markets.

### **Colorado Promotion/Colorado Tourism Office (CTO) Division**

The Colorado Tourism Office promotes the growth of the travel and tourism industry thereby creating jobs, increasing tax revenues and furthering economic development. Through a comprehensive marketing, advertising and public relations campaign, the CTO promotes Colorado as a premiere leisure travel destination to out-of-state visitors and in-state travelers. The CTO works with a national research firm to ascertain the impact of visitors to the state economy, including state and local tax revenues derived from travel expenditures.

To maintain the momentum generated since the Legislature funded the Colorado Tourism Office in FY01 and to have Colorado remain competitive with other states marketing their tourism destinations, it is essential to keep ongoing funding levels for tourism strong. According to the Travel Industry Association of America, the top 10 state tourism budgets range from \$70.7 million (Hawaii) to \$18.4 million (Texas). Neighboring states have recently invested a significant amount of funding to promote tourism – Utah's reported budget was approximately \$16.2 million last year, California's budget was \$28.9 million, Arizona's was \$20.7 million, and Pennsylvania had a \$64.7 million budget. If the CTO is not funded competitively, Colorado could be at a disadvantage in maintaining or increasing tourism market share.

The legislature provided a one-time infusion of \$9 million for tourism marketing, advertising, public relations and promotional efforts during the last two months of FY03 and during FY04. The legislature also restored GF base funding for tourism promotion during FY05 to \$5.3 million and continued funding at this level for FY06. For FY07 and FY 08, the Legislature provided a

funding mechanism (HB 06-1201) for the Tourism Office, appropriating approximately \$19 million per year for tourism promotional efforts.

The Office promotes tourism in Colorado through the following programs:

- **Welcome Centers:** The State has operated highway-based welcome centers for more than two decades to promote tourism and provide vacation guides, maps and other basic services to road travelers. Eight centers, with a General Fund appropriation of \$399,547 for FY08, operate at major highway entrances to the State, receiving nearly 1,000,000 visitors annually. Studies show that visitors who stop at Welcome Centers are influenced to stay 2.5 days longer and spend additional money during their stay.
- **Tourism Promotion:** The Colorado Tourism Office and its board promote Colorado as a vacation destination by developing and implementing marketing, public relations and promotional strategies, materials and programs that, in concert with private sector promotional activities, portray a consistent, unified brand image of Colorado in the travel marketplace. Funds are used to conduct an aggressive tourism ad campaign in domestic markets and are used for promotional and public relations activities in international markets.
- **Tourism Website:** The Colorado Tourism Office maintains the state's official tourism website, Colorado.com. With an increasing percentage of travelers accessing information via the Internet, this is an important element of the state's tourism promotion efforts. Advertising dollars refer consumers to the website for travel information, which provides an opportunity for the Colorado tourism industry to promote themselves to travelers.
- **Official State Vacation Guide:** The Colorado Tourism Office publishes the Official State Vacation Guide that is distributed domestically and internationally. Potential tourists can call 1-800-Colorado or sign up on [www.Colorado.com](http://www.Colorado.com) to order a free vacation guide. Approximately 800,000 vacation guides will be distributed in 2008.
- **Official State Map:** The Colorado Tourism Office, in partnership with the Colorado Department of Transportation, designs, prints and distributes the Colorado state highway map. Maps are designed and printed every two years. The maps are packaged and distributed to consumers, through the Colorado Welcome Centers and other visitor centers located throughout the state.
- **Heritage Tourism Program:** In collaboration with the Colorado Historical Society, the CTO developed a program to promote heritage tourism throughout Colorado. Grant Funds made available to the Colorado Travel and Tourism Additional Source Fund are used by the Colorado Tourism Office to implement a program that helps sustain, preserve and market the State's many historic and heritage tourism attractions, sites and activities to in-state visitors and to tourists from throughout the country and internationally.

## **Colorado Council on the Arts (CCA) Division**

The Colorado Council on the Arts' Division promotes the cultural, educational and economic growth of Colorado through development of its arts and cultural heritage. The Council administers grants and provides services that:

- Make the arts more accessible to all Coloradans;
- Expand arts education opportunities for youth;
- Support tourism and other economic development strategies;
- Preserve and promote our cultural heritage; and
- Stimulate and encourage the development of artists and arts organizations.

The Council also administers the Art in Public Places Act, which requires an allocation of one percent of capital construction funds for new or renovated state buildings for the acquisition of works of art for the project site.

Projects funded through grants must show matching funding from local sources and a high level of community involvement and benefit. In FY07, CCA awarded 179 grants totaling \$1.6 million, which benefited almost 1.5 million Colorado citizens and visitors, including 500,000 youth. Funded projects generated \$15 million in direct economic activity in 44 counties. For each dollar invested by the state in FY07, CCA leveraged nearly \$11 in combined support from federal funds, corporations, foundations and individuals.

Using contractors and volunteers, CCA also provides professional development services to build the management capacity of Colorado's artist-entrepreneurs and arts organizations and the quality of the arts programs they present. In FY07, the Community Resource Center and our Folklorist Partners provided services benefiting 32,000 individuals in 47 counties. Areas of assistance included grant writing help, strategic planning, audience development, capital campaigns, programming advice, cultural tourism planning, and board development. Monthly visits to CCA's web site peaked at 205,000 in March 2007, more than triple the number of web hits from the same time period last year, showing CCA has become an important source for artists, organizations and the general public.

## **WORKLOAD INDICATORS**

### **Business Finance Division**

- Number of Business Financing Forums planned and coordinated
- Number of Board/Committee meetings staffed by Business Finance Division staff
- Number of contracts under management
- Number of reports (to legislature, federal agencies, etc.)
- Number of monitoring visits completed by OEDIT staff

- Number of times audited (by state and/or federal entities providing source of funds/incentives)

### **Business Development Division**

- Number of business relocation/business expansion prospects managed
- Number of business retention projects managed
- Number of Community Economic Assessments performed
- Number of Business Retention and Expansion Assessments performed
- Number/quality of Colorado business development promotions activities (trade shows, website, advertising, etc.)
- Number/quality of community technical economic development assistance provided
- Number of Colorado First/Existing Industry grants managed
- Number of other business development grants/programs managed

### **Minority Business Office Division**

- Number of seminars and trade fairs planned and coordinated
- Number of women and minorities (historically underutilized businesses) receiving surety bond technical assistance
- Number of newsletters issued

### **Small Business Development Centers' Division**

- Number of monthly sub-recipient performance monitorings
- Number of quarterly reimbursement requests from sub-recipients
- Number of reports
- Number of yearly program reviews of sub-recipients
- Number of yearly financial reviews of sub-recipients
- Number of sub-recipient annual performance letters issued
- Accreditation Reviews (every 4 years)

### **Colorado International Trade Office Division**

- Number of companies receiving substantial export and inward investment assistance
- Number of outgoing and incoming trade missions promoting Colorado exports and investment opportunities
- Number of presentations on export promotion, export training seminars and investment made to groups within and outside of Colorado and the total number of attendees at such events
- Number of individuals reached through two E-Newsletters on trade and investment opportunities, data, missions, news and other programs

### **Colorado Promotion/Colorado Tourism Office Division**

- Number of Tourism Industry Events
- Number of Contracts Managed
- Number of Tourism Consumer/Trade Shows and Sales Missions
- Number of Tourism Board and Committee Meetings
- Number of Tourism Industry Communications

### **Colorado Council on the Arts' Division**

- Number of individuals and youth served
- Value of Art in Public Places Managed
- Number of Contracts Managed
- Number of Schools and Districts served

### **KEY TRENDS AND OTHER BACKGROUND INFORMATION**

Two key policies identified by the Governor are the need for state economic development programs to: 1) develop strategies for four targeted industries-aerospace, biomedicine, renewable energy and tourism; and 2) to establish five regional economic development plans for the Eastern Plains, Western Slope, San Luis Valley, mountain resorts and Front Range in conjunction with integrating the regional economic development plans with a statewide plan. A focus on the development of industry clusters represents a shift in OEDIT's economic development strategy. Opportunities that will benefit rural and lagging communities, which have experienced lower levels of economic growth than other areas of the State, will continue to receive special consideration.

State support is an essential element of an overall state economic development program. When economic development opportunities are supported by the local area and offer a strong return on investment, OEDIT should have the resources and flexibility to provide state assistance. The value of such projects is in replacing lost jobs, in increasing wage levels and in significant capital investment made by businesses. The environment, related to business expansions and high-paying jobs, is becoming significantly more competitive. Since site selectors are increasingly using readily available technologies to complete up-front analyses of viable business locations and short-list potential sites, OEDIT has implemented a web-based business development promotion and analysis tool ([www.ColoradoProspects.com](http://www.ColoradoProspects.com)). It is extremely important for the State, through the OEDIT, to participate in these types of projects as part of its mission.



## **The Office of Information Technology**

### **Introduction**

The Office of Information Technology (OIT) Strategic Plan has five key objectives and is in the process accomplishing these goals. OIT is leveraging technology statewide, consolidating the State's data centers and improving oversight of the State's Information Technology (IT) projects. OIT will continue to ensure that the Strategic Plan is operational, measurable and practical as the State's IT infrastructure evolves.

### **Mission Statement**

To increase the effectiveness of government through the use of shared information and technology

### **Vision Statement**

Information technology will be used to maximize the efficiency of service delivery and will operate as a seamless enterprise, delivering consistent, cost-effective, reliable, accessible and secure services that satisfy the needs of the citizens of Colorado, its business communities, and its public sector agencies.

### **Objectives**

1. Secure and protect IT assets
2. Optimize spending for IT decisions, projects, and technology
3. Effectively manage IT projects
4. Improve enterprise service delivery
5. Improve collaboration and innovation

<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Percent of Laptops Encrypted Statewide	Benchmark	N/A	N/A	100%	100%
	Actual	N/A	27%	TBD	TBD
Percent of Certified Projects on Target for Successful Completion	Benchmark	N/A	N/A	75%	85%
	Actual	N/A	N/A	TBD	TBD
Number of Data Centers Operated and Maintained Statewide	Benchmark	N/A	N/A	35	30
	Actual	N/A	38	TBD	TBD
Percent of Budgeted Dollars Allocated for Enterprise Services	Actual	N/A	N/A	25%	50%
	Benchmark	N/A	N/A	TBD	TBD
Percent of Disasters First Responders Issued a Standard Government Agency Credential	Benchmark	N/A	N/A	5%	15%
	Actual	N/A	N/A	TBD	TBD

### **Workload Indicators**

1. Number of IT projects certified
2. Number of IT projects managed in partnership with other agencies
3. Number of expenditure approvals processed
4. Number of budget requests reviewed
5. Amount of yearly IT expenditures
6. Number of enterprise projects initiated internally

<b>Workload Indicators</b>	<b>Outcome</b>	<b>FY 2005 -06 Actual</b>	<b>FY 2006 -07 Actual</b>	<b>FY 2007 -08 Approp</b>	<b>FY 2008 -09 Request</b>
Number of IT Projects Certified	Benchmark	N/A	N/A	10	8
	Actual	N/A	14	TBD	TBD
Number of IT Projects Managed in Partnership with Other Agencies	Benchmark	N/A	N/A	5	10
	Actual	N/A	2	TBD	TBD
Number of Expenditure Approvals Processed	Benchmark	N/A	N/A	375	375
	Actual	N/A	N/A	TBD	TBD
Number of Budget Requests Reviewed	Actual	N/A	N/A	25	30
	Benchmark	N/A	N/A	TBD	TBD
Amount of Annual IT Expenditures	Benchmark	N/A	N/A	\$225M	\$225M
	Actual	N/A	\$200M	TBD	TBD
Number of Enterprise Projects Initiated Annually	Benchmark	N/A	N/A	N/A	N/A
	Actual	N/A	14	TBD	TBD

### **Key Trends**

The Office of Information Technology built its strategic plan based upon a review of government and private sector best practices, assessments of Colorado's IT operations, and the vision for IT from the State Chief Information Officer and the Governor's Colorado Promise.

The former decentralized IT environment resulted in high spending, underperforming IT projects, and underutilized IT assets. To address these challenges and provide value to Colorado employees and citizens, OIT worked with the Governor's Office to establish an Executive Order that granted more operational authority to the CIO. The CIO may now prioritize all IT projects, assist in managing projects, and actively implement the strategic plan.

In addition, due to trends within the IT and government industries such as increased Homeland Security initiatives and shared services solutions, OIT will focus on ID management for first responders, enterprise services to reduce the growing costs of IT and taking steps toward leveraging limited IT budgets.

## **The Office of the Chief Information Security Officer (CISO)**

### **Introduction**

Faced with rapidly expanding cyber security threats, more demanding regulatory compliance requirements and a reduced tolerance for service disruption, the Colorado State Legislature passed the Colorado Information Security Act (HB 06-1157) in May 2006. The bill became law under Colorado Revised Statute (C.R.S. 24-37.5 part 4).

The Colorado Cyber Security Program (CCSP) has taken significant steps to execute a strategic program that meets the growing cyber security threat and establishes requirements for an *Enterprise Security Program*. We continue to work on implementing a wide range of security planning and operational programs that reduce the risks to critical State information resources. Most important, the CCSP includes specific reporting and testing requirements to ensure accountability is established for effective implementation and management of justified security controls within state agencies.

Governor Ritter has set ambitious goals to fulfill the Colorado Promise. The Office of Cyber Security must deal with rapidly escalating system compromises and ensure citizen privacy. The Colorado Cyber Security Program (CCSP) is implementing measurable steps to reduce risks to State information resources.

### **Mission Statement**

The mission of the Colorado Cyber Security Program is to establish a secure physical and technical environment that protects data and information technology (IT) resources essential to the operation of the state and state agencies that serve the citizens of Colorado.

### **Vision and Guiding Security Principles**

The vision of the Colorado Office of Cyber Security is to preserve the *confidentiality, integrity, and availability* of state and citizen data while maintaining efficient and effective IT operations for the State of Colorado. This effort includes the following security principles:

*Confidentiality*: Assurance that information is shared only among authorized persons or organizations.

*Integrity*: Assurance that the information is authentic and complete and can be relied upon to be sufficiently accurate for its purpose.

*Availability*: Assurance that the systems responsible for delivering, storing and processing information are accessible when needed, by those who need them.

## **Strategic Focus**

The Colorado Cyber Security Program (CSSP) strives for an agile, effective, and cost-efficient approach to cyber security based on practical risk-management that is scalable and adaptable to the state's mission and infrastructure needs.

Cyber security policy and planning will continue to ensure state security capabilities are dynamic, sufficiently robust, and agile to control all points of access with a reduced possibility of human or machine error. Current protection, detection, monitoring, and response technologies will be deployed as needed and as appropriate in state systems and networks in an effort to maintain pace with our adversaries increasing ability to exploit vulnerabilities.

The CCSP works with state agencies to develop appropriate security policies and implement program oversight methodology that establishes consistent processes for an enterprise cyber security program. The first ever enterprise state cyber security policies are published and have increased security readiness and regulatory compliance throughout state agencies.

## **Objectives**

1. Provide planning, oversight and guidance to state agencies regarding cyber security vulnerabilities and protection from threats
2. Improve the cyber security incident response process across all state agencies. Provide assistance as necessary to detect, react, and recover from cyber security incidents.
3. Provide guidance and oversight to state agency individual Cyber Security Plans and programs including evaluation of internal security risks and vulnerabilities.
4. Establish a Managed Security Services model for state agencies to expand the current monitoring and reporting program. This includes more robust in-sourced Intrusion Detection System (IDS) management and monitoring, Firewall management and monitoring, and Centralized Log and Security Event Management that encompass the entire enterprise IT infrastructure. This will allow the state to more proactively manage specific threats in our environment.
5. Increase training and awareness of cyber security threats and procedures for all state employees

## **Performance Measures**

1. Establish 100% compliance for state agencies completion and compliance with Colorado Revised Statute (C.R.S. 24-37.5 part 4). This includes approved Agency Cyber Security Plans, completed agency risk assessments, and completed Disaster Recovery (DR) testing.
2. 100% incident response reporting compliance by agencies including follow-up after-action training reports.
3. Decrease vulnerabilities by 50% within each agency and state systems as a result of Threat and Vulnerability Assessment testing.

4. Expand agency level participation in Managed Security Services operational monitoring and management by 25% through offerings by the Information Security Operations Center (ISOC)
5. Achieve 100% Security Awareness training by ALL Colorado state employees in order to decrease self-inflicted cyber security related incidents.

### **Workload Indicators**

1. Number of cyber security incidents responded to by Colorado Incident Response Team (CIRT)
2. Number of cyber forensics engagements requested and completed for state agencies
3. Number of Vulnerability Assessments requested and completed for state agencies
4. Number of Penetration Tests requested and completed for state agencies
5. Number of Web Application Scans requested and completed for state agencies
6. Number of state agency cyber security awareness-related presentations requested and completed
7. Number of external conference cyber security awareness-related presentations requested and completed
8. Number of Agency Cyber Security Plans reviewed
9. Number of CCSP internal cyber security projects initiated
10. Number of individual or special state agency cyber security projects provided assistance and guidance to (SoS eVoting, DNCC, eFort, etc)

### **Key Trends**

The requirement for a robust cyber security strategic plan grows daily. Both public and private sector organizations have reported that enhancing cyber security controls for data are disproportionately driving action within their organizations. Colorado faces the same challenges as other states and private sector organizations. Our cyber security challenges have been building for many years and they derive from a decades-long failure by product vendors to integrate security into their solutions. They are also a result of system owners failing to recognize the severity of cyber security threats or to develop security programs to mitigate those resulting risks. Short-term patches and fixes can be useful in response to isolated vulnerabilities, but they do not adequately protect critical state infrastructure or citizen data.

A report to the President of the United States from the President's Information Technology Advisory Committee titled "*Cyber Security: A Crisis of Prioritization*" states, "The Nation's IT infrastructure has gone through dramatic changes over the last decade. Explosive growth in the use of networks to connect various IT systems has made it relatively easy to obtain information, to communicate, and to control these systems across great distances.

Because of the tremendous productivity gains and new capabilities enabled by these networked systems, they have been incorporated into a vast number of applications and into virtually every sector of the nation's critical infrastructure, including many in Colorado. At the same time, this revolution in connectivity has increased the potential of those who would do harm. Today, it is

possible for a malicious agent to penetrate millions of computers around the world in a matter of minutes.”

Spyware, Peer-to-Peer networking, Phishing, unsecured email, loss and theft of mobile computing devices and cell phones are a major source of cyber security incidents both nationally and in Colorado and still get most of the media attention. However, more insidious and prevalent are the lack of risk management programs, poor engineering practices, unsecured application development techniques, and inadequate infrastructure design which are the root causes of security vulnerabilities.

Thousands of attempts on the state IT environment are identified and repelled on a daily basis. The trend is increasing. Protecting the privacy of state and citizen data is a key priority as data breaches have reach epidemic proportions. Colorado is not immune to these breaches. The Federal Trade Commission reports that Colorado is ranked 6th in the country for reported identity theft at 92.54 persons per 100,000 population. As a result, regulatory requirements at both the state and federal level are likely to increase which will create added pressure on state government to increase cyber security.