Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

NP-01 (GOV) Annual Fleet Request

Dept. Approval By:

OSPB Approval By: 10/27/16

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$900	$0	$900	$2,312	$2,312
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items	GF	$900	$0	$900	$2,312	$2,312
Impacted by Change Request	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$900	$0	$900	$2,312	$2,312
	FTE	0.0	0.0	0.0	0.0	0.0
01. Office of the Governor, (B)	GF	$900	$0	$900	$2,312	$2,312
Special Purpose - Vehicle Lease	CF	$0	$0	$0	$0	$0
Payments	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

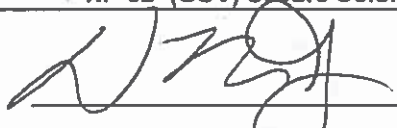|			
CF Letternote Text Revision Required?	Yes ___ No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___ No ___		
FF Letternote Text Revision Required?	Yes ___ No ___		
Requires Legislation?	Yes ___ No X		
Type of Request?	Department of Governor's Office Non-Prioritized Request		
Interagency Approval or Related Schedule 13s:	Department of Personnel and Administration		

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

NP-02- (GOV) Secure Colorado

Dept. Approval By:

OSPB Approval By: _10/27/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	FY 2016-17 Supplemental Request	FY 2017-18 Base Request	FY 2017-18 Change Request	FY 2018-19 Continuation
	Total	$4,930	$0	$228,503	$15,652	$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted	GF	$4,930	$0	$228,503	$15,652	$0
by Change Request	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	FY 2016-17 Supplemental Request	FY 2017-18 Base Request	FY 2017-18 Change Request	FY 2018-19 Continuation
	Total	$4,930	$0	$228,503	$15,652	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$4,930	$0	$228,503	$15,652	$0
01. Office of the Governor, (B) Special Purpose - Payments to OIT	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___ No ___	If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes ___ No ___	
FF Letternote Text Revision Required?	Yes ___ No ___	
Requires Legislation?	Yes ___ No X	
Type of Request?	Department of Governor's Office Non-Prioritized Request	
Interagency Approval or Related Schedule 13s:	None	

Department Priority: R-01
Request Detail: Funding the Colorado Energy Office

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
R1 – Funding the Colorado Energy Office	$5,100,000	$0*

*Request is for $3.6 million in General Fund transfers to cash funds within the Colorado Energy Office. This request requires legislation.

Problem or Opportunity:

Background

The Colorado Energy Office (CEO) has existed in various forms for approximately 40 years, and during that time has largely been supported by federal funds – beginning with federal monies associated with weatherization projects and petroleum escrow funds (PVE), and then later, American Recovery and Reinvestment Act of 2009 (ARRA) funds. For a brief period, funding was provided by limited gaming tax revenues.

Upon the depletion of federal ARRA funds in 2011, the legislature passed H.B.12-1315 to reorganize and fund the Office. The bill changed the name of the Office from the "Governor's Energy Office" to the "Colorado Energy Office," and revised its statutory mission from promoting renewable energy and energy efficiency, to encouraging all sources of energy development. As enumerated in the Office's performance plan, the CEO works in and tracks outcomes in three market segments: (1) Transportation sector: alternative-fuel vehicles (2) Buildings/facilities sector: energy efficiency and on-site clean generation, and (3) Innovative energy production: commercialization and market transformation of emerging energy technologies.

The bill also created two cash funds – the Clean and Renewable Energy Cash Fund (CREF), and the Innovative Energy Fund (IEF). These cash funds received a five-year continuous appropriation (FY 2011-12 through FY 2016-17) to be used toward improving the effective use of all of Colorado's energy resources and the efficient consumption of energy in all economic sectors. The CREF is funded with a continuously appropriated General Fund transfer of $1.6 million. The IEF is funded with a continuously appropriated annual transfer of $1.5 million in severance tax dollars. The final transfer for both funds took place July 1, 2016.

Request

Part I:
Per H.B. 12-1315, funding for both the CREF and IEF expires in the current year. Going forward, the only programs CEO manages that can continue to operate without CREF and IEF appropriations are the Weatherization Assistance Program (ongoing) and the Alternative Fuels Colorado program (through FY 2017-18 only). The CREF and IEF appropriations are used to serve customers across each market area, and not reauthorizing the funding would lead to the following:
- A loss of 24 FTE.

- A loss of approximately $1.7 million in federal dollars that have matching requirements fulfilled through CREF and IEF expenditures. This included an annual Department of Energy (DOE) State Energy Program (SEP) formula grant and the United States Department of Agriculture's Regional Conservation Partnership Program (RCPP) funding, which are used for Agricultural Energy Efficiency, Energy Saving for Schools, Energy Performance Contracting, small hydro assistance, and building energy code trainings.
- Beyond the direct programs supported by SEP and RCPP, CEO will also no longer be able to operate its residential, transportation, finance, operations, policy and market research. Additionally, the following statutory programs would be unfunded:
    - Training local jurisdictions on the energy-efficient building codes - 31-15-602
    - Managing Colorado's utility cost-savings contracts - 24-38.5-10
    - Coordinating state agency comments on hydro permitting and provide streamlined information to the public - 24-38.5-108, 12-23-104
    - Colorado energy saving mortgage program - 24-38.5-102.7
    - High Performance School Program (HPSP) - 22-32-124.3
    - Renewable energy and energy efficiency for schools loan program - 22-92-101 et seq.
    - Small hydro permit coordination – 24-38.5-108 / 12-23-104

Without this funding, CEO will no longer impact three of the five Office Strategic Policy Initiatives (SPI).
- SPI 2: Increase energy savings resulting from CEO's direct energy efficiency projects by 12.6 percent from 273,253 MMBtu in FY 2015-16 to at least 307,878 MMBtu by June 30, 2018.
- SPI 3: Decrease Colorado's average annual residential energy use by five percent from 91 MMBTU in 2012 to 86 MMBTU by June 30, 2018.
- SPI 5: Assist clean technology developers to increase annual generation of emerging technologies by 100 percent from 130,000 MWh in 2013 to 260,000 MWh by 2018, and to increase the capacity of hydropower by 16 percent from 209 MW in 2010 to 242 MW by 2018.

Without this funding, CEO will also have a limited ability to achieve the office's Strategic Policy Initiative #1 based on the reduction in funding within the goal's timeline.
- SPI 1: Increase the sales of CNG fuel by 500 percent from 2.5 million gasoline gallon equivalents (GGEs) per year in 2013 to 13 million GGEs per year by June 30, 2018, and increase the electric vehicle (EV) market share for new light duty vehicles sold in Colorado from 0.62 percent in 2013 to 2.3 percent by June 30, 2018, diversifying transportation fuel use for all Coloradans.

Part II:
CEO's Weatherization Assistance Program provides site-specific home improvements for low-income Coloradans. The home improvements reduce energy bills and bring low-income customer utility payments closer to parity with their non-income qualified counterparts. Coloradans who participate in the program save in the range of $200–$500 annually on their utility bills. Between October 1, 1994 and June 30, 2014 the Colorado Weatherization Assistance Program served nearly 74,000 homes. This service level represents a saturation rate of just over 12 percent of the eligible homes in the state. If the weatherization program continues to serve homes each year at the currently authorized funding level, including $6.5 million from Tier II, the saturation rate in 2040 will rise to 17 percent, or 150,000 weatherized homes of the 880,000 eligible in Colorado. There remains tremendous need for this program in each county.

While the Weatherization Assistance Program could operate in an ongoing manner beyond FY 2017-18, it would serve fewer customers due to additional operational overhead costs and the remaining uncertainty of CEO's Low Income Energy Assistance Fund (LIEAF), which is funded by Tier II severance tax. The

LIEAF is authorized to receive $6.5 million in Tier II severance tax through FY 2018-19. *It is not projected to receive funding in FY 2016-17*. Without its FY 2016-17 allocation, CEO is reducing services by 800 homes statewide, resulting in job loss for 19 subcontractors. As of April 2016, the Department of Natural Resources tentatively projected that CEO would receive a reduced amount of $2.6 million in FY 2017-18. Based on this projection, CEO will serve 600 fewer customers due to the $3.9 million reduction in appropriation from authorized levels.

No severance tax funding is statutorily scheduled for appropriation after FY 2018-19. This inconsistent funding impacts service delivery of low-income energy services. Additionally, state dollars are used to leverage utility rebates for customers, so a reduced appropriation inhibits the CEO's ability to leverage utility dollars.

Without this funding, CEO will also have a limited ability to achieve the office's Strategic Policy Initiative #4 based on the reduction in funding within the goal's timeline.

- SPI4: Reduce the amount of household income expended by low-income households on energy from a baseline reduction in 2013 of 1.0 percent, on average, to a reduction of 1.5 percent by June 30, 2018.

Proposed Solution:

CEO is requesting the JBC to sponsor 2017 legislation to continue the funding provided by H.B.13-1215 through another five-year appropriation for the Innovative Energy Fund (IEF) and the Clean and Renewable Energy Fund (CREF). This request would also reauthorize 24.0 existing FTE tied to these funding sources.. Furthermore, due to the instability of and revenue loss for weatherization services, CEO requests an additional $2.0 million General Fund transfer over that five-year period for the LIEAF. Combined, this is a state funding total of $5.1 million annually for five years.

- 24-38.5-102.4 (III)(A) On ~~July 1, 2012~~ JULY 1, 2018, and each July 1 thereafter through ~~July 1, 2017~~ JULY 1, 2022, one million six hundred thousand dollars shall be transferred by the state treasurer from the general fund to the clean and renewable energy fund.
- 39-29-108(2)(a)(I) Of the total gross receipts realized from the severance taxes imposed on minerals and mineral fuels under the provisions of this article after June 30, 2012, one million five hundred thousand dollars shall be annually transferred on ~~July 1, 2012~~ JULY 1, 2018, and each July 1 thereafter through ~~July 1, 2017~~ JULY 1, 2022, to the innovative energy fund created in section 24-38.5-102.5, C.R.S.
- 40-8.7-112 C.R.S. - "ON JULY 1, 2018, AND EACH JULY 1 THEREAFTER THROUGH JULY 1, 2022, TWO MILLION DOLLARS shall be transferred by the state treasurer from the general fund to the CEO's LOW-INCOME ENERGY ASSISTANCE FUND CREATED IN 40-8.7-112 C.R.S."

As with H.B.12-1315, this legislation will also include statutory clean-up language to better reflect the current programming at CEO.

- Repeal:
  - Green Building Incentive Program (24-38.5 -201 et seq.) – *Completed pilot*
  - Colorado Clean Energy Finance Program (24-38.7-101 et seq.) – *Never launched partnership with the Treasurer's office*
  - Wind For School Grant Program (22-89-101 et seq.) – *Inactive federal program*
- Modify:

- Innovative Energy Fund (24-38.5-102.5)
  - (II)...~~except that the grants or loans shall be limited to innovative energy efficiency projects and policy development.~~
    - This restriction unnecessarily limits CEO's ability to expend funds to achieve the legislative intent of the IEF by not allowing grants and loans to be issued within the traditional energy sector.
- Long Bill LIEAF letternote
  - Change Long Bill LIEAF letternote from "shall" to "may" to clarify that utility weatherization funds may be deposited into CREF and transferred to LIEAF.
- CEO reports on its programming through the office's performance plan and evaluations as well as annual report. In the interest of streamlining, CEO would request reporting to the Joint Budget Committee through those documents in lieu the annual RFI #1 request which has duplicative content.

Anticipated Outcomes:

Overall, appropriations for these three funding sources will allow CEO to continue to work on market transformation in the transportation sector, buildings/facilities sector, and innovative energy production. This request directly relates to each of the Office's SPIs within the Department Performance Plan discussed above.

Assumptions and Calculations:

Part I:
CEO assumes current program costs will remain constant over the proposed five-year appropriation through FY 2021-22. Maintaining existing funding levels of CREF and IEF consistent with the levels in H.B. 12-1315, will allow CEO to maintain programmatic efforts at current levels.

Part II:
While not completely offsetting lost Tier II severance revenue, providing $2.0 million will provide some stability to CEO's Weatherization Program. It is estimated that $2.0 million will allow CEO to serve an estimated 300 more customers than would occur based on FY 2017-18 projections.

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?		X	
Will the request require a statutory change?	X		
Is this a one-time request?		X	
Will this request involve IT components?		X	
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		X	
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?	X		
Does the request link to the Department's Performance Plan?	X		

Cost and FTE

- CEO is requesting the JBC to sponsor 2017 legislation to continue the funding provided by H.B.13-1215 through another five-year appropriation for the Innovative Energy Fund (IEF) and the Clean and Renewable Energy Fund (CREF). This request would also reauthorize 24.0 existing FTE tied to these funding sources. Furthermore, CEO requests an additional $2.0 million General Fund transfer over that five-year period for the Low Income Energy Assistance Fund (LIEAF). Combined, this is a state funding total of $5.1 million annually for five years.

Current Program

- H.B. 12-1315 restructured the Colorado Energy Office and provided five year continuous appropriations for two state funding sources. They are used toward improving the effective use of all of Colorado's energy resources and the efficient consumption of energy in all economic sectors. As enumerated in the office performance plan, the CEO works in and tracks outcomes in three market segments: (1) Transportation sector: alternative-fuel vehicles; (2) Buildings/facilities sector: energy efficiency and on-site clean generation; and (3) Innovative energy production: commercialization and market transformation of emerging energy technologies.

Problem or Opportunity

- The final $1,600,000 General Fund transfer into the CREF was July 1, 2016, and the final $1,500,000 severance tax transfer into the IEF was July 1, 2016.
- Additionally, CEO's LIEAF is authorized to receive Tier II severance tax through FY 2018-19. It is not projected to receive funding in FY 2016-17. Inconsistent funding impacts service delivery of low-income energy services. Additionally, state dollars are used to leverage utility rebates for customers, so a reduced appropriation inhibits the CEO's ability to leverage utility dollars.

Consequences of Problem

- Going forward, the only programs CEO manages that can continue to operate without CREF and IEF appropriations are the Weatherization Assistance Program (WAP) (ongoing) and the Alternative Fuels Colorado program (through FY 2017-18 only).
- The CREF and IEF appropriations are used to serve customers across each of the office's market areas. Not reauthorizing this funding would lead to a loss of 24.0 FTE and approximately $1.7 million in federal dollars that have state matching requirements.

Proposed Solution

- The request is a continuation of the current office funding provided by H.B.12-1315 that expires after FY 2016-17: $1,600,000 million a year in General Fund for the CREF and $1,500,000 million a year in severance tax in the IEF. Furthermore, to stabilize funding for weatherization services, CEO requests an additional $2.0 million General Fund transfer over that same five-year period for the LIEAF. Combined, this is a state funding total of $5.1 million annually for five years.

Department of Governor's Office

Request Title

R-01(CEO) Reauthorization of expired Clean & Innovative Fund

Dept. Approval By:

OSPB Approval By:

10/27/16

____ Supplemental FY 2016-17

__X__ Change Request FY 2017-18

____ Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$13,649,724	$0	$9,949,724	$5,100,000	$5,100,000
	FTE	32.3	0.0	8.3	24.0	24.0
Total of All Line Items Impacted by Change Request	GF	$0	$0	$0	$0	$0
	CF	$10,096,182	$0	$6,396,182	$5,100,000	$5,100,000
	RF	$0	$0	$0	$0	$0
	FF	$3,553,542	$0	$3,553,542	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$6,549,724	$0	$3,449,724	$3,100,000	$3,100,000
	FTE	32.3	0.0	8.3	24.0	24.0
01. Office of the Governor, (C)	GF	$0	$0	$0	$0	$0
Colorado Energy Office - Program	CF	$2,996,182	$0	($103,818)	$3,100,000	$3,100,000
Administration	RF	$0	$0	$0	$0	$0
	FF	$3,553,542	$0	$3,553,542	$0	$0
	Total	$7,100,000	$0	$6,500,000	$2,000,000	$2,000,000
	FTE	0.0	0.0	0.0	0.0	0.0
01. Office of the Governor, (C)	GF	$0	$0	$0	$0	$0
Colorado Energy Office - Low-Income	CF	$7,100,000	$0	$6,500,000	$2,000,000	$2,000,000
Energy Assistance	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

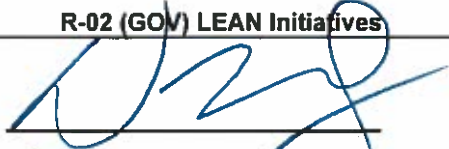|			
CF Letternote Text Revision Required?	Yes ____ No ____	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ____ No ____		
FF Letternote Text Revision Required?	Yes ____ No ____		
Requires Legislation?	Yes X No ____		
Type of Request?	Department of Governor's Office Prioritized Request		
Interagency Approval or Related Schedule 13s:	None		

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-02 (GOV) LEAN Initiatives

Dept. Approval By:

OSPB Approval By:

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$2,138,056	$0	$2,138,056	$500,000	$500,000
	FTE	20.5	0.0	20.5	0.0	0.0
Total of All Line Items Impacted	GF	$627,274	$0	$627,274	$500,000	$500,000
by Change Request	CF	$0	$0	$0	$0	$0
	RF	$1,510,782	$0	$1,510,782	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$2,138,056	$0	$2,138,056	$500,000	$500,000
	FTE	20.5	0.0	20.5	0.0	0.0
	GF	$627,274	$0	$627,274	$500,000	$500,000
03. Office of State Planning and Budgeting - Personal Services	CF	$0	$0	$0	$0	$0
	RF	$1,510,782	$0	$1,510,782	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___ No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___ No ___		
FF Letternote Text Revision Required?	Yes ___ No ___		
Requires Legislation?	Yes ___ No X		
Type of Request?	Department of Governor's Office Prioritized Request		
Interagency Approval or Related Schedule 13s:	None		

COLORADO

Office of the Governor

John W. Hickenlooper
Governor

Donna Lynne, DrPH
Lieutenant Governor and Chief Operating Officer

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-02 (GOV)
Request Detail: Statewide Training for Lean and Process Improvement

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Statewide Training for Lean and Process Improvement	$500,000	$500,000

The Office of the Governor requests $500,000 General Fund to provide enhanced training opportunities for State employees in the areas of Lean and process improvement. This new appropriation would provide matching funds to reimburse State departments for up to 50 percent of the cost of targeted training.

Problem or Opportunity:

For the past three fiscal years, the Office of State Planning and Budgeting has received funding to provide a statewide Performance Management Academy. This Academy, including its Lean module, has achieved a net promoter score of over 95% and wide recognition across State government as high-value leadership development training. The Academy relies heavily on Governor's office staff and volunteer speakers to deliver content, and reaches about 80 State employees per year.

Meanwhile, State departments under-invest in employee training. On average, State agencies spend an average of $350 per year on training, in comparison with $1,200 in the private sector. Of this minimal spending on training, more than 80 percent is for technical training, and only a small percentage is invested in developing leadership talent. In a 2015 survey of Department directors, leadership development was cited as a top training need.

The Department of Personnel & Administration's (DPA) Center for Organizational Effectiveness does not offer leadership development courses similar to OSPB's Performance Academy, and the process improvement courses they do offer have a low take-up rate by agencies. Departments signal a strong preference for external vendors for process improvement courses such as Lean. Without pooled purchasing power, however, such training is extremely costly from private sector sources. As a result, a few agencies have started to develop their own in-house leadership programs and Lean training.

OSPB has realized substantial success with an initial wave of Lean process improvement investment in 2012 through 2014, and with the Performance Management Academy it has hosted in each of the last three fiscal years. Nevertheless, existing levels of funding for the Academy limit its reach to less than 100 State employees each year. Furthermore, OSPB's ongoing appropriations for Lean process improvement

activities allow for coordination of Lean activities throughout the State, but require the Governor's Office to rely on departments for a more significant investment in process improvement activities and training.

An opportunity exists to build on the success of the OSPB Performance Academy, and scale it up to reach more employees on a demand-driven basis. Many elements of the Academy – the Lean module, change management, and customer-focused culture – can be replicated and delivered via the DPA training center. These elements of the OSPB Performance Academy are already delivered by outside facilitators with a proven record of success, partnering with internal experts that apply the concepts to real problems faced by the State.

In this way, State departments could purchase high-quality training at costs far lower than those associated with developing training in-house, and for far less than procurement of training from private sector sources.

Proposed Solution:

The Governor's Office proposes an additional General Fund appropriation of $500,000 in FY 2017-18 and each year thereafter to expand training opportunities around Lean and process improvement throughout Colorado State Government.

Beginning with the Academy's Lean performance improvement curriculum, the Governor's Office will work with DPA to replicate certain modules of the Performance Academy and contract with proven successful facilitators to deliver the training. Additionally, a more advanced Lean curriculum will be offered to expand the size and skills of the State's pool of trained Lean practitioners.

Departments would then purchase this training from DPA within their existing operating budgets. The proposed $500,000 appropriation would be used to reimburse departments for up to 50 percent of the cost for these specially designated courses. The matching funds, combined with the proven quality of the training, will lead Departments to invest in more of this training each year, redirecting training funds from their base to a more strategic investment.

The Governor's Office will work with DPA to ensure training facilitators are held to a performance-based contract that guarantees the continued customer satisfaction that the Academy has achieved. The Governor's Office would guide DPA in replicating the curriculum and in developing criteria for facilitators so that the scaled-up course offerings would retain the success of OSPB's Performance Academy with its net promoter score of over 95 percent.

This request does not supplant the request for the OSPB Performance Academy, which will continue to be offered through the end of the Administration. Rather, the request would provide recurring funds to scale up the Performance Academy through a new delivery mechanism, with a goal of continuing the Performance Academy's success well beyond the current governor's administration.

In scaling up the training as requested here, the Governor's Office anticipates beginning with Lean training given the likelihood of success in replicating the module that exists in the Performance Management Academy and the strong agency demand that already exists for more Lean training. The State has achieved a critical awareness of the Colorado Lean Program (heralded by Harvard University's Innovations in Government Award): according to the employee engagement survey, employees engaged in a Lean project

have grown from 7% in 2013 to 38% today, and employee perception of leader commitment to Lean has grown from 5% in 2013 to 44% today.

Without this new appropriation, State departments will likely continue to purchase minimal leadership training, including Lean training, with a high variation of cost and quality. By not accessing economies of scale or negotiated prices, departments will likely pay more than necessary for training with varied levels of effectiveness. Departments may also duplicate efforts by building training in-house.

Anticipated Outcomes:

It is anticipated that this $500,000 in matching funds will lead to at least 500 additional State employees receiving strategic training in Lean, other process improvement methodologies, and critical leadership skills each year.

With additional skills in these areas, customers of Colorado State Government will experience more efficient and effective service. Processes throughout the State will be improved with the goal of delivering services with less wasted time, talent, and resources. Over time, these improved services will lead both to budgetary efficiency and better achievement of critical goals identified by the General Assembly, the Governor, and department leadership.

Assumptions and Calculations:

This estimate is based on an average training cost of $2,000 per person. With a match of 50 percent of these costs, the Governor's Office anticipates supporting Lean and process improvement training for approximately 500 additional State employees.

For purposes of comparison, top quality leadership development courses in the private sector typically run in the range of $5,000 per person.

In delivering the Performance Academy, OSPB spends approximately $1,375 per person. OSPB contains its costs by delivering content primarily through Governor's Office staff and volunteers. This is a successful model for a small annual training, but cannot be scaled up at a similar cost given limited resources in the Governor's Office.

Cost and FTE

- The Office of the Governor requests $500,000 to scale up the success of the OSPB Performance Academy, with a special emphasis on Lean, and provide an incentive for Departments to invest in developing strategic leaders who drive a customer-focused culture and continuous process improvement. This ongoing General Fund appropriation would provide matching funds to reimburse Departments up to 50 percent for the cost of targeted training.

Current Program

- OSPB's Performance Academy, including its Lean module, has achieved a net promoter score of 95%+ and wide recognition across State government as high-value leadership development training.
- Departments currently under-invest in employee training (average $350 per year per employee, compared with $1,200 in the private sector). Of this minimal spending on training, more than 80% is for technical training, and only a small percentage is invested in developing leadership talent.
- DPA does not offer leadership development courses similar to OSPB's Performance Academy, and the process improvement courses they do offer have a low take-up rate by agencies.
- Departments signal a strong preference for external vendors for process improvement courses such as Lean, but without purchasing power, pay more for such training.

Problem or Opportunity

- The State can build on the success of the OSPB Performance Academy, and scale it up to reach more employees on a demand-driven basis. OSPB's Performance Academy, successful as it is, can only reach about 80 employees per year when it is delivered through the Governor's Office.
- Many elements of the Academy can be replicated and delivered via the DPA training center. Such a replication of these high quality courses at DPA will increase economies of scale relative to agencies developing their own in-house training or purchasing it one-off.
- In a 2015 survey of Department directors, leadership development was cited as a top training need.

Consequences of Problem

- Departments will continue to purchase leadership training, including Lean training, with a high variation of cost and quality, and not accessing economies of scale or negotiated prices; Departments may also duplicate efforts by building training in-house.
- Risk that the number of process improvement Lean projects around the State will diminish without a continued push to train more staff in Lean.

Proposed Solution

- The Governor's Office will work with DPA to replicate certain modules of the Performance Academy curriculum, and contract with proven successful facilitators for the training. Departments will then purchase the training at DPA from their existing training budgets, and receive up to 50% reimbursement from OSPB for these specially designated courses.
- We anticipate the $500,000 in Matching Funds will lead to at least 500 individuals being trained each year in these strategic areas.

COLORADO
Governor's Office

STATE OF COLORADO 1876

John W. Hickenlooper
Governor

Andrew Freedman
Director of Marijuana Coordination

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-02
Request Detail: Sunset Office of Marijuana Coordination

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
1.0 FTE, Transfer from OMJC to Governor's Office	$113,914	$0
1.0 FTE, Eliminate remaining OMJC funding	($103,030)	$0

Problem or Opportunity:

The Office of Marijuana Coordination (OMJC) should close at the end of FY 2016-17 because the short term work of fairly implementing Amendments 20 and 64 is approaching completion, leaving only long-term departmental work. While future marijuana related crises may arise, an office existing to await this crisis will likely not have the personnel or power structure to effectively solve it. The role of the OMJC is to ensure the efficient and effective regulation of Colorado's retail and medical marijuana while promoting public health, maintaining public safety, and keeping marijuana out of the hands of children. To do so, the OMJC works with state agency partners and other concerned stakeholders locally, nationally, and internationally. Throughout this process, the OMJC manages marijuana tax revenue; guides the administration through difficult regulatory, legal, and personnel issues as Colorado became the first state in the world to regulate recreational marijuana; serves as the point of contact and spokesperson for local, national, and international press; and advises cities, states, and countries around the world about issues surrounding marijuana legalization. However, this work can be absorbed by the departments in conjunction with 1.0 FTE to be hired and housed in the Governor's Office. Through discussions with senior executive leadership and various cabinet members, we are ensuring all relevant departments are prepared to continue effectively handling their current and added marijuana-related responsibilities following the sunset of the OMJC.

Proposed Solution:

The OMJC proposes to transfer 1.0 FTE (and $113,914 in Marijuana Tax cash funds) to the Governor's Office to hire a program manager to continue with long-term work coordination work, and to eliminate $103,030 and 1.0 FTE to sunset the office. *This request requires legislation.*

Dissolving the OMJC sends a message internally and externally about implementation progress: that we are ready to absorb marijuana responsibilities into our pre-existing government structure. Colorado is more than marijuana, yet the office takes up significant resources relative to others (for example, our bi-weekly Working Group and follow-up meetings take up about 4 hours of time per month from 10 senior staff and cabinet-level officials and 15 additional staff—that's more than 1,200 hours per year of our top officials' time.) We can acknowledge our success thus far and feel confident in our plan and structure for addressing the state's future needs. As high-risk implementation work nears completion, we need a formalized,

ongoing policy and operations support that is best managed through a policy position in the Governor's Office. We are so committed to getting it right that we are writing ourselves out of a job, and we have a robust, flexible plan to address risks that can be executed without being wasteful or generating unnecessary slack.

With regards to future funding, 1.0 FTE from the OMJC shall be transferred to the Governor's Office (an ongoing funding change) and 1.0 FTE shall be eliminated (one-time funding change). This request impacts several departments included in the Governor's Marijuana Working Group. The impact will largely be related to coordination efforts in the areas of policy development, communications, budget allocation, and legislative agenda setting and monitoring. However, steps have been taken to establish cross-agency relationships and standard operating procedures (SOPs) to take the place of the OMJC.

If the OMJC is not allowed to sunset, the Office may become a barrier rather than increasing efficiency. Business best practices suggest that central coordination efforts are most successful when temporary. They should have a defined point of arrival, clear and aggressive timelines to completion, and a detailed handoff approach. Currently, the OMJC acts as thought leaders, efficient coordinators, accountability drivers, groundbreaking policy creators and shepherds, and enablers for high-profile, critical change. However, in the future, this office will likely become simply another layer of bureaucracy, a justification for diffusion of responsibility, and a distraction from other state priorities. Ultimately, we believe keeping the OMJC open would be inefficient.

Understandably, there are risks in dissolving the OMJC. Risks: 1) Major roadblocks may not be solved in time, such as the grey market; 2) Challenges of other states legalizing within the region, possibly creating tax and regulatory differentials and the opportunity for "legal" diversion; 3) Pressure from the presidential election and candidates' positions; 4) Potential talent and expertise differential between future and current staff; 5) Eliminates the comfort (for the public and internal staff) of having a single point person for this issue; 6) Possible political fallout from criticism that we claimed to have "solved" legalization, particularly if a major crisis arises; and 7) Lack of a point person to manage outside perceptions of Colorado's implementation progress and success.

Anticipated Outcomes:

Should the office sunset be approved, individual departments will be responsible for ongoing marijuana-related work. The performance of the new FTE in the Governor's Office will be measured according to established office metrics. Similarly, the departments and the Governor's Office will determine necessary metrics to measure success. We anticipate that one year without the OMJC under the current administration will instill the proper muscle memory for departments to become comfortable with the additional marijuana-related work that they will be responsible for in the future. With effective execution, closing the OMJC by the end of FY 2016-17 will ensure maximum accomplishment of goals with minimum disruption to departmental leadership. The Department's Performance Plan will be best served by sending the message that we have effectively implemented marijuana legalization and created good government paths forward for ongoing marijuana-related work, but that marijuana is no longer a top priority for the administration.

Estimated costs for the 1.0 FTE to be hired and transferred to the Governor's Administration line are as follows (please also see attached FTE template for new program manager):

Item	OMJC Current Funding	Transfer to Governor's Admin. Line	FY 2017-18 Reduction
Personal services & operating	$191,590 *	$97,199	($94,391)
FTE	2.0	1.0	(1.0)
AED	6,612	4,312	(2,300)
SAED	6,387	4,312	(2,075)
STD	331	164	(167)
HLD	12,024	7,927	(4,097)
Total	*$216,944*	*$113,914*	*($103,030)*

* Current Long Bill amount.

This FTE will reside in the Administration line of the Governor's Office, and will continue to be funded by Marijuana Tax cash funds.

Not Applicable

Additional Information

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?		x	
Will the request require a statutory change?	x		
Is this a one-time request?	x		
Will this request involve IT components?		x	
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		x	
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?	x		
Does the request link to the Department's Performance Plan?	x		

Cost and FTE

- The Office of Marijuana Coordination (OMJC) is requesting to transfer $113,914 in Marijuana tax cash funds and 1.0 FTE from OMJC to the Governor's Office Administration line, and to eliminate the remaining 1.0 FTE and $103,030 cash funds. *This request requires legislation.*

Current Program

- The OMJC works to ensure the efficient and effective regulation of Colorado's retail and medical marijuana while promoting public health, maintaining public safety, and keeping marijuana out of the hands of children. OMJC works with state agency partners and other concerned stakeholders locally, nationally, and internationally.

- The OMJC manages marijuana tax revenue; guides the administration through difficult regulatory, legal, and personnel issues as the first state in the world to regulate recreational marijuana; serves as the point of contact and spokesperson for local, national, and international press; and advises cities, states, and countries around the world about issues surrounding marijuana legalization.

Problem or Opportunity

- The OMJC should sunset at the end of FY 2016-17 because the short term work of fairly implementing Amendments 20 and 64 is approaching completion, leaving only long-term departmental work.

- Dissolving the OMJC sends an important message internally and externally about implementation progress of new policies and sets an example for future initiatives in need of temporary centralized coordination.

Consequences of Problem

- As circumstances change, the OMJC may become a barrier rather than increasing efficiency.

- There are risks in dissolving the OMJC including: not solving roadblocks in time, challenges of new states legalizing within the region, pressure from the presidential election, potential talent/expertise differential between current and future staff, undermining public trust and comfort on the issue, possible political fallout if an unexpected crisis arises, and managing perception outside Colorado of implementation's progress and success.

Proposed Solution

- The closure of the OMJC, and the hiring and transfer of 1.0 FTE to the Governor's Office will help to mitigate these consequences. While relevant departments will be prepared to handle marijuana-related work on their own, the 1.0 FTE in the Governor's Office will handle certain marijuana-related responsibilities that remain following the closure of the OMJC.

Department of Governor's Office

Request Title

R-01 (GOV) Marijuana Office Sunset

Dept. Approval By:

OSPB Approval By: 10/27/16

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

		FY 2016-17		FY 2017-18		FY 2018-19
Summary Information	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$5,075,808	$0	$5,145,403	($103,030)	$0
	FTE	33.4	0.0	33.4	(1.0)	0.0
Total of All Line Items	GF	$3,414,807	$0	$3,268,942	$0	$0
Impacted by Change Request	CF	$1,093,470	$0	$1,021,370	($103,030)	$0
	RF	$321,433	$0	$605,664	$0	$0
	FF	$246,098	$0	$249,427	$0	$0

		FY 2016-17		FY 2017-18		FY 2018-19
Line Item Information	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$2,370,231	$0	$2,370,231	$97,199	$0
	FTE	31.4	0.0	31.4	1.0	0.0
01. Office of the Governor, (A)	GF	$2,370,231	$0	$2,370,231	$0	$0
Governor's Office -	CF	$0	$0	$0	$97,199	$0
Administration of Governor's	RF	$0	$0	$0	$0	$0
Office and Residence	FF	$0	$0	$0	$0	$0
	Total	$1,203,893	$0	$1,356,761	($4,097)	$0
	FTE	0.0	0.0	0.0	0.0	0.0
01. Office of the Governor, (B)	GF	$467,873	$0	$313,150	$0	$0
Special Purpose - Health, Life,	CF	$442,692	$0	$441,001	($4,097)	$0
and Dental	RF	$165,400	$0	$443,477	$0	$0
	FF	$127,928	$0	$159,133	$0	$0
	Total	$24,539	$0	$22,823	($167)	$0

	FTE	0.0	0.0	0.0	0.0	0.0
01. Office of the Governor, (B) Special Purpose - Short-term Disability	GF	$10,802	$0	$10,893	$0	$0
	CF	$8,601	$0	$7,233	($167)	$0
	RF	$2,923	$0	$3,017	$0	$0
	FF	$2,213	$0	$1,680	$0	$0
	Total	$646,143	$0	$601,999	($2,300)	$0
	FTE	0.0	0.0	0.0	0.0	0.0
01. Office of the Governor, (B) Special Purpose - Amortization Equalization Disbursement	GF	$284,432	$0	$287,334	$0	$0
	CF	$226,473	$0	$190,773	($2,300)	$0
	RF	$76,956	$0	$79,585	$0	$0
	FF	$58,282	$0	$44,307	$0	$0
	Total	$639,412	$0	$601,999	($2,075)	$0
	FTE	0.0	0.0	0.0	0.0	0.0
01. Office of the Governor, (B) Special Purpose - Supplemental Amortization Equalization Disbursement	GF	$281,469	$0	$287,334	$0	$0
	CF	$224,114	$0	$190,773	($2,075)	$0
	RF	$76,154	$0	$79,585	$0	$0
	FF	$57,675	$0	$44,307	$0	$0
	Total	$191,590	$0	$191,590	($191,590)	$0
	FTE	2.0	0.0	2.0	(2.0)	0.0
01. Office of the Governor, (D) Other Programs and Grants - Office of Marijuana Coordination	GF	$0	$0	$0	$0	$0
	CF	$191,590	$0	$191,590	($191,590)	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

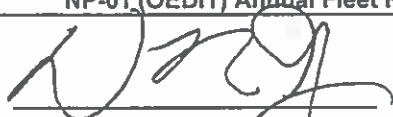|			
CF Letternote Text Revision Required?	Yes ___ No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___ No ___		
FF Letternote Text Revision Required?	Yes ___ No ___		
Requires Legislation?	Yes X No ___		
Type of Request?	Department of Governor's Office Prioritized Request		
Interagency Approval or Related Schedule 13s:	None		

Schedule 13

Department of Governor's Office

Request Title

NP-01 (OEDIT) Annual Fleet Request

Dept. Approval By:

OSPB Approval By: 10/27/16

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

		FY 2016-17		FY 2017-18		FY 2018-19
Summary Information	Fund	Initial Appropriation	Supplementa l Request	Base Request	Change Request	Continuation
	Total	$12,444	$0	$12,444	($1,188)	($1,188)
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by	GF	$12,444	$0	$12,444	($1,188)	($1,188)
Change Request	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

		FY 2016-17		FY 2017-18		FY 2018-19
Line Item Information	Fund	Initial Appropriation	Supplementa l Request	Base Request	Change Request	Continuation
	Total	$12,444	$0	$12,444	($1,188)	($1,188)
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$12,444	$0	$12,444	($1,188)	($1,188)
04. Economic Development Programs - Vehicle Lease Payments	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

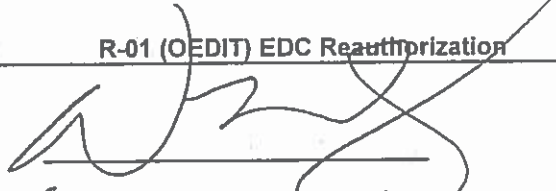|				
CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___	No ___		
FF Letternote Text Revision Required?	Yes ___	No ___		
Requires Legislation?	Yes ___	No X		
Type of Request?	Department of Governor's Office Non-Prioritized Request			
Interagency Approval or Related Schedule 13s:	Department of Personnel and Administration			

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-01 (OEDIT) EDC Reauthorization

Dept. Approval By:

OSPB Approval By: _10/27/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	FY 2016-17 Supplemental Request	FY 2017-18 Base Request	FY 2017-18 Change Request	FY 2018-19 Continuation
	Total	$5,834,544	$0	$834,544	$5,000,000	$5,000,000
	FTE	5.5	0.0	1.5	5.0	5.0
Total of All Line Items Impacted by Change Request	GF	$5,692,602	$0	$692,602	$5,000,000	$5,000,000
	CF	$141,942	$0	$141,942	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	FY 2016-17 Supplemental Request	FY 2017-18 Base Request	FY 2017-18 Change Request	FY 2018-19 Continuation
	Total	$5,834,544	$0	$834,544	$5,000,000	$5,000,000
	FTE	5.5	0.0	1.5	5.0	5.0
04. Economic Development Programs - EDC - General Economic Incentives & Marketing	GF	$5,692,602	$0	$692,602	$5,000,000	$5,000,000
	CF	$141,942	$0	$141,942	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes ___	No ___	
FF Letternote Text Revision Required?	Yes ___	No ___	

Requires Legislation?   Yes _X_ No ___

Type of Request?   Department of Governor's Office Prioritized Request

Interagency Approval or Related Schedule 13s: None

COLORADO
Department of Economic Development
& International Trade

John W. Hickenlooper
Governor

Fiona Arnold
Executive Director

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-01
Request Detail: Extend Repeal Date in C.R.S. 24-46-106 and Continue Level Funding

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Extend Repeal Date in C.R.S. 24-46-106 and Continue Level Funding	$5.0 million	$5.0 million

Problem or Opportunity:

C.R.S. 24-46-106 states, "This part 1 is repealed, effective July 1, 2017." Part 1 includes the creation of the Economic Development Commission ("EDC"), its membership, and its powers and duties. Part 1 also includes the creation of the Colorado Economic Development Fund, also known as the Strategic Fund, which is funded annually through the Long Bill. Extending the repeal date requires legislation.

Powers and Duties of the EDC

By statute the EDC is required to play an active role in approving awards, setting policies, and overseeing many programs administered by the Office of Economic Development and International Trade ("OEDIT"). If the existence of the EDC repeals on July 1, 2017, then OEDIT will not be able to offer many of its most effective incentives. Not only will the Strategic Fund disappear, but OEDIT will not be able utilize any of the programs listed below, because all of these require EDC approval and ongoing oversight. Without an extension of the repeal date, OEDIT will not be able to actively recruit new companies into Colorado or manage the existing awards that, for the past three years, averaged annually over $335 million (detailed in Table 3).

OEDIT Programs Requiring EDC Approval and Oversight

Program Name	EDC Role
Job Growth Incentive Tax Credit	EDC is required by statute to approve new awards and make modifications to existing awards. (C.R.S. 39-22-531)
Job Growth Incentive Tax Credit Higher Education Partnership	
Strategic Fund Incentives	EDC is required by statute to approve new awards and make modifications to existing awards. (C.R.S. 24-46-105)
Strategic Fund Initiatives	

Regional Tourism Act	EDC is required by statute to approve modifications of and oversee the existing awards for up to the next 45 years. No new awards are permitted by statute but $425 million of approvals are outstanding for 5 projects. (C.R.S. 24-46-305)
Advanced Industry Accelerator Grants	OEDIT is statutorily required to consult with the EDC before making awards. As a matter of practice, OEDIT obtains EDC approval before giving awards. (C.R.S. 24-48.5-117)
Film Tax Credit Program	EDC is required by statute to approve awards. (C.R.S. 24-48.5-116)
Film Loan Guarantee Program	EDC is required by statute to approve awards. (C.R.S. 24-48.5-115)
Rural Jump Start	EDC is required by statute to approve eligible Rural Jump Start counties each year, eligible institutions of higher education, rural jump start zones, rural jump start awards to specific companies and allocations of employees receiving state income tax holidays. EDC approval is required to make modifications, extensions and adjustments to awards. (C.R.S. 39-30.5-104)
Enterprise Zone Program	EDC is required by statute to approve: Enterprise Zone contribution projects and associated policies, annual review and re-certification of contribution projects, commercial vehicle investment tax credits, Enterprise Zone establishments and their local administrators, boundary amendments, periodic full scale boundary re-zoning required by statute, exceptions to the $750,000 annual cap on investment tax credits for a single tax payer, and other policy decisions. (C.R.S. 39-30-103)

Strategic Fund

OEDIT uses the Strategic Fund to recruit and retain companies through job creation incentives and to provide support for strategic initiative opportunities across the state. Tables 1 and 2 below summarize the individual EDC-approved awards, amounts paid to-date, and respective unpaid balance of the awards.

More specifically, Table 1 summarizes the current and completed job creation projects with $17 million in performance-based funding, incentivizing an estimated 7,206 net new jobs to Colorado. To-date, OEDIT paid out $3.4 million for 2,286 net new jobs, leaving an unpaid balance of $13.6 million.

Table 2 summarizes the current and completed EDC-approved <u>strategic initiative</u> projects, with their respective payments and unpaid balances. Job creation projects are performance-based on net new jobs, and strategic initiatives are performance-based on project metrics. Each type of award, be it job creation or strategic initiative, links to the Long Bill and fund balance by either an encumbrance of funds directly in CORE through contracts or Purchase Orders, depending on the size of the award, or by ear-marking funds for projects that received EDC approval but have not yet finalized a contract or Purchase Order.

Table 1

Strategic Fund Job Creation Projects								
Current Projects								
Status	**Name**	**County**	**Intro Year**	**Period End / EDC Approval**	**Contract Amount**	**Est. Jobs**	**Paid**	**Unpaid Balance**
Encumbered	Panasonic (Project Pangaea)	Denver	2014	Dec-22	$1,500,000	300	$0	$1,500,000
(Contract	KeHe Distributors	Adams	2015	Jun-20	$452,500	181	$0	$452,500
Signed or PO	Mayfly Group LLC. (Proj. Trio)	Montrose	2014	Dec-19	$280,000	56	$0	$280,000
established)	Vantiv LLC. (Project Comet)	Douglas	2014	Jun-19	$198,384	120	$0	$198,384
	WHPacific (Project Glacier)	El Paso	2012	Dec-18	$241,349	56	$0	$241,349
	DaVita	Denver	2012	Dec-17	$119,209	58	$0	$119,209
	On Deck Capital (Project 5285)	Denver	2012	Dec-17	$500,000	200	$40,000	$460,000
	Coleman Company	Jefferson	2011	Dec-16	$370,000	74	$114,115	$255,885
	Cooper Controls	Adams	2012	Dec-16	$321,000	321	$0	$321,000
	Leitner-Poma of America Inc.	Mesa	2012	Dec-16	$300,000	100	$78,000	$222,000
	Leprino	Weld	2007	Dec-16	$1,200,000	400	$1,053,000	$147,000
	Parelli Natural Horsemanship	Archuleta	2011	Dec-16	$125,000	25	$65,000	$60,000
	Sisters of Charity	Denver	2012	Dec-16	$937,500	750	$0	$937,500
	Spirae Inc.	Larimer	2010	Dec-16	$150,000	30	$45,000	$105,000
	Encumbered Total				**$6,694,942**	**2,671**	**$1,395,115**	**$5,299,827**
Ear-marked	Viega	Broomfield	2016	Mar-16	$475,000	190	$0	$475,000
(EDC	Snowsports Industries America	Boulder	2016	Jan-16	$145,000	29	$0	$145,000
Approved or	Avitus Group	Arapahoe	2015	Oct-15	$320,000	128	$0	$320,000
Introduced)	Sunrun (Project Photograph)	Denver	2015	Sep-15	$85,000	813	$0	$85,000
	SNC (Project Elbert)	El Paso	2015	Feb-15	$4,400,000	1,323	$0	$4,400,000
	United Tech. Aerospace	Pueblo	2014	Feb-15	$184,000	46	$0	$184,000
	AquaHydrex	Boulder	2015	Jan-15	$497,000	142	$0	$497,000
	Thysenn Krupp Robins	Denver	2013	Jul-14	$250,000	50	$0	$250,000
	Ear-marked Total				**$6,356,000**	**2,721**	**$0**	**$6,356,000**
Completed Projects								
Encumbered	Corinthian Colleges	El Paso	2009	Dec-14	$1,200,000	600	$294,000	$906,000
(Contract	Charles Schwabb	Douglas	2009	Apr-15	$1,000,000	500	$170,000	$830,000
Signed or PO	Arrow Electronics	Arapahoe	2009	Dec-14	$768,250	439	$558,250	$210,000
	Alliance for Sustainable Energy	Jefferson	2009	Sep-13	$615,000	123	$605,299	$9,701
	Niagara Bottling	Arapahoe	2012	Dec-17	$38,000	38	$38,000	$0
	Dot Hill	Boulder	2009	Sep-14	$250,000	100	$250,000	$0
	Lewis Engineering	Mesa	2008	May-13	$42,000	14	$42,000	$0
	Completed Total				**$3,913,250**	**1,814**	**$1,957,549**	**$1,955,701**
	Job Creation Total				**$16,964,192**	**7,206**	**$3,352,665**	**$13,611,527**

Table 2

Strategic Initiative Projects

Current Projects

Status	Name	County	Intro Year	Period End / EDC Approval	Contract Amount	Local Match	Paid	Unpaid Balance
Encumbered (Contract Signed or PO established)	Annual OEDIT Admin	-	2017		$450,000	-	$0	$450,000
	Annual Enterprise Zone Admin	-	2017		$366,500	1:1	$0	$366,500
	UNC BizHub Incubator Yr 2	Weld	2014	May-18	$50,000	2:1	$0	$50,000
	Lufthansa (Project Trans-Atlantic)	Denver	2015		$300,000	2:1	$0	$300,000
	SW CO Accelerator (SCAPE) YR 3	SW Colorado	2015		$25,000	2:1	$7,243	$17,757
	Business Retention Expansion	State-wide	2014		$29,563	-	$0	$29,563
	CO Space Marketing 2014	Denver	2014		$100,000	2:1	$80,822	$19,178
	EDC Marketing 2015	State-wide	2014		$85,000	-	$0	$85,000
	UNC BizHub Incubator Yr 1	Weld	2014		$75,000	2:1	$50,297	$24,703
	Rural Theatre 2015	Rural	2013		$200,000	2:1	$172,000	$28,000
	Community Assessment	State-wide	2011	Jun-17	$39,333	10:1	$0	$39,333
	EDC Marketing 2014	State-wide	2014		$85,000	-	$26,731	$58,269
	CO Space Marketing 2013	Denver	2013		$100,000	2:1	$98,368	$1,632
	Rocky Mountain Innosphere	Jefferson	2013		$50,000	1:1	$48,333	$1,667
	Encumbered Total				**$1,955,395**		**$483,795**	**$1,471,600**
Ear-marked (EDC Approved or Introduced)	UNC BizHub Incubator Yr 3	Weld	2014		$25,000	2:1	$0	$25,000
	Rural Theatre 2016	Rural	2015		$140,000	2:1	$0	$140,000
	Snowsports Industries America	Boulder	2016		$300,000	2:1	$0	$300,000
	Ear-marked Total				**$465,000**		**$0**	**$465,000**

Completed Projects

Status	Name	County	Intro Year	Period End / EDC Approval	Contract Amount	Local Match	Paid	Unpaid Balance
Encumbered (Contract Signed or PO established)	REMI Model	State-wide	2013		$30,000		$30,000	$0
	Southwest CO Accelerator	SW CO	2013		$75,000		$75,000	$0
	Southwest CO Accelerator	SW CO	2013		$50,000		$50,000	$0
	Telluride Venture Accelerator Yr 3	San Miguel	2012		$25,000		$25,000	$0
	Craig-Moffat County Incubator	Moffat	2012		$115,000		$115,000	$0
	Colorado Advanced Mftg. (CAMA)	State-wide	2012		$100,000		$100,000	$0
	Colorado Nano Technology Alliance	State-wide	2012		$35,000		$35,000	$0
	Denver Metro Chamber	Denver	2012		$100,000		$100,000	$0
	Telluride Venture Accel. Yr 1 & 2	San Miguel	2012		$125,000		$124,900	$100
	Colorado Assoc MFG & Tech (CAMT)	State-wide	2011		$350,000		$350,000	$0
	EDC Marketing	State-wide	2011		$39,380		$39,380	$0
	Northern CO Clean Energy Clust	N CO	2011		$100,000		$99,951	$49
	Business Retention Expansion	State-wide	2010		$45,137		$45,137	$0
	Rocky Mountain Innosphere	Larimer	2009		$75,000		$75,000	$0
	Completed Total				**$1,264,518**		**$1,264,369**	**$149**
	Initiatives Total				**$3,684,913**		**$1,748,163**	**$1,936,750**

If the statute repeals, and the Strategic Fund is eliminated, in addition to putting Colorado at a competitive disadvantage when recruiting and retaining companies, the State will not be able to fully perform under existing contracts with businesses that have already accepted incentives to locate in Colorado, impacting $13.6 million committed funds.[1] This will cause severe reputational damage to Colorado among national and local businesses, site selectors, and economic development partners, and it will deter companies from engaging with OEDIT and moving to Colorado in the future.

Additionally, OEDIT's Business Funding & Incentives ("BF&I") team staffs the EDC, administers many of OEDIT's programs, and oversees over $335 million in capital awarded or budgeted annually based on a 3-year average (Table 3 below). To support these responsibilities, $450,000 of the Strategic Fund is used

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[1] Executed incentive agreements state that they are subject to fund availability.

annually, with EDC approval, to cover personnel and operating expenses for the BF&I division. If the repeal date in C.R.S. 24-46-106 is not extended, OEDIT will not be able to cover the costs of 4.0 existing FTEs. This request therefore includes maintaining the existing 4.0 FTEs currently funded by the Strategic Fund and responsible for supporting the EDC as it meets statutory requirements for the following programs: Job Growth Incentive Tax Credit, Job Growth Incentive Tax Credit Higher Education Partnership, Strategic Fund Incentives, Strategic Fund Initiatives, Regional Tourism Act, and Enterprise Zones.

The Strategic Fund also provides $366,500 in annual administrative support for sixteen Enterprise Zones. The administrative uses of the Strategic Fund cover OEDIT's role in staffing and supporting the EDC and help offset the local zone administrator's costs of managing the program.

The Enterprise Zone statutes explicitly require work from OEDIT, the Department of Revenue, local Enterprise Zone administrators, and the EDC. Because no funding is specifically allocated for local administrators to support the program, for at least ten years OEDIT staff has annually requested from the EDC discretionary funds (from the Strategic Fund) to partially reimburse the local zone administrators for running an effective program.

There are sixteen State Enterprise Zones, with nineteen local Enterprise Zone administrators who are formally associated with regional economic development organizations, counties, and cities around the state administer the program. These local economic development professionals utilize the Enterprise Zone program to promote economic development in areas that meet statutory economic distress metrics. They work with local stakeholders to develop plans that represent the needs of the community in revitalizing the sixteen designated Enterprise Zones. These local administrators are the face of the program and the primary source of information for local businesses. They nominate areas for Enterprise Zone status, evaluate and nominate Contribution Projects that support the local economic development goals, and certify business' eligibility to claim Enterprise Zone tax credits, while working closely with OEDIT to administer and market the Enterprise Zone program.

It is OEDIT's goal to provide high quality, locally-trusted customer service around the Enterprise Zone Program to businesses and communities. The Enterprise Zone administrators are the key providers of this service, and they are OEDIT's direct regionally-based link to our constituents and customers. It would be impossible for the single OEDIT Enterprise Zone manager to personally oversee and answer questions associated with the tens of thousands of Enterprise Zone tax credit transactions that result in tens or hundreds of millions of dollars in tax credits from thousands of businesses across the state each year.

Without funding, OEDIT will require another source of funding in order for BF&I to staff the EDC, administer various OEDIT programs, and oversee the capital awarded, and OEDIT will require another source of funding for the Enterprise Zone costs.

Table 3

Annual Awards Overseen by BF&I/EDC

	FY 12/13	FY 13/14	FY 14/15	3 year Average
Enterprise Zone	$ 144,723,879	$ 54,368,775	$ 96,515,134	$ 98,535,929
Strategic Fund Approvals	$ 4,112,549	$ 1,214,247	$ 8,518,987	$ 4,615,261
JGITC Approvals	$ 41,833,147	$ 38,865,904	$ 195,659,287	$ 92,119,446
Regional Toursim Act (RTA)	$ 97,700,000	$ 120,500,000	$ 201,000,000	$ 139,733,333
Awards TOTAL	**$288,369,575**	**$214,948,926**	**$501,693,408**	**$335,003,970**
Strategic Fund				
Job Creation	$3,407,349	$448,384	$7,486,000	
Initiatives	$705,200	$765,863	$1,032,987	
Total Approval	**$4,112,549**	**$1,214,247**	**$8,518,987**	
Job Creation	7	2	7	
Strategic Initiatives	39	12	24	
Total Applications	**46**	**14**	**31**	
Enterprise Zone				
Business Credits	$133,937,314	$42,720,736	$77,621,566	
Contribution Credits	$10,786,565	$11,648,039	$18,893,568	
Total Credits	**$144,723,879**	**$54,368,775**	**$96,515,134**	
Business Credits	4,795	3,865	4,119	
Contribution Credits	27,177	25,948	29,353	
Total Applications	**31,972**	**29,813**	**33,472**	
JGICT				
Award Totals	$41,833,147	$38,865,904	$195,659,287	
Number of Applications	15	23	41	

Proposed Solution:

Extend the repeal date in C.R.S. 24-46-106 to at least July 1, 2027 and maintain the current annual $5.0 million funding level. This request requires legislation.

Anticipated Outcomes:

If the repeal date in C.R.S. 24-46-106 is extended, OEDIT will be able to continue strategically utilizing the Strategic Fund and the programs described on pages 1-2 ("OEDIT Programs Requiring EDC Approval and Oversight"), and the state will be able to perform on the $13.6 million in outstanding job creative incentives listed in Table 1 on page 3.

Job Creation

OEDIT has successfully utilized the Strategic Fund to support key job creation projects, and OEDIT anticipates continuing to do so. Although a myriad of factors influence companies' site selection decisions (for example workforce, supply chain locations, input and transportation costs, infrastructure, amenities, distance to market, access to capital, and tax and regulatory costs), in many instances, large companies would not move such significant operations to Colorado without receiving state incentives. For these kinds of companies, financial considerations weigh heavily when making location decisions, and Boards of Directors may not consider moving operations to a state that does not provide any financial incentives to do so. For many companies, tax credits are not a beneficial incentive to grow net new jobs in Colorado,

because they do not have a Colorado state income tax liability. Without such tax liability, tax credit programs cannot be used but the Strategic Fund can.

Additionally, many companies rely on site selectors to develop the short lists of locations where they could build their projects. Site selectors are frequently compensated in part by the amount and type of incentives they are able to secure for their clients. If a given location does not have any incentives to offer a given project, the site selector will steer his/her client to locations that do have incentives to offer.

OEDIT has a very clear data-driven strategy around its role in Colorado's thriving economy, and this strategy is directed towards key industries, targeting increased density and depth in order to maintain a strong economy. The Strategic Fund is a critical tool in certain recruitment and retention situations and has broad support from economic development stakeholders throughout Colorado. Because the annual $5.0 million in funding is modest in comparison to other state's programs,[2] OEDIT's strategy is to leverage Colorado's other assets and advantages in its recruitment and retention efforts and to execute its incentives in the best possible way.

Incentive payments are contingent on applicants' performance over time, with awardees being paid only after they hire and maintain a net new job for at least a year and only if that job also meets additional criteria. This protects the state's funds so that they are used effectively, and it ensures that the state's incentive expenditures are paid back to the state via new tax revenues before any state money is disbursed, as shown in Table 4 below (note the "cumulative" column is always greater than $0).

With the extension of the repeal date and continued funding, OEDIT anticipates being able to successfully recruit even more companies to Colorado, and that will in turn create jobs and investment in Colorado's economy. Table 4 below highlights the ten-year return on investment ("ROI") for performance-based incentivized new positions depending on their average annual wage ("AAW") levels.

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[2] Arkansas averaged appropriations of over $35 million per year in their Quick Action Closing Fund over the past five years. The Texas Enterprise Fund recently boasted a balance of over $150 million to incentivize new expansion projects.

Table 4
Scenario Analysis: Per Employee Cost and Revenues to State

1) Employee has an annual salary of $ 100,000	2) Employee has an annual salary of $ 45,000

• **State Income Tax** generated
  ➢ ($100 K * 3.1%[1]) **$ 3,100**
• **State Sales Tax** generated
  ➢ ($100 K * 2.0%[1]) **$ 2,000**
• **Total State Revenue $ 5,100**
	• **State Income Tax** generated
	  ➢ ($45 K * 2.6%[1]) **$ 1,170**
	• **State Sales Tax** generated
	  ➢ ($45 K * 2.4%[1]) **$ 1,080**
	• **Total State Revenue $ 2,250**

• **State Cash Incentive:**	• **State Cash Incentive:**
➢ One-time payment of **($5,000)** ➢ Since incentives are performance-based, new jobs must be maintained for one year before payment is made.	➢ One-time payment of **($3,000)** ➢ Since incentives are performance-based, new jobs must be maintained for one year before payment is made.

10 year Summary

	Revenue	Incentive	Net	Cum.
Yr 1	$ 5,100	$ -	$ 5,100	$ 5,100
Yr 2	$ 5,100	$ (5,000)	$ 100	$ 5,200
Yr 3	$ 5,100	$ -	$ 5,100	$ 10,300
Yr 4	$ 5,100	$ -	$ 5,100	$ 15,400
Yr 5	$ 5,100	$ -	$ 5,100	$ 20,500
Yr 6	$ 5,100	$ -	$ 5,100	$ 25,600
Yr 7	$ 5,100	$ -	$ 5,100	$ 30,700
Yr 8	$ 5,100	$ -	$ 5,100	$ 35,800
Yr 9	$ 5,100	$ -	$ 5,100	$ 40,900
Yr 10	$ 5,100	$ -	$ 5,100	$ 46,000

10 year Summary

	Revenue	Incentive	Net	Cum.
Yr 1	$ 2,250	$ -	$ 2,250	$ 2,250
Yr 2	$ 2,250	$ (3,000)	$ (750)	$ 1,500
Yr 3	$ 2,250	$ -	$ 2,250	$ 3,750
Yr 4	$ 2,250	$ -	$ 2,250	$ 6,000
Yr 5	$ 2,250	$ -	$ 2,250	$ 8,250
Yr 6	$ 2,250	$ -	$ 2,250	$ 10,500
Yr 7	$ 2,250	$ -	$ 2,250	$ 12,750
Yr 8	$ 2,250	$ -	$ 2,250	$ 15,000
Yr 9	$ 2,250	$ -	$ 2,250	$ 17,250
Yr 10	$ 2,250	$ -	$ 2,250	$ 19,500

• 1ˢᵗ yr, net revenue is **$ 5,100**; Cost is **$ 0** • In year 2, net revenue is **$ 100**; Cost to the state is **($ 5,000)** • 10 yrs , net impact to the state is **$ 46,000** • **ROI 10:1**	• 1ˢᵗ yr, net revenue is **$ 2,250**; Cost is **$ 0** • In year 2, net revenue is **($ 750)**; Cost to the state is **($ 3,000)** • 10 yrs , net impact to the state is **$ 19,500** • **ROI 7:1**

[1] *Institute on Taxation and Economic Policy - "Who Pays? A Distributional Analysis of the Tax Systems in all 50 states", Fifth Edition, January 2015: Page 40. http://www.itep.org/pdf/whopaysreport.pdf - State and local tax revenue per income brackets.*

The job creation incentives per job are structured to increase as the AAW increases, with a maximum per job incentive of $5,000. As shown in Table 4 above, the higher the wages, the higher the ROI for the state. With a project AAW of $100,000, the ten-year ROI is 10:1, and with an AAW of $45,000, the ten-year ROI is 7:1. As such, both scenarios highlight the inherent value of the job-creation program with very strong pay-back levels.

Additional Anticipated Outcomes

Use of the Strategic Fund requires a local match, ensuring the active support of local communities. Based on the examples described below, in addition to job creation, OEDIT anticipates using the Strategic Fund to among other things spur capital investment, supply chain opportunities, diversity and growth.

Leprino is an excellent example of how beneficial the Strategic Fund is to the State. As illustrated in Table 5 below, the pay-back was further amplified by significant capital investment from the company to support the project, along with matching incentives from the local community (which in this case are an order of magnitude larger than the state incentives). With an incentive of $3,000 per net new position after one year of employment, the state already reached a net pay-back of $28,901 in year 1 on the creation of 351 net new jobs. Furthermore, this calculation does not include state benefits received from the $593 million in capital investment the company made to complete their expansion project. In this case the $13 million in local match was comprised of local property tax abatements and tax increment financing revenues.

Table 5

Leprino Strategic Fund Job Creation - Payback Analysis			
Actual Jobs Created			351
Actual Average Annual Wage		$	60,438
State Income Tax	3.1%	$	1,874
State Sales Tax	2.0%	$	1,209
Total State Revenue p/ Job		$	3,082
Revenue after 1yr of employment			
Jobs Created			351
Revenue p /Job		$	3,082
Leprino Total State Revenue		$	1,081,901
State Incentive for Jobs Created			
Incentive p/ Job		$	(3,000)
Total State Incentive		$	(1,053,000)
Net to State after 1 year		$	28,901
Capital Investment		$	593,010,158
To date Weld County Local Match		$	12,997,528

Another excellent example is the Sierra Nevada Completion Systems project. The Strategic Fund allowed OEDIT and the EDC to take advantage of this targeted, high value recruitment opportunity. After EDC approval, Sierra Nevada Completion Systems recently selected Colorado over South Carolina for a project involving 1,323 high paying jobs. Colorado won this coveted project for the Colorado Springs airport using $4.4 million from the Strategic Fund in conjunction with the Job Growth Incentive Tax Credit program. In addition to creating new jobs, the project will provide significant spillover benefits including:
- Generating systematic and long-term diversity and growth to the economic base in Southern Colorado;
- Addressing the Pikes Peak region's high unemployment by providing skilled training to unemployed individuals who do not have a four year degree;
- Serving as an anchor tenant for an emerging regional commercial aerospace market; and
- Through the manufacturing and completions function, bringing significant supply chain opportunities and an ancillary job market with on-site vendor jobs estimated to create in the range of 600 or more additional employees.

Another example of Strategic Fund value is Panasonic's move to Colorado. With $1.5 million, OEDIT in partnership with local economic developers successfully recruited Panasonic to Colorado to create 330 net new high-paying positions with a projected annual economic impact of $82 million[3]. Panasonic will be the anchor tenant at Denver's new "Aerotropolis" and will spur many more economic benefits beyond just the net new positions and supply chain impacts.

As evidenced by the *The Daily Sentinel* article in Appendix A, the Strategic Fund provides a job-creation incentive tool for companies that would not benefit from state tax credits (such as the Job Growth Incentive Tax Credit), and it has support from across diverse parts of the state. For some successful companies making very large ongoing capital expenditures, their business model does not lead to net profits. Therefore, they do not pay state income taxes, and a cash fund is the most effective way to provide an appealing incentive for recruitment purposes. Other entities such as start-ups, companies that do not generate revenue in Colorado, and non-profits also do not pay state income taxes and therefore the Strategic Fund is an attractive tool to incentivize them.

For strategic initiatives, good stewardship and accountability through project tracking, metrics reporting and reimbursement-based payments ensures effective use of state funding. With these systems in place, the Strategic Fund has been used to support various key projects around Colorado as shown in Table 2 above. Examples include:

- **Supporting Incubators and Accelerators with a focus on rural Colorado**. The Telluride Venture Accelerator ("TVA") initiative received $150,000 over three years, and OEDIT anticipates this leading to 15 businesses starting through TVA incubation, 50 jobs created, and $1.5 million in follow on capital invested in TVA companies.
- **Attracting direct non-stop international flights into Colorado**. These flights provide substantial ongoing, state-wide economic benefits. Iceland Air was awarded $200,000 to provide gap funding for start-up marketing expenses for the Denver-Reykjavik route and $300,000 was awarded to Lufthansa for the Denver-Munich route.
- **Special Initiatives targeting key sectors or distressed rural areas**. To assist rural movie theaters in making required upgrades to digital projection, the EDC approved $340,000 for over a dozen movie theaters across rural Colorado, saving these important main street anchors from closure. This includes theaters in places like Pagosa Springs, Paonia, Nederland, and Eads.

The Strategic Fund is a powerful economic development tool. It provides critical funding for job creation opportunities such as the Sierra Nevada Completion Systems, Panasonic and Leprino projects mentioned above. When used for job creation, payback to the State is within a year of the project's start date and the resulting ROIs are very attractive. Furthermore, when used to support strategic initiatives, it provides essential "last in" funds for impactful projects across the state, especially in rural areas. Finally the Strategic Fund also provides essential funding for EDC staff and Enterprise Zone administrators.

Assumptions and Calculations:

See tables above.

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[3] http://www.denverpost.com/2014/12/18/panasonic-enterprise-solutions-a-first-win-for-denver-aerotropolis/

Not applicable.

Additional Information (for internal/OSPB use only)

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?		X	
Will the request require a statutory change?	X		
Is this a one-time request?	X		
Will this request involve IT components?		X	
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		X	
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?			N/A
Does the request link to the Department's Performance Plan?	X		

Zeroing out incentives would be short-sighted

By The Daily Sentinel

Tuesday, April 17, 2012

The Long Bill, the state budget bill currently making its way through the state Legislature, has a critical flaw. The version that passed the House last week and was introduced in the Senate this week includes no money for the state Office of Economic Development and International Trade's Strategic Fund.

Economic development groups from around the state have been scrambling to try to get money for the Strategic Fund re-authorized in the Long Bill. And with good reason.

"The Strategic Fund is the single most important component of the state's ability to compete for new jobs with other states and countries," said Tom Clark, CEO of the Metro Denver Economic Development Corp., in a letter to other economic development groups in the state.

The Strategic Fund pays cash incentives to companies that "expand or move to Colorado and (which) pay wages above the average wage in counties where they locate," Clark's letter explained.

Although there are other state incentives to attract companies, such as tax credits, they're not as useful now, Clark said. "As companies are coming out of the Great Recession, many have significant financial losses," he wrote. "A tax credit is meaningless to those companies."

The concern isn't limited to Denver. If losing the Strategic Fund money "makes it difficult for Denver to compete, it makes it very difficult for Grand Junction to compete," said Kelly Flenniken, executive director of the Grand Junction Economic Partnership.

It's not as if Colorado is seeking a lavish fund for such incentives. The state currently has only $462,000 in unobligated money in the Strategic Fund, and it is expected to be gone this year. The Office of Economic Development, with Gov. John Hickenlooper's support, has asked for $5.75 million in next year's budget.

Contrast that with Texas, Colorado's major competitor in the economic development marketplace. The Lone Star State has a cash fund of more than $200 million to use for new business incentives.

Furthermore, it's not as if this money is simply poured down a rat hole and lost to taxpayers. It's estimated that the state recovers its investment for each job created — through taxes on wages paid to employees of these companies — in a little more than a year.

And, since the incentive money isn't paid up front, but only after jobs have been created and audited by the Office of Economic Development, there is no risk the money will go to fly-by-night businesses that fail to produce jobs.

Zeroing out the Strategic Fund would be a short-sighted mistake that will cost the state money in the long run. Here's hoping the state Senate adopts an amendment to restore Strategic Fund money in the Long Bill this week.

Appendix B

COLORADO
Office of Economic Development
& International Trade
Business Funding & Incentives

**Strategic Fund Incentive
Fact Sheet**

Purpose
The Strategic Fund is a cash incentive program; businesses must create and maintain permanent net new jobs for one year before receiving an incentive. More generally, the Colorado Office of Economic Development and International Trade (OEDIT) supports recruitment, retention and economic growth throughout the state, offering a variety of financial resources including financing programs, incentives, grants and tax credits.

Program Description
- The Strategic Fund provides a cash incentive commitment to businesses that have met certain requirements under the Economic Development Commission's (EDC) Strategic Fund.
- Business decisions clearly moving forward without assistance from the EDC will not be considered for funding if an announcement is made prior to an introduction to the EDC.
- A business must undertake a job creation project for which Colorado is competing with at least one other state for the project, and where the project would not occur in Colorado without this program.

Requirements/Eligibility Rules
- A business may receive funding consideration if it proposes to create net new full-time permanent jobs in Colorado that are maintained for at least one year.
- In addition, companies must materially meet the circumstances noted below:
  - Strong level of local matching commitments ($1:$1)
  - Potential for significant economic "spinoff" benefits such as: high prestige companies, large expansion initiative, attracting suppliers, generating tourism/travel activity
  - Headquarters in Colorado
  - Significant capital Investment (i.e. at least $100,000 per employee)
  - Responds to a special local economic event, such as replacing recent layoffs
  - Inter-state competitive factors
  - Other unique conditions

Other Program Elements
The following tables reflect potential incentive levels per eligible job based on the annual average wage rate for the net new full-time permanent jobs compared to the county average wage rate.

Non-Enterprise Zone	
Annual Average Wage Rate %	**$ Incentive / Eligible Job**
100%	$2,500
120%	$3,500
140% or >	$5,000

Enterprise Zone	
Annual Average Wage Rate %	**$ Incentive / Eligible Job**
100%	$2,500
110%	$3,000
120%	$4,000
130% or >	$5,000

Additional consideration may be given to businesses that do not meet the EDC's minimum 100% annual average wage rate requirement if the following criteria are met:
- The business is located in a designated Enhanced Rural Enterprise Zone;
- The local community provides rationale to the EDC outlining the businesses' economic importance; and
- The local community requests consideration for use of an alternative wage rate source and provides documentation that supports that the businesses' annual average wage rate is higher than the annual average wage rate paid by private employer's within their jurisdiction.

Application Process
Businesses interested in requesting a Strategic Fund job creation incentive should work with their local economic development representative and contact OEDIT's Corporate Business Development Staff (303-892-3840 or michelle.hadwiger@state.co.us)

The EDC reserves the right to approve, deny or vary from these guidelines as necessary and appropriate, and delay any decision due to budgetary constraints.

Learn more at www.advancecolorado.com/strategic-fund.

Cost and FTE

- This request will cost the State $5.0 million General Fund on an ongoing basis. This would continue the same level of funding the Office of Economic Development and International Trade ("OEDIT") received for the Colorado Economic Development Fund ("Fund," also known as the "Strategic Fund") for each of FY 2013-14, FY 2014-15, FY 2015-16, and FY 2016-17.
- This request includes maintaining the existing 4.0 FTEs currently funded by the Strategic Fund and responsible for supporting the Economic Development Commission ("EDC"), as detailed below.

Current Program

- Among other things, the EDC is required by statute to play an active role in assessing and approving applications for many of OEDIT's effective incentive programs, along with overseeing awards granted. OEDIT's Business Funding & Incentives ("BF&I") Division staffs the EDC and administers these incentive programs.
- The Fund is a performance-based incentive to encourage job creation and provide support for statewide initiatives. The Fund can be used to encourage out-of-state companies to move to Colorado and to incentivize Colorado companies to remain and grow in Colorado instead of moving out-of-state to expand operations. The Fund can also be used to fund strategic initiatives such as incubators, new direct international flights, and others.

Problem or Opportunity

- C.R.S. 24-46-106 states "This part 1 is repealed, effective July 1, 2017." The referenced "part 1" includes the creation of the EDC, its membership, and its powers and duties. Part 1 also includes the creation of the Fund.
- This request requires legislation.

Consequences of Problem

- If the repeal date in C.R.S. 24-46-106 is not extended, OEDIT cannot use the Fund for statewide strategic initiatives or to incentivize companies to move to/grow in Colorado. OEDIT will also be unable to distribute committed funds from the Fund or fully perform under existing contracts.
- OEDIT will be unable to cover the costs of 4.0 existing FTEs.
- OEDIT will be unable to offer or administer many of its effective incentive programs, as they require the EDC's active participation, approval, and oversight. Programs include Job Growth Incentive Tax Credit, Strategic Fund, Advanced Industry Accelerator grants, film rebate and loan guarantee programs, Rural Jump Start Zone program, Regional Tourism Act, and Enterprise Zones.

Proposed Solution

- With legislation, extend the repeal date in C.R.S. 24-46-106 to at least July 1, 2027.

COLORADO

Department of Economic Development
& International Trade

FY 2017-18 Funding Request | November 1, 2016

John W. Hickenlooper
Governor

Fiona Arnold
Executive Director

Department Priority: R-02
Request Detail: Increase GBD Line Item to Include Funding for Colorado Outdoor Recreation Industry Office

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Increase GBD Line Item to Include Funding for Colorado Outdoor Recreation Industry Office	$97,500	$97,500

Problem or Opportunity:

The Colorado Outdoor Recreation Industry Office ("ORec Office"), consisting of a Director of the ORec Office, was created in 2015 at the request of Governor John Hickenlooper and has been housed in the Office of Economic Development and International Trade ("OEDIT") since its inception. To date, the ORec Office Director has led the Office on his own. In order to continue cultivating the ORec industry in Colorado, the ORec Office needs to hire a Deputy Director.

Based on a 2014 study, the ORec industry in Colorado contributes over $34 billion in annual economic activity, creates 313,000 direct jobs, and generates $4.9 billion in local, state and federal taxes.[1] The ORec Office is contributing directly to growing this industry by establishing partnerships and educating other industry members about the ORec industry in Colorado through individual one-on-one meetings and through participation in conferences and trade shows such as ISPO in Europe and Asia, Denver Startup Week, Interbike International Expo, Shot Show (hunting), International Convention of Allied Sportfishing Trades (ICAST) (fishing), Surf Expo (standup paddleboarding), national and international tourism conferences, and Outdoor Retailer shows. After meeting the ORec Office Director at various tradeshows, multiple companies are currently considering relocating to Colorado. Moreover, at least one (Brooklyn Boulders (BKB)) has already decided to move its headquarters to Colorado, creating 33 net new full-time jobs with an average annual wage of over $64,000.   For some businesses attracted to Colorado, the ORec Office and its community relationships are an important draw. For others, such as Evo, the active joint recruitment by the Global Business Development team and the ORec Office, and the subsequent relocation of complementary businesses, has prompted them to consider a move to Colorado.

The ORec Office is also making a direct impact on much-needed workforce training.   After collecting feedback concerning workforce gaps among ORec companies, the ORec Office Director began working to fill those gaps. The Director's education and workforce training efforts are detailed below. A talent pool with the right skills will be a huge draw for ORec companies considering a relocation or expansion in Colorado.

---

[1] See 2014 Colorado Statewide Comprehensive Outdoor Recreation Plan Report, Executive Summary, available at https://cpw.state.co.us/Documents/Trails/SCORP/2014/StandAloneExecutiveSummary.pdf, page 6.

Because ORec is such a vibrant and growing industry in Colorado, there are frequently important meetings and strategy sessions happening at the same time in different parts of the state, and the ORec Office Director must choose between these meetings. One notable example is from early October, 2016. Governor Hickenlooper required staffing for a 16in16 trail visit in the Pikes Peak region at the same time the El Pomar Foundation Board of Directors was holding a high level strategy session. It is imperative that the ORec Office have representation at meetings like these, because these meetings are used to discuss and agree upon statewide strategies. Additionally, the impact of the ORec Office is directly measured by its community and constituency engagement and interaction. With a Deputy Director in place, the ORec Office can ensure that it has representation where and when it needs.

Moreover, having a Deputy Director in place will allow the ORec Office Director to focus on long-term strategic plans, goals, and relationships across the state and country, without having to also handle the ORec Office's day-to-day affairs. The Director could spend more time working with his counterparts across the state and country (the number of ORec offices is steadily increasing nationwide) and focusing on strategic partnerships and economic development, while the Deputy Director focuses primarily on managing the regional outdoor recreation coalitions and regional gatherings. The Deputy Director would spend much of his/her time traveling around the state to organize and attend these meetings, which would likely take place at least a few times a month.

Proposed Solution:

OEDIT is requesting $97,500 General Fund on an ongoing basis to fund 1.0 FTE to serve as Deputy Director of the ORec Office. Please see a breakdown of this amount in the "Assumptions and Calculations" section below.

This request does not require a statutory change, as the Global Business Development line item will be utilized. As detailed below, with a Deputy Director in place, the ORec Office can more efficiently and effectively drive its four primary goals: economic development, conservation & stewardship, education & workforce training, and capturing industry innovation.

Anticipated Outcomes:

Funding a Deputy Director for the ORec Office links to all three of OEDIT's primary Performance Plan goals, which are: (i) assist rural Colorado communities to develop strong leadership pipelines, (ii) work to strengthen Colorado's unique attributes and empower access for Coloradans, and (iii) attract, retain, and grow business.

Regarding the first goal, the Deputy Director would assist with the creation of regional ORec coalitions focused on ORec market-segment leadership, holding quarterly meetings with regional governmental leadership (detailed below under "Capturing Industry Innovation"). Regarding the second goal, "unique attributes" related to the ORec Industry includes density and diversity of ORec brands, characteristics of the community members, support for access to ORec industry infrastructure, and efforts to bring CEOs, founders, and thought leaders together to collaborate and grow the industry. "Unique attributes" also includes conservation and stewardship of Colorado's natural amenities, on which the ORec Industry is based. The Deputy Director will work with the Director to strengthen these attributes. Steps to achieve the third goal are described below in the section "Economic Development."

The ORec Office Deputy Director would spend his/her time doing the following:

- 50% participating in and leading meetings across the state
- 30% handling the day-to-day affairs of the ORec Office
- 20% planning the annual Colorado Outdoor Industry Leadership Summit ("COILS") described below

With the Deputy Director in place and responsible for the tasks described above, the Director will be able to continue driving the four primary goals detailed below by scheduling, attending, and participating in strategic meetings and building key relationships.

Economic Development:

- The ORec Office will create a survey, in partnership with other divisions within OEDIT, to identify key market segment drivers, including workforce needs, innovation, and incentives. Survey results will assist OEDIT and the ORec Office in updating incentive programs to be as effective as possible.
- The ORec Office will create a BizWest "book of business" to catalog and identify all ORec companies and organizations in Colorado.
- The ORec Office will continue to actively participate in global trade shows and other programs to deepen Colorado's impact in emerging markets.
- The ORec Office will identify and engage new priorities for other divisions within OEDIT, such as Creative Industries, and for other Key Industries, such as Advanced Manufacturing. Further, the ORec Office will strengthen the work it does with the Small Business Development Center Network.
- The ORec Office's work will focus on both recruitment from out-of-state and on the growth of Colorado companies.
- The Deputy Director will play an essential role in each of these projects.

Conservation & Stewardship:

- The ORec Office will continue coordinating with and working with the Department of Natural Resources, Colorado Parks & Wildlife, and industry organizations regarding issues around permitting processes with the Forest Service and Bureau of Land Management, shifting fee structures in Colorado, and collecting funds from permitting for conservation efforts.
- The Deputy Director will play an essential role in each of these projects.

Education & Workforce Training:

- The ORec Office will build on its efforts to grow education and workforce training for skills in high demand among Colorado ORec companies. This includes:
  - A cut and sew skills program at Colorado Mountain College ("CMC");
  - A mountain bike trail building program at CMC;
  - A mountain bike building program at Metro State University; and
  - A ski/snowboard shaping program at CMC.
- The ORec Office will assist various Colorado institutes of higher education in developing much-needed degree programs, such as an ORec Industry focused Executive MBA at Western State, and an Adventure Travel Tourism Masters Degree at Colorado State University.

- The ORec Office will work with the University of Colorado LEEDS School of Business to integrate students into the Blueprint 2.0 program in order to develop business strategies for rural Colorado towns.
- The Deputy Director will play an essential role in each of these projects.

Capturing Industry Innovation:

- The ORec Office has launched an annual Colorado Outdoor Industry Leadership Summit ("COILS"), the first of which will be in September, 2016. The COILS Summit is an industry summit focused on thought leadership for the ORec industry in Colorado and on discussion about the ORec Office's mission, vision, value of outcomes, and deliverables. The ORec Office intends to grow the summit each year.
- The ORec Office will spearhead the creation of regional ORec coalitions focused on ORec market-segment leadership holding quarterly meetings with regional governmental leadership.
- The ORec Office will identify emerging market trends and actively strategize global and domestic recruiting efforts to retain market share of emerging tech/trends.
- In order to be most effective, the ORec Office will continue partnering with the Colorado Tourism Office for Colorado media events and trade shows.
- The Deputy Director will play an essential role in each of these projects.

Assumptions and Calculations:

See Attachment A.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Not applicable.

Additional Information (for internal/OSPB use only)

	Yes	No	Additional Information
Is the request driven by a new statutory mandate?		X	
Will the request require a statutory change?		X	
Is this a one-time request?		X	
Will this request involve IT components?		X	
If yes, has OIT reviewed the request and submitted a corresponding Schedule 13?			
Does this request impact other state agencies?		X	
If yes, has the other impacted state agencies reviewed the request and submitted a corresponding Schedule 13?			
Is there sufficient revenue to support the requested cash fund expenditures?			N/A
Does the request link to the Department's Performance Plan?	X		

Attachment A

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for $500 per year. In addition, for regular FTE, annual telephone costs assume base charges of $450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer ($900), Office Suite Software ($330), and office furniture ($3,473).

General Fund FTE -- New full-time General Fund positions are reflected in Year 1 as 0.9166 FTE to account for the pay-date shift. This applies to personal services costs only; operating costs are not subject to the pay-date shift.

Expenditure Detail			FY 2017-18		FY 2018-19
Personal Services:					
Classification Title	Monthly	FTE		FTE	
GENERAL PROFESSIONAL III	$4,932	1.0	$59,184	1.0	$59,184
PERA			$6,007		$6,007
AED			$2,959		$2,959
SAED			$2,959		$2,959
Medicare			$858		$858
STD			$112		$112
Health-Life-Dental			$7,927		$7,927
Subtotal Position 1, #.# FTE		**1.0**	**$80,006**	**1.0**	**$80,006**
Classification Title	Monthly	FTE		FTE	
			$0		$0
PERA			$0		$0
AED			$0		$0
SAED			$0		$0
Medicare			$0		$0
STD			$0		$0
Health-Life-Dental			$0		$0
Subtotal Position 2, #.# FTE		**-**	**$0**	**-**	**$0**
Subtotal Personal Services		1.0	**$80,006**	1.0	**$80,006**
Operating Expenses:		FTE		FTE	
Regular FTE Operating	$500	1.0	$500	1.0	$500
Telephone Expenses	$450	1.0	$450	1.0	$450
PC, One-Time	$1,230	1.0	$1,230	-	
Office Furniture, One-Time	$3,473	1.0	$3,473	-	
Operating		1.0	$4,341		$5,044
Travel		1.0	$7,500		$8,500
Other					
Other					
Subtotal Operating Expenses			**$17,494**		**$14,494**
TOTAL REQUEST		1.0	**$97,500**	1.0	**$94,500**

Cost and FTE

- The Office of Economic Development and International Trade ("OEDIT") is requesting authorization for 1.0 FTE and $97,500 General Fund ongoing to hire a Deputy Director for the Colorado Outdoor Recreation Industry Office ("ORec Office").
- OEDIT is requesting that the Global Business Development ("GBD") line item be utilized.

Current Program

- The ORec Office drives economic development around ORec companies and activities by (i) assisting rural Colorado communities to develop strong leadership pipelines, (ii) strengthening Colorado's unique attributes and empowering access for Coloradans, and (iii) attracting, retaining, and growing business.
- The ORec Office has four primary goals: economic development, conservation & stewardship, education & workforce training, and capturing industry innovation.
- The ORec Office consists solely of the ORec Office Director.

Problem or Opportunity

- The ORec Office's efforts are limited to the workload capacity of one person. This hampers the Office's ability to increase its impact.

Consequences of Problem

- If the ORec Office does not receive authorization and funding for a Deputy Director to share the workload, the ORec Office Director will be unable to focus on long-term strategic plans, goals, and relationships across the state. This will impede the efforts of the ORec Office.

Proposed Solution

- By authorizing 1.0 FTE and $97,500 General Fund, the ORec Office Director will be able to hire a Deputy Director, thereby ensuring OEDIT has the necessary manpower to achieve its strategic goals. This request does not require a statutory change.
- With a Deputy Director, the ORec Office Director can continue driving the four primary goals listed above, while simultaneously increasing the national visibility of the ORec Office to ensure Colorado's ORec industry remains the leader of both market share and industry advancement.

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-02 (OEDIT) Outdoor Rec FTE

Dept. Approval By:

OSPB Approval By: 10/27/16

		Supplemental FY 2016-17
	X	Change Request FY 2017-18
		Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$4,965,052	$0	$4,965,052	$97,500	$94,500
	FTE	24.4	0.0	24.4	1.0	1.0
Total of All Line Items Impacted	GF	$4,041,948	$0	$4,041,948	$97,500	$94,500
by Change Request	CF	$548,626	$0	$548,626	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$374,478	$0	$374,478	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$4,965,052	$0	$4,965,052	$97,500	$94,500
	FTE	24.4	0.0	24.4	1.0	1.0
04. Economic Development	GF	$4,041,948	$0	$4,041,948	$97,500	$94,500
Programs - Global Business	CF	$548,626	$0	$548,626	$0	$0
Development	RF	$0	$0	$0	$0	$0
	FF	$374,478	$0	$374,478	$0	$0

CF Letternote Text Revision Required?	Yes	No		If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes	No		
FF Letternote Text Revision Required?	Yes	No		

Requires Legislation?   Yes ___   No X

Type of Request?   Department of Governor's Office Prioritized Request

Interagency Approval or Related Schedule 13s: None

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

NP-01 (OIT) Annual Fleet Vehicle Request

Dept. Approval By: _Danil B. Xung_ 10-26-16

OSPB Approval By: _Emil N Seld_ 10/27/16

___	Supplemental FY 2016-17
X	Change Request FY 2017-18
___	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$84,366	$0	$84,366	$894	$894
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$84,366	$0	$84,366	$894	$894
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$84,366	$0	$84,366	$894	$894
05. Office of Information Technology, (A) OIT Central Administration - Vehicle Lease Payments	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$84,366	$0	$84,366	$894	$894
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___	No ___		
FF Letternote Text Revision Required?	Yes ___	No ___		
Requires Legislation?	Yes ___	No X		

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

NP-02 (OIT) (DPA) OAC Electronic Case MS

Dept. Approval By: _Daniel B. Z_____ 10-26-16

OSPB Approval By: _Erin N Sub___ 10/27/16

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$0	$0	$0	$54,429	$16,429
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$54,429	$16,429
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$0	$0	$0	$54,429	$16,429
	FTE	0.0	0.0	0.0	0.0	0.0
05. Office of Information Technology, (E) Applications , (1) Applications - Agency Services	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$54,429	$16,429
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes ___	No ___	
FF Letternote Text Revision Required?	Yes ___	No ___	
Requires Legislation?	Yes ___	No X	

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

NP-03 (OIT) HCPF Benefit Utilization System (BUS)

Dept. Approval By: _David B. King_ 10-26-16

OSPB Approval By: _Ernest N. Schlen_ 10/27/16

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$0	$0	$0	$325,000	$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line	GF	$0	$0	$0	$0	$0
Items Impacted by	CF	$0	$0	$0	$0	$0
Change Request	RF	$0	$0	$0	$325,000	$0
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$0	$0	$0	$325,000	$0
	FTE	0.0	0.0	0.0	0.0	0.0
05. Office of	GF	$0	$0	$0	$0	$0
Information	CF	$0	$0	$0	$0	$0
Technology, (E) Applications , (1)	RF	$0	$0	$0	$325,000	$0
Applications - Agency Services	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes	No	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes	No		
FF Letternote Text Revision Required?	Yes	No		
Requires Legislation?	Yes	No X		

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Agriculture

Request Title

NP-03 Secure Colorado

Dept. Approval By: _10/21/16_

OSPB Approval By: _10/26/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$1,314,406	$0	$1,386,673	$29,909	$51,130
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,000,185	$0	$1,014,638	$23,927	$40,904
	CF	$314,221	$0	$372,035	$5,982	$10,226
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Commissioner's Office and Administrative Services - Payments to OIT	Total	$1,314,406	$0	$1,386,673	$29,909	$51,130
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,000,185	$0	$1,014,638	$23,927	$40,904
	CF	$314,221	$0	$372,035	$5,982	$10,226
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes ___	No ___	
FF Letternote Text Revision Required?	Yes ___	No ___	

Requires Legislation?   Yes ___   No X

Type of Request?   Department of Agriculture Non-Prioritized Request

Interagency Approval or Related Schedule 13s: None

Department of Corrections

Request Title

NP-03 OIT Secure Colorado

Dept. Approval By: _[signature]_

OSPB Approval By: _[signature]_ 10/26/16

___	Supplemental FY 2016-17
X	Change Request FY 2017-18
___	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$16,631,013	$0	$17,460,925	$640,707	$1,095,302
Total of All Line Items Impacted by Change Request	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$16,531,206	$0	$17,356,137	$636,863	$1,088,730
	CF	$99,807	$0	$104,788	$3,844	$6,572
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$16,631,013	$0	$17,460,925	$640,707	$1,095,302
(3) Support Services, (G) Information Systems Subprogram - Payments to OIT	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$16,531,206	$0	$17,356,137	$636,863	$1,088,730
	CF	$99,807	$0	$104,788	$3,844	$6,572
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No x	If Yes, see attached fund source detail.		
RF Letternote Text Revision Required?	Yes ___	No x			
FF Letternote Text Revision Required?	Yes ___	No x			

Requires Legislation? Yes ___ No X

Type of Request? Department of Corrections Non-Prioritized Request

Interagency Approval or Related Schedule 13s: Office of Information Technology

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Education

Request Title

NP-03 Secure Colorado (OIT)

Dept. Approval By:

OSPB Approval By: _10/31/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$340,453	$0	$646,119	$61,529	$105,185
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$176,332	$0	$334,625	$31,866	$54,476
	CF	$0	$0	$0	$0	$0
	RF	$164,121	$0	$311,494	$29,663	$50,709
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Management and Administration, (B) Information Technology - Payments to OIT	Total	$340,453	$0	$646,119	$61,529	$105,185
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$176,332	$0	$334,625	$31,866	$54,476
	CF	$0	$0	$0	$0	$0
	RF	$164,121	$0	$311,494	$29,663	$50,709
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes	No		If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes	No		
FF Letternote Text Revision Required?	Yes	No		
Requires Legislation?	Yes	No	X	

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

NP-02- (GOV) Secure Colorado

Dept. Approval By:

OSPB Approval By: 10/27/16

___	Supplemental FY 2016-17
X	Change Request FY 2017-18
___	Budget Amendment FY 2017-18

		FY 2016-17		FY 2017-18		FY 2018-19
Summary Information	**Fund**	**Initial Appropriation**	**Supplemental Request**	**Base Request**	**Change Request**	**Continuation**
	Total	$4,930	$0	$228,503	$15,652	$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted	GF	$4,930	$0	$228,503	$15,652	$0
by Change Request	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

		FY 2016-17		FY 2017-18		FY 2018-19
Line Item Information	**Fund**	**Initial Appropriation**	**Supplemental Request**	**Base Request**	**Change Request**	**Continuation**
	Total	$4,930	$0	$228,503	$15,652	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$4,930	$0	$228,503	$15,652	$0
01. Office of the Governor, (B)	CF	$0	$0	$0	$0	$0
Special Purpose - Payments to OIT	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes ___	No ___	
FF Letternote Text Revision Required?	Yes ___	No ___	
Requires Legislation?	Yes ___	No X	
Type of Request?	Department of Governor's Office Non-Prioritized Request		
Interagency Approval or Related Schedule 13s:	None		

Funding Request for the FY 2017-18 Budget Cycle

Department of Higher Education

Request Title

NP-02 OIT Secure Colorado

Dept. Approval By: _____

OSPB Approval By: _____ 10/29/16

___	Supplemental FY 2016-17
X	Change Request FY 2017-18
___	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$393,394	$0	$661,802	$13,488	$23,058
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$342,581	$0	$590,460	$8,514	$14,554
	RF	$50,813	$0	$71,342	$4,974	$8,504
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Department Administrative Office, (A) Administrative Office - Payments to OIT	Total	$393,394	$0	$661,802	$13,488	$23,058
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$342,581	$0	$590,460	$8,514	$14,554
	RF	$50,813	$0	$71,342	$4,974	$8,504
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required	Yes ___	No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required	Yes ___	No ___		
FF Letternote Text Revision Required	Yes ___	No ___		

Requires Legislation?   Yes ___   No X

Type of Request?   Department of Higher Education Non-Prioritized Request

Interagency Approval or Related Schedule 13s: None

Funding Request for the FY 2017-18 Budget Cycle

Department of Human Services

Request Title

NP-03 OIT Secure CO and Deskside

Dept. Approval By: _Melissa Wavelet_

OSPB Approval By: _Franz W Scholl 10/27/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$24,090,080	$0	$28,017,136	$688,706	$1,046,713
	FTE	0 0	0.0	0.0	0.0	0.0
	GF	$12,939,609	$0	$15,048,966	$681,819	$1,036,246
	CF	$364,484	$0	$423,901	$0	$0
	RF	$765,483	$0	$890,268	$6,887	$10,467
	FF	$10,020,504	$0	$11,654,001	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
02. Office of Information Technology Services, (A) Information Technology - Payments to OIT	Total	$24,090,080	$0	$28,017,136	$688,706	$1,046,713
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$12,939,609	$0	$15,048,966	$681,819	$1,036,246
	CF	$364,484	$0	$423,901	$0	$0
	RF	$765,483	$0	$890,268	$6,887	$10,467
	FF	$10,020,504	$0	$11,654,001	$0	$0

CF Letternote Text Revision Required	Yes ___	No X	If Yes, see attached fund source detail.		
RF Letternote Text Revision Required	Yes ___	No X			
FF Letternote Text Revision Required	Yes ___	No X			

Requires Legislation?	Yes ___	No X	

Type of Request?   Department of Human Services Non-Prioritized Request

Interagency Approval or Related Schedule 13s: Office of Information Technology

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Labor And Employment

Request Title

NP-01 OIT SECURE COLORADO

Dept. Approval By: _Month Blo_ 10-27-16

OSPB Approval By: _[signature]_ 10/27/16

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$11,981,089	$0	$10,861,547	$131,354	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$2,419,143	$0	$2,419,143	$0	$0
	CF	$5,145,801	$0	$4,451,685	$65,677	$0
	RF	$384,102	$0	$384,102	$0	$0
	FF	$4,032,043	$0	$3,606,617	$65,677	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Executive Director's Office - Payments to OIT	Total	$11,981,089	$0	$10,861,547	$131,354	$0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$2,419,143	$0	$2,419,143	$0	$0
	CF	$5,145,801	$0	$4,451,685	$65,677	$0
	RF	$384,102	$0	$384,102	$0	$0
	FF	$4,032,043	$0	$3,606,617	$65,677	$0

CF Letternote Text Revision Required	Yes ___	No ___	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes ___	No ___	
FF Letternote Text Revision Required	Yes ___	No ___	

Requires Legislation?   Yes ___ No X ___

Type of Request?   Department of Labor And Employment Non-Prioritized Request

Interagency Approval or Related Schedule   Office of Information Technology

Funding Request for the FY 2017-18 Budget Cycle

Department of Local Affairs

Request Title

NP-02 OIT Secure Colorado

Dept. Approval By:

OSPB Approval By: _____ 10/26/16

___ Supplemental FY 2016-17
_X_ Change Request FY 2017-18
___ Judget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$1,631,609	$0	$1,757,549	$17,850	$30,514
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$272,207	$0	$321,327	$6,960	$11,900
	CF	$113,689	$0	$122,504	$1,250	$2,135
	RF	$707,815	$0	$775,820	$9,640	$16,479
	FF	$537,898	$0	$537,898	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
(1) Executive Director's Office - Payments to OIT	Total	$1,631,609	$0	$1,757,549	$17,850	$30,514
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$272,207	$0	$321,327	$6,960	$11,900
	CF	$113,689	$0	$122,504	$1,250	$2,135
	RF	$707,815	$0	$775,820	$9,640	$16,479
	FF	$537,898	$0	$537,898	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___	No ___		
FF Letternote Text Revision Required?	Yes ___	No ___		
Requires Legislation?	Yes ___	No X		
Type of Request?	Department of Local Affairs Non-Prioritized Request			
Interagency Approval or Related Schedule 13s:	Office of Information Technology			

Funding Request for the FY 2017-18 Budget Cycle

Department of Military and Veterans Affairs

Request Title

NP-02 OIT Secure Colorado

Dept. Approval By: _25 OCT 16_

OSPB Approval By: _10/26/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$127,059	$0	$434,778	$15,746	$26,918
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$127,059	$0	$434,778	$15,746	$26,918
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Executive Director and Army National Guard, (A) Executive Director and Army National Guard, (1) Executive Director and Army National Guard – Payments to	Total	$127,059	$0	$434,778	$15,746	$26,918
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$127,059	$0	$434,778	$15,746	$26,918
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required? Yes		No		If Yes, see attached fund source detail.
RF Letternote Text Revision Required? Yes		No		
FF Letternote Text Revision Required? Yes		No		

Requires Legislation? Yes ___ No **X**

Type of Request?   Department of Military and Veterans Affairs Non-Prioritized Request

Interagency Approval or Related Schedule 1: Office of Information Technology

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Natural Resources

Request Title

NP-02 OIT Secure Colorado

Dept. Approval By: _Will H. Levi_

OSPB Approval By: _Earl N Schl_ _10/26/16_

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$8,472,679	$0	$10,869,375	$150,119	$256,631
	FTE	0 0	0 0	0 0	0 0	0 0
Total of All Line Items Impacted by Change Request	GF	$1,321,611	$0	$1,737,411	$22,275	$38,080
	CF	$5,821,676	$0	$8,330,457	$121,825	$208,262
	RF	$1,187,270	$0	$694,276	$3,342	$5,713
	FF	$142,122	$0	$107,231	$2,677	$4,576

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$8,472,679	$0	$10,869,375	$150,119	$256,631
	FTE	0.0	0 0	0 0	0 0	0 0
01. Executive Director's Office, (A) Administration, (1) Administration - Payments to OIT	GF	$1,321,611	$0	$1,737,411	$22,275	$38,080
	CF	$5,821,676	$0	$8,330,457	$121,825	$208,262
	RF	$1,187,270	$0	$694,276	$3,342	$5,713
	FF	$142,122	$0	$107,231	$2,677	$4,576

CF Letternote Text Revision Required	Yes	No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required	Yes	No ___		
FF Letternote Text Revision Required	Yes	No ___		

Requires Legislation?   Yes ___   No **X**

Type of Request?   Department of Natural Resources Non-Prioritized Request

Interagency Approval or Related Schedule Office of Information Technology

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

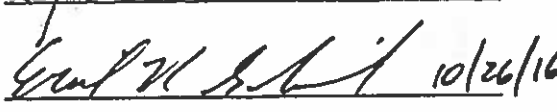**Department of Personnel & Administration**

Request Title

NP-03 Secure Colorado

Dept. Approval By: _(signature)_

OSPB Approval By: _(signature)_ 10/26/16

_____ Supplemental FY 2016-17

__X__ Change Request FY 2017-18

_____ Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$5,583,222	$0	$3,494,710	$43,260	$73,954
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	$1,525,117	$0	$933,030	$11,550	$19,744
	CF	$580,960	$0	$332,039	$4,110	$7,027
	RF	$3,477,145	$0	$2,229,641	$27,600	$47,183
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	$5,583,222	$0	$3,494,710	$43,260	$73,954
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A)	GF	$1,525,117	$0	$933,030	$11,550	$19,744
Department Administration - Payments to OIT	CF	$580,960	$0	$332,039	$4,110	$7,027
	RF	$3,477,145	$0	$2,229,641	$27,600	$47,183
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ____	No X	If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes ____	No X	
FF Letternote Text Revision Required?	Yes ____	No X	

Requires Legislation? Yes ____ No X

Type of Request? Department of Personnel & Administration Non-Prioritized Request

Interagency Approval or Related Schedule 13s: Office of Information Technology

Funding Request for the FY 2017-18 Budget Cycle

Department of Public Health and Environment

Request Title

NP-04 OIT Secure Colorado

Dept. Approval By:

OSPB Approval By: _10/26/16_

		Supplemental FY 2016-17
X		Change Request FY 2017-18
		Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$7,530,731	$0	$8,535,933	$134,587	$230,079
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,780,270	$0	$1,818,350	$11,171	$19,097
	CF	$0	$0	$0	$0	$0
	RF	$5,750,461	$0	$6,717,583	$123,416	$210,982
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$7,530,731	$0	$8,535,933	$134,587	$230,079
	FTE	0.0	0.0	0.0	0.0	0.0
01. Administration and Support, (A) Administration, (1) Administration - Payments to OIT	GF	$1,780,270	$0	$1,818,350	$11,171	$19,097
	CF	$0	$0	$0	$0	$0
	RF	$5,750,461	$0	$6,717,583	$123,416	$210,982
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes ___	No ___	If Yes, see attached fund source detail.	
RF Letternote Text Revision Required?	Yes ___	No X		
FF Letternote Text Revision Required?	Yes ___	No ___		
Requires Legislation?	Yes ___	No X		
Type of Request?	Department of Public Health and Environment Non-Prioritized Request			
Interagency Approval or Related Schedule 13s:	Office of Information Technology			

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Public Safety

Request Title

NP-02, OIT R-01 Secure Colorado

Dept. Approval By: *[signature]*

OSPB Approval By: *[signature]* 10/26/16

__	Supplemental FY 2016-17
X	Change Request FY 2017-18
__	Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$8,717,457	$0	$8,200,888	$182,799	$312,498
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$4,632,756	$0	$3,176,986	$182,799	$312,498
	CF	$3,676,531	$0	$3,453,772	$0	$0
	RF	$382,913	$0	$1,561,416	$0	$0
	FF	$25,257	$0	$8,714	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Executive Director's Office, (A) Administration - Payments to OIT	Total	$8,717,457	$0	$8,200,888	$182,799	$312,498
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$4,632,756	$0	$3,176,986	$182,799	$312,498
	CF	$3,676,531	$0	$3,453,772	$0	$0
	RF	$382,913	$0	$1,561,416	$0	$0
	FF	$25,257	$0	$8,714	$0	$0

CF Letternote Text Revision Required?	Yes	No X		If Yes, see attached fund source detail.
RF Letternote Text Revision Required?	Yes	No X		
FF Letternote Text Revision Required?	Yes	No X		
Requires Legislation?	Yes	No X		
Type of Request?	Department of Public Safety Non-Prioritized Request			
Interagency Approval or Related Schedule 13s:	Office of Information Technology			

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Regulatory Agencies

Request Title

NP-03 Secure Colorado

Dept. Approval By: _____ 10/24 _____

OSPB Approval By: _____ 10/25/6 _____

    Supplemental FY 2016-17
X Change Request FY 2017-18
    Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	$2,528,736	$0	$3,192,103	$60,366	$103,196
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$104,155	$0	$126,802	$2,427	$4,148
	CF	$2,524,581	$0	$3,065,301	$57,939	$99,048
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
01. Executive Director's Office and Administrative Services - Payments to OIT	Total	$2,628,736	$0	$3,192,103	$60,366	$103,196
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$104,155	$0	$126,802	$2,427	$4,148
	CF	$2,524,581	$0	$3,065,301	$57,939	$99,048
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required Yes ___ No ___   If Yes, see attached fund source detail.
RF Letternote Text Revision Required Yes ___ No ___
FF Letternote Text Revision Required Yes ___ No ___

Requires Legislation?   Yes ___ No X

Type of Request?   Department of Regulatory Agencies Non-Prioritized Request

Interagency Approval or Related Schedule Office of Information Technology

Department of Transportation

PB Request Number NP-01 Secure Colorado FY 2017-18

Request Titles

NP-01 Secure Colorado FY 2017-18 Request

Dept. Approval By: X

OSPB Approval By:

Supplemental FY 2016-17
Change Request FY 2017-18
Base Reduction FY 2017-18
Budget Amendment FY 2017-18

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Appropriation	Request	Base Request	FY 2017-18	Continuation
	Total	$0	$341,445	$341,445	$341,445	$0
	FTE	0.0	-	0.0	-	0.0
Total of All Line Items	GF	$0	$0	$0	$0	$0
	CF	$0	$341,445	$341,445	$341,445	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Appropriation	Request	Base Request	FY 2017-18	Continuation
	Total	$0	$341,445	$341,445	$341,445	$0
	CF	$0	$341,445	$341,445	$341,445	$0
	FF	$0	$0	$0	$0	$0
01. Administration	FTE	0.0	-	0.0	-	-
	GF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0

Letternote Text Revision Required?	Yes		No X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:			State Highway Fund #4000	
Reappropriated Funds Source, by Department and Line Item Name:			Not Applicable	
Approval by OIT?	Yes	X No	Not Required:	
Schedule 13s from Affected Departments				
Other Information				

COLORADO

Office of Information Technology

John W. Hickenlooper
Governor

Suma Nallapati
Secretary of Technology and
Chief Information Officer

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-01
Request Detail: Secure Colorado FY18

Summary of Incremental Funding Change for FY 2017-18 and Beyond	Total Funds	Reappropriated Funds
Request Title: Secure Colorado FY18	$3,091,644	$3,091,644

Customer Impact:

The Governor's Office of Information Technology (OIT) requests $3,091,644 in Reappropriated Funds and 7.0 FTE in FY 2017-18 to adequately fund the cybersecurity program to enable continued maturity and risk reduction across the state. This funding will demonstrate to Colorado's residents that OIT is committed to the protection of state assets and data, and will ensure that Colorado is adequately prepared quickly to contain a cyber attack.

Customer benefits will include:
- A higher level of response to security incidents;
- A better trained team for security incident response;
- Assurance of regulatory compliance resulting in fewer audit findings;
- Assurance of adequate vendor implemented safeguards over sensitive and critical data;
- A higher level of preparedness for federal compliance audits;
- Assurance data integrity and privacy, and system availability for critical and essential systems;
- Ongoing testing to discover security weaknesses and vulnerabilities and faster remediation of them;
- Faster time in provisioning access for new and transferring employees;
- Faster time in removing accounts will reduce risk and ensure fewer audit findings; and
- Ongoing and increased protection of sensitive data.

Problem or Opportunity:

With the first version of Secure Colorado, published in 2013, a budgetary goal was set that five percent of the overall statewide IT expenditure would be allocated to the ongoing cybersecurity program. While FY 2013-14 created a budget for the cybersecurity program, it was only slightly over one percent of the overall IT spending level. An increase in FY 2014-15 raised the budget to almost 2.5 percent. The 2.5 percent budget does not address many of the outstanding security program gaps.

For FY 2016-17, a budgetary increase of $1,000,000 was approved, to bring the percentage up to three percent. However, larger enterprise initiatives, such as Identity and Access Management, the performance of ongoing security assessments, and continuous vulnerability testing and remediation are very costly in a large environment with 30,000 statewide employees. The cybersecurity budget of three percent is insufficient for addressing larger enterprise security initiatives in a timely manner.

The industry agrees that our current budget is insufficient. A Pacific Crest analyst, speaking to Investor's Business Daily News on 6/10/2016 stated, "I think security has been an under-spend area for decades," he said. "You're spending about three percent of your capex (capital expenditures) that's focused on IT on security. That's relatively low. Some regulated industries like health care might be two or three times that, but there's still a long way to go."
https://www.investors.com/news/technology/security-freeze-giants-ibm-cisco-squeeze-palo-alto-check-point

Additionally, according to the SANS Institute, in a paper published in February 2016, government entities planned to grow their security spending level from 4-6 percent of the IT budget in FY 2014-15 to 7-9 percent of the IT budget by FY 2015-16. https://www.sans.org/reading-room/whitepapers/analyst/security-spending-trends-36697

The Federal Government is attempting to set an example, and announced a cybersecurity budgetary increase in February of 2016 from $14 billion to $19 billion. https://www.whitehouse.gov/the-press-office/2016/02/09/fact-sheet-cybersecurity-national-action-plan

All industry experts indicate that responsible entities will continue to increase their security spending level, and that this trend is expected to continue throughout the foreseeable future.

- Forbes: spending to increase to $170 B by 2020
  http://www.forbes.com/sites/stevemorgan/2016/03/09/worldwide-cybersecurity-spending-increasing-to-170-billion-by-2020/#4d395f7576f8

- CSO Magazine 2017-2021
  http://www.csoonline.com/article/3083798/security/cybersecurity-spending-outlook-1-trillion-from-2017-to-2021.html

OIT is requesting additional funding to bring the cybersecurity budget up to almost five percent of the overall statewide IT spending level. This will enable OIT to address outstanding security gaps in a timelier manner (2-3 years, instead of 8-10 years) ensuring more significant risk reduction in FY 2017-18 and beyond. This increased funding will position the cybersecurity program to address some of the large enterprise security gaps and will increase program momentum to improve the security benefits for the agencies OIT serves and all Colorado residents.

Some of the enterprise cybersecurity gaps that will be immediately addressed are the following:

Issue 1: Insufficient Security Operations Investigations
- Currently OIT has insufficient resources investigate, respond to and contain security incidents. OIT is already receiving alerts of actual occurrences of security incidents on the state network, from the Multi-State Information Sharing and Analysis Center (MS-ISAC) that OIT is unable to handle, due to insufficient resources. OIT is currently investigating between 30 percent and 50 percent of these alerts.
- Currently OIT has no systematic way of determining how many security incidents OIT has responded to, kept open, or time to close. This tracking is done manually, using available tools that could expose sensitive data to all state employees, spreadsheets, and email. OIT will implement a tool to help track security incidents and status, and to confirm that 100 percent are being closed, while being able to monitor the amount of time it takes to close them.

- The funding requested will enable OIT to create a Veterans Internship Program to train returning skilled veterans and to augment the team to be able to respond to all MS-ISAC alerts and to perform other critical ongoing security work.

Issue 2: Inability and Inefficiency in Correlating Enterprise Risk
- OIT is currently tracking outstanding risks, audit findings, vulnerabilities, and efforts-in-progress, on a series of different, specific-purpose spreadsheets. OIT has no way to automatically correlate these to help demonstrate high-value efforts or things that should be prioritized based on aggregated risk.
- Additionally, because some audits occur as infrequently as every 3 years, documentation is not kept-up-to-date or may be lost during that timeframe, which means that OIT and departments are starting over again for each audit.
- OIT requires a tool and appropriate resources to implement, manage, and maintain the tool to manage ongoing efforts and to enable OIT to easily discern where resources should be applied to gain the highest level of risk reduction.

Issue 3: Insufficient assessments
- Consolidated agencies have entrusted the management of their Critical and Essential systems into the care of OIT. Many of these systems contain federally regulated data such as those from the Internal Revenue Service (IRS), Centers for Medicaid and Medicare Services (CMS), Social Security Administration (SSA), and Federal Bureau of Investigation (FBI).
- Best practice security and various regulations related to the type of data contained within the systems require OIT to perform ongoing controls assessments to ensure that systems maintain compliance. OIT does not have sufficient personnel or tools to perform these ongoing assessments.
- A lapse on maintaining regulatory compliance may cause departments to lose federal funding, access to data, and other impacts to Colorado residents. Additionally, agencies have vendors and other business partners who maintain some of the systems in scope. These managed systems also need to be regularly assessed to ensure they are also compliant and that they are configured in a way that meets OIT security policies.

Issue 4: Lack of Continuous Testing and Ongoing Remediation of Audit Findings and Vulnerabilities
- For the past two years OIT has had more than 1,000 high-risk audit findings remaining overdue for remediation. Teams have been told over the past two years this is a high priority for them to fix, however there are insufficient resources to reach closure. Additional staff are needed to ensure consistent reporting, visibility, and to resource the teams who need help fixing the outstanding findings.
- OIT has recently acquired tools to enable internal and external vulnerability scanning across executive branch agencies; however, the team who should be deploying these tools are buried under project-related, and compliance-related scan requests that often require them to visit each agency physically in order to conduct the scan. Because they are buried under constant daily operational scan duties, progress is slow in installing the enterprise tools that would help to automate this process.
- There is a lack of visibility into vulnerabilities within the environment. This combined with resource competition means that there are un-remediated vulnerabilities for long periods of time. This gives attackers opportunities to use these as part of an attack.
- Managing the continuous vulnerability and penetration testing program requires resources to coordinate the testing, assemble and prioritize the findings, remove the false positives, distribute to the teams, and follow-up to ensure findings are remediated in a timely manner.

- Funding is being requested to ensure that OIT can engage a third-party expert to provide security assessments, help prioritize where to focus program goals, and provide penetration testing annually, to manually test for weaknesses in the network that would allow an attacker to gain access.
- This continuous vulnerability, penetration testing and remediation program will result in a less vulnerable environment and produce fewer audit findings over time. More importantly, it will result in a better protected environment, which will be much more difficult for attackers to penetrate.

Issue 5: Consistency in Identity Management and Removal of terminated employee access
- Provisioning and de-provisioning of employee access is a manual effort which requires creating or disabling accounts in multiple systems across different agency environments.
- It currently takes five business days to create, modify, or remove employee access.
- When managers forget to notify the security team that an employee has separated it results in former employee access remaining active for an unacceptable period of time.
- Since de-provisioning is manual, it is reliant on the manager or provisioning-team member knowing to which systems the employee had access, which often results in systems being missed and access remaining in place.
- Reporting and researching the continued need for access is manual and takes an unacceptable length of time to discover and disable accounts that are no longer needed. This results in audit findings and presents a high risk to the security of the environment.
- The Federal government is focusing on multi-factor authentication as a way to prevent the vast majority of the highest profile recent data breaches, including the Office of Personnel Management (OPM) breach. The State of Colorado is implementing multi-factor authentication, however OIT's efforts have been on an agency-by-agency and system-by-system basis. OIT does not have a framework that would enable a consistent method across all systems and agencies.
- The funding requested will allow OIT to implement a tool to automate employee access provisioning and de-provisioning for all departments and to implement a multi-factor authentication framework that will greatly improve authentication and will reduce the risk of privileged access data breaches.

Issue 6: Insufficient Data Protection
- There is strong evidence to suggest that there is currently sensitive data existing in undetermined locations (such as file shares, cloud storage, unlicensed databases). OIT requires tools to find this data to ensure the protective controls are sufficient.
- OIT needs to create a data protection strategy to ensure that production data is not used for testing purposes.

Proposed Solution:

Solution 1: Veteran's Internship Program
- OIT will hire a program manager and will create a Veteran's Internship Program to enable OIT to hire returning skilled military veterans.
- These veterans will perform security operations tasks such as firewall management, incident response, project implementation, ongoing maintenance, and other tasks necessary to maintain the health and monitoring of the incident response program.
- Additionally, through the use of veterans, OIT will be able to respond to 100 percent of all of the MS-ISAC alerts.
- OIT will implement a tool to track security incidents and status. It will also confirm that 100 percent of the security incidents are being closed and monitor the amount of time it takes to close them.

Solution 2: Governance, Risk & Compliance (GRC) Toolset:

- OIT will purchase a Governance, Risk & Compliance (GRC) Tool to maintain security controls along with vendor and partner compliance assessments. This tool will track outstanding risks, audit findings, vulnerabilities, and progress efforts. It will also correlate and prioritize these based on aggregate risk to the environment.
- This tool is required to update and assess the hundreds of controls that will be in scope for the Risk and Compliance Team as departments strive to maintain regulatory compliance.
- This GRC tool will require two dedicated resources for ongoing maintenance. As part of this project OIT will hire two individuals.
- Contractor hours are required to assist with implementation and to help populate the tool with the appropriate controls.

Solution 3: Ongoing Compliance Assessment Program:
- OIT will create an Ongoing Compliance Assessment Program, and will hire staff who possess expertise in CMS, HIPAA/ HITECH, IRS, SSA, FBI-CJIS regulations.
- This team will perform risk and compliance management functions for Critical and Essential systems.
- This will include security assessments incorporating vendor service providers and strategic business partners for Critical and Essential functions.
- This team will be supported by a legal contracts person. This individual will ensure the appropriate language is included in vendor contracts, and will assist with validating vendor service provider compliance.
- OIT will create a training budget for this team, to ensure that targeted requirements for HIPAA, SSA and IRS training can be met, as required.

Solution 4: Continuous Testing and Ongoing Remediation of Vulnerabilities
- OIT will launch a project to complete the remediation of the 1,000 high-risk audit findings. This will include applying additional temporary and permanent resources to projects that have stalled due to insufficient manpower.
- OIT will obtain appropriate resources to fast-track implementation of continuous automated vulnerability scanning of all Executive Branch Agency networks and servers.
- OIT will create a security assessment, threat and vulnerability management program to coordinate and track system, network, and environment risks and to prioritize and oversee remediation efforts.
- OIT will create a penetration testing strategy to ensure that high risk areas are being tested using third party experts on a regular basis.
- OIT will consult with our Agency partners and utilize tools to prioritize environments to be tested, according to risk.
- OIT will augment existing staff with temporary resources to assist with ongoing remediation, as needed.

Solution 5: Identity Management
- OIT will implement a toolset to provide automated provisioning, deprovisioning and user account auditing across all executive branch agencies.
- OIT will build a multi-factor authentication framework to be utilized across executive branch agency platforms.

Solution 6: Data Protection Strategy:
- OIT will acquire tools or use a 3rd party to help discover sensitive data where it resides, and to detect improper storage of sensitive data.

- OIT will acquire a tool (or service) to provide protection of sensitive data. This protection will include masking or encryption as appropriate.
- OIT will hire sufficient resources to implement, monitor the data discovery and protection tools and to assist teams with remediation of issues discovered.

Anticipated Outcomes:

Secure Colorado contains twelve original metrics and four new metrics (new metrics are found below in Table 2) that are being used to measure outcomes achieved through this and future funding requests.

OIT is currently provisioning new access in five days and an unknown number of days for revoking access. The requested tool will enable the establishment of goals to ensure that access is created within 1 day of the request and removed immediately upon employment separation.

With a Threat and Vulnerability Management Program OIT will be able to track vulnerabilities, prioritize for remediation, and track ongoing remediation efforts.

Table 2: Performance Metrics

Metric	Current	Target
New Metric: Access revoked within minutes* of notification of termination, and within hours* of notification of planned departure *(number of minutes and hours can be provided in an administrative discussion)*	Less than 95%	95%
New Metric: Unnecessary access revoked within hours* of notification of transfer *(number of hours can be provided in an administrative discussion)*	Less than 95%	95%
New Metric: Percentage of MS-ISAC notifications received, investigated and closed on a monthly basis	30%-50%	100%
New Metric: Number of High Priority Vulnerabilities remediated within 60 days of discovery	Not measured	90%
New Metric: Number of security controls assessed annually for Critical and Essential Systems	Unknown – not tracked currently	1/3 of total annually
New Metric: Number of vendor providers for Critical and Essential systems included in annual risk assessment	Unknown – not performed currently	1/3 of total annually
New Metric: Average score of vendor provider risk assessment (% compliant)	Unknown – not performed currently	90% compliant

Table 3 outlines the planned use of funds for the ongoing Secure Colorado initiatives for FY 2017-18 and beyond. Note that increases shown in FY 2018-19 and FY 2019-20 are not a part of this request, but are a part of planned future requests.

Table 3: Enterprise Initiatives for Fiscal Years 2017-18 and beyond

Item	FY 2017-18 Cost	FY 2018-19* Cost	FY 2019-20* Cost	Description
(1) Veterans Internship Program	Operating: $750,000 Personal Services: $162,125 (1 FTE)	Operating: $950,000 Personal Services: $157,422 (1 FTE)	Operating: $950,000 Personal Services: $157,422 (1 FTE)	These funds will be used to create a Veteran's Internship program to enable the hiring and training of returning skilled military veterans. These staff will perform tasks such as firewall management, incident response, project implementation, and ongoing security maintenance to maintain the health of the incident response program. With these veterans OIT will increase its security operations capability to ensure that the team is able to successfully investigate all alerts received by the MS-ISAC. This component includes 1 FTE as the Program Manager.
(2) Governance, Risk and Compliance (GRC) Tool	Operating: $250,000 Personal Services: $226,506 (2 FTE)	Operating: $250,000 Personal Services: $217,100 (2 FTE)	Operating: $250,000 Personal Services: $217,100 (2 FTE)	These funds will be used to acquire a Governance, Risk and Compliance (GRC) tool. This will be utilized to document security controls to enable multiple types and sources of audits (OSA, IRS, CMS, SSA) to leverage up-to-date documentation and evidence in the most efficient manner.

(3) Regulatory Compliance Program	Personal Services: $453,013 (4 FTE)	Personal Services: $434,201 (4 FTE)	Personal Services: $434,201 (4 FTE)	These funds will enable OIT to add 4 highly skilled FTE to perform internal compliance assessments and vendor provider security compliance assessments for 1/3 of the Critical and Essential systems annually. This will include: • 3 Risk and Compliance analysts • 1 Contracts Specialist
(4) Continuous Risk Assessment, Testing and Remediation of Threats and Vulnerabilities	Operating: $250,000	Operating: $565,000	Operating: $675,000	These funds will enable the launch of a project to complete the remediation of the 1,000 overdue high-risk audit findings. This will include applying additional temporary and permanent resources to projects that have stalled, due to insufficient manpower. Additionally, with these funds OIT will obtain appropriate resources to fast-track the project to implement continuous automated vulnerability scanning of all Executive Branch Agency networks and servers. These funds will be utilized to build out the Security Assessment, Threat, and Vulnerability Management program. This program will ensure that systems are being assessed and that vulnerabilities are detected on a continuous ongoing basis and that remediation of high priority vulnerabilities is occurring in an appropriate timeframe to minimize risk. These funds will enable 3rd party security and risk assessments, internal risk assessments, and provide temporary resources as needed to enable faster remediation of risks and vulnerabilities.

(5) Identity Management	Operating: $1,000,000	Operating: $1,710,000	Operating: $2,450,000	These funds will enable the deployment of an enterprise identity management toolset to cover executive branch agencies currently provisioned by the OIT Access Control team. Professional services and project management will be used to assist with implementation. This funding will enable implementation of a multi-factor authentication framework across executive branch agency platforms.
(6) Data Protection Strategy*	$0	Operating: $790,000 Personal Services: $226,506 (2 FTE)	Operating: $1,950,000 Personal Services: $217,100 (2 FTE)	With these funds, OIT will search and discover sensitive data stored without adequate security in improper locations and work with teams to ensure appropriate security controls are implemented. OIT will acquire a tool or service to enable the protection of data, utilizing masking or encryption. OIT will also acquire sufficient staff to implement, manage, and populate the tool and to perform ongoing monitoring and provide remediation assistance for issues found. These funds will provide for 2 FTE that will serve as cybersecurity experts.
Total	**$3,091,644 (7 FTE)**	**$5,255,229 (9 FTE)**	**$7,275,823 (9 FTE)**	

Increases in FY 2018-19 and FY 2019-20 are not a part of this request, but are part of planned future requests.

Impact to Common Policy:

The Secure Colorado initiative has historically been assessed to Departments via a Department's appropriated FTE. Pursuant to the standard OIT methodology, this initiative will be charged to Departments as a standalone item, before entering into base Common Policy allocations for the FY 2019-20 budget cycle.

Department	FY 2017-18 Allocation	FY 2018-19 Allocation
Agriculture	$29,909	$29,909
Corrections	$640,707	$640,707
Education	$61,529	$61,529
General Assembly	$28,871	$28,871
Governor's Office	$15,652	$15,652
Office of Information Technology	$0	$0
Healthcare Policy and Finance	$44,731	$44,731
Higher Education	$13,488	$13,488
Human Services	$491,965	$491,965
Judicial	$473,354	$473,354
Labor and Employment	$131,354	$131,354
Law	$49,623	$49,623
Local Affairs	$17,850	$17,850
Military and Veterans Affairs	$15,746	$15,746
Natural Resources	$150,119	$150,119
Personnel and Administration	$43,260	$43,260
Public Health and Environment	$134,587	$134,587
Public Safety	$182,799	$182,799
Regulatory Agencies	$60,366	$60,366
Revenue	$146,809	$146,809
State	$14,104	$14,104
Transportation	$341,445	$341,445
Treasurer	$3,378	$3,378
General Fund - Direct to OIT	$0	$0
Total	**$3,091,644**	**$3,091,644**

COLORADO
Governor's Office of
Information Technology

Cost and FTE

- The Governor's Office of Information Technology (OIT) requests $3,091,644 in Reappropriated Funds and 7.0 FTE in FY 2017-18 and beyond to increase the overall cybersecurity budget and to fund the next round of initiatives related to Secure Colorado.

Current Program

- Secure Colorado is the strategic roadmap to direct information security improvements. The beneficiaries are all Executive Branch Departments. For FY 2016-17 the team was appropriated 39 FTE and $9.6 million in Reappropriated Funds.

Problem or Opportunity

- OIT set a budgetary goal of five percent of the annual IT spending level three years ago.
- Currently the State of Colorado has several large enterprise initiatives that need to be funded; however, the current cybersecurity budget will not accommodate these projects. These gaps represent significant risks to the state, including: delays in removing unused user accounts, insufficient resources to investigate, respond and contain security incidents, and insufficient resources to discover and fix vulnerabilities.
- These requests coincide with recommendations presented to OIT by the Colorado Information Security Advisory Board.

Consequences of Problem

- Unused employee accounts remaining active in state applications may be used by attackers to gain unauthorized access to sensitive data. The lack of oversight and reporting means that unused accounts and the ability to access them may never be detected. Additionally, because many tools are licensed per user account, OIT and agencies may be paying unnecessarily for accounts that should have been deleted.
- Because OIT is not able to investigate all security incidents for which notifications are received, it may mean that malicious software (malware) or an attacker may remain unimpeded in the state network, doing exponentially more damage the longer they remain in the environment.
- Without testing the environment for vulnerabilities and weaknesses, these may exist, undetected, providing easy entry for an attacker.
- Sensitive data without sufficient protections may be lost, stolen, or mishandled causing a security breach for the state.

Proposed Solution

- This request will total $3,091,644 in Reappropriated Funds and 7.0 FTE in FY 2017-18.

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Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-02 (OIT) CO Technology Advancement and Emergency Fund

Dept. Approval By: _David B. Xxxx_ 10-26-16

OSPB Approval By: _____

	Supplemental FY 2016-17
X	**Change Request FY 2017-18**
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$9,622,537**	**$0**	**$9,625,509**	**$2,000,000**	**$2,000,000**
	FTE	95.0	0.0	95.0	0.0	0.0
	GF	$0	$0	$0	$2,000,000	$2,000,000
	CF	$0	$0	$0	$0	$0
	RF	$9,622,537	$0	$9,625,509	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	**$9,622,537**	**$0**	**$9,625,509**	**$2,000,000**	**$2,000,000**
05. Office of Information Technology, (A) OIT Central Administration - Central Administration	FTE	95.0	0.0	95.0	0.0	0.0
	GF	$0	$0	$0	$2,000,000	$2,000,000
	CF	$0	$0	$0	$0	$0
	RF	$9,622,537	$0	$9,625,509	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes	No	**If Yes, see attached fund source detail.**	
RF Letternote Text Revision Required?	Yes	No		
FF Letternote Text Revision Required?	Yes	No		
Requires Legislation?	Yes	No **X**		

Department of Governor's Office

Type of Request?   Department of Governor's Office Prioritized Request Interagency Approval or Related Schedule 13s: Other

Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-01 (OIT) Secure Colorado FY18

Dept. Approval By: _David B. Zoug_ 10-26-16

OSPB Approval By: _____

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$17,378,602**	**$0**	**$18,299,558**	**$3,091,644**	**$3,091,644**
	FTE	28.0	0.0	28.0	7.0	7.0
	GF	$80,127	$0	$130,493	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$17,298,475	$0	$18,169,065	$3,091,644	$3,091,644
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
05. Office of Information Technology, (A) OIT Central Administration - Health, Life, and Dental	**Total**	**$8,033,244**	**$0**	**$8,415,240**	**$55,490**	**$55,490**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$49,241	$0	$67,925	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$7,984,003	$0	$8,347,315	$55,490	$55,490
	FF	$0	$0	$0	$0	$0
05. Office of Information Technology, (A) OIT Central Administration - Short-term Disability	**Total**	**$133,817**	**$0**	**$138,024**	**$1,165**	**$1,165**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$602	$0	$1,166	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$133,215	$0	$136,858	$1,165	$1,165
	FF	$0	$0	$0	$0	$0

	Total	**$3,387,612**	**$0**	**$3,637,345**	**$30,650**	**$30,650**
05. Office of Information Technology, (A) OIT Central Administration - Amoritization Equalization Disbursement	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$15,221	$0	$30,701	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$3,372,391	$0	$3,606,644	$30,650	$30,650
	FF	$0	$0	$0	$0	$0
	Total	**$3,352,325**	**$0**	**$3,637,345**	**$30,650**	**$30,650**
05. Office of Information Technology, (A) OIT Central Administration - Supplemental Amoritization Equalization Disbursement	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$15,063	$0	$30,701	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$3,337,262	$0	$3,606,644	$30,650	$30,650
	FF	$0	$0	$0	$0	$0
	Total	**$2,471,604**	**$0**	**$2,471,604**	**$2,973,689**	**$2,973,689**
05. Office of Information Technology, (D) Information Security - Security Operations	FTE	28.0	0.0	28.0	7.0	7.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$2,471,604	$0	$2,471,604	$2,973,689	$2,973,689
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required	Yes	No		**If Yes, see attached fund source detail.**
RF Letternote Text Revision Required	Yes	No **X**		
FF Letternote Text Revision Required	Yes	No		
Requires Legislation?	Yes	No **X**		
Type of Request?	Department of Governor's Office Prioritized Request			
Interagency Approval or Related Schedule	Other			

COLORADO

Office of Information Technology

John W. Hickenlooper
Governor

Suma Nallapati
Secretary of Technology and
Chief Information Officer

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-03
Request Detail: Marijuana Data Coordination

Summary of Incremental Funding Change for FY 2017-18	Total Funds	Cash Funds
Marijuana Data Coordination	$1,109,625	$1,109,625

Customer Impact:

For the purposes of this request and initiative, "customers" are the participating state agencies, namely, the Departments of: Human Services, Public Health and Environment, Revenue, Education, Transportation, Corrections, Law, and Judicial.

With the implementation of the proposed platform, the Office of Information Technology (OIT) will be able to deliver real-time data as a service in a governed, secure, manageable, and scalable solution to customers. Rather than obtaining data through manual gathering and consumption of comma separated value files (CSVs), flat files, thumb drives, web pages, etc., OIT customers will be able to access and leverage data sources in an automated, operationally efficient and secure manner.

This service implementation will enhance the State's work performance and risk exposure with the ability to overlay security measures that are not currently in place. Additionally, multiple analysts, agencies, and policymakers will be able to work from the same data sets with common business rules applied. Ultimately, this will allow Colorado to move toward the ability to apply automated data-integration and, eventually, cross-agency analytics that are currently being done manually - if at all. Further, as agencies adopt the new platform, data exchanges will take place through the State infrastructure, allowing individual agencies to remove the unsecure, costly, redundant and time-consuming point-to-point data exchanges of today.

Problem or Opportunity:

When it comes to engagement and service, citizens and policy-makers have the same expectations of government institutions as they do of private organizations. These expectations must be met in an environment of increased scrutiny and budgetary pressures. To meet - and ultimately exceed – expectations, Colorado needs to be a state that is prepared to embrace the future, while not relinquishing access to, or discounting the value of, its historical and present-day data assets. This means the State needs to be able to find data repositories, know what they contain, and be able to link them to each other in meaningful, consistent ways while keeping security and personal privacy a top priority.

Today, the State does not have a platform to allow agencies to share marijuana-related data in a secure, transformative, real-time, manner. Instead, many hours are spent creating manual data extracts and exchanges, or inter-agency data usage agreements and memorandums of understanding before manually creating linkages or data dumps to be handed to the receiving agency. Once those exchanges take place, the

State does not have additional access to those strategic data assets, nor are those agencies able to search for additional potentially related impacts as the data exchanges are only created to address very specific questions. Additionally, these data files are simply a point in time snapshot at the moment the query was run and the business rules used to create that query is not captured or communicated to others that might want to use the data.

Historically, agencies have had their own IT departments and methodologies. When agencies were not aware of what solutions might already be available to them, and in the interest of time, individual agencies have received each individual data or reporting request/mandate and tried to find ways of fulfilling those requests internally. As such, today, vast quantities of state data changes hands via thumb drives, email, file sharing, and any other method available to this "sneaker net". Some agencies have been able to create point-to-point Virtual Private Networks (VPN's), which take months of multi-agency contract writing, man hours (internal or external) to setup the VPN, and hope that the VPN is maintained and securely accessed. Unfortunately, most of these VPNs - and all of the manual data exchanges - do not comply with The Office of Information Technology (OIT) Security Policies/Guidelines. Further, the information exchanged within those VPN's cannot be shared with additional agencies-of-interest without repeating the entire contracting process and coding efforts. Lastly, any business rules applied to the information being shared is not shared – thus, as involved-employees change position, the knowledge of the initial setup and reasoning is frequently lost too.

The State of Colorado is at the forefront of marijuana legalization. As such, the State has entered into an implied contract with its citizens and businesses that it will protect, understand, and communicate the impacts of this emerging industry. Data, being a pure and unfiltered source, plays a key role in understanding impacts to the state and meeting the terms of this new social contract and legislative requirement. There are many unanswered questions regarding the impacts of marijuana legalization to the public health and safety, welfare of children, state economy, and industry. Data is a critical asset in answering many of these questions for the State of Colorado and the nation. The current data collection/inputs, storage, collation, accessibility, and analysis processes make it challenging for the State and nation to answer those questions or accurately measure the impacts the new industry is having on people, resources, and the economy. It is imperative these questions are created, understood, addressed, answered and presented through an unbiased data solution.

The Office of Marijuana Coordination (OMC) was created with C.R.S. 24-38.3-101. Within this Statute, the OMC is required to provide information from various agencies – including, but not limited to: "the department of human services, the department of public health and environment, the department of transportation, the department of revenue, the department of public safety, and the department of education, to align the programming and regulations provided by each executive branch department to maximize efficiency and ensure coordinated strategies in the government's response to the legalization of marijuana." (C.R.S. 24-38.3-102(1)).

Additionally, per C.R.S. 24-38.3-102(2), the OMC is to:
    "(b) Align all policy suggestions and the promulgation of rules across state agencies to increase efficiency and eliminate unintended negative impacts on the state;
    (c) Communicate with other states related to the economic, health, and safety implications of retail marijuana legalization and regulation;
    (d) Identify data gaps in the impact or marijuana legalization on public health, safety, or economics across the state;
    (e) Anticipate, prioritize, and respond to emerging issues with the legalization of retail marijuana;"

In 2013, the legislature passed SB13-283, directing the Colorado Department of Public Safety, Division of Criminal Justice to collect and report on a number of potential impacts from marijuana legalization. In response to this legislation, The Division of Criminal Justice hired an analyst in September 2014 to begin the data collection and analysis tasks. The analyst has identified data sources and started manually collecting baseline information. The state agencies currently supplying (or in talks to supply) data include: CDHS, CDPHE, DOR, CDPS, CDE, CDOT, DOC, Law, and State Judicial. Additionally, many non-Executive Branch agencies contribute data. For example, the Substance Abuse and Mental Health Services Agency, individual local police departments, the U.S. Postal Inspection Service, Drug Enforcement Administration, private toxicology labs, out-of-state law enforcement, and out-of-state judicial departments. Clearly, there has been great cooperation across agencies to share data; however, this current file sharing practice has significant constraints and inefficiencies (identified below). The current data exchange model is not sustainable in the longer term as staff, agency and administrative leadership changes. This process results in:

- Stale, or out-of-date, data.
- Lack of shared business rules.
- Potential issues with data ownership.
- Compliance with data security / privacy issues.
- Additional overhead in transmitting and sharing data between agencies.
- Limited formal accountability or requirement by other agencies to share data with CDPS.
- Additional resources to manage data that are not directly understood or relevant to the Public Safety domain.
- Potential issues with the data comprehension or formatting, CDPS becomes a broker between agencies and the data requests.
- Inability of the state to stay ahead of – or even with – the pace of this dynamic new industry due to the lack of automation.

Additionally, the Governor's Office commissioned a data gaps analysis to determine the availability of data and the feasibility of future data collection. Unfortunately, the October 2014 Marijuana Data Discovery and Gap Analysis report (commissioned by the Colorado General Assembly) found that Colorado currently has a "medium to low capability…to collect the statutorily required data [relating to the impact of legalized marijuana]" in fourteen discrete public health and safety categories. Those categories, pursuant to C.R.S. 24.33.3-516 are:

- Marijuana-initiated contacts by law enforcement;
- Marijuana criminal arrest data;
- Comprehensive school data;
- Data related to drug-endangered children;
- Data related to diversion of marijuana to minors;
- Data on marijuana related traffic accidents;
- Data related to diversion of marijuana out of Colorado;
- Data related to crime occurring in and relating to the operation of marijuana establishments;
- Data related to the utilization of parcel services for the transfer of marijuana;
- Probation data;
- Data related to emergency room visits related to the use of marijuana and the outcomes of those visits;

- Data related to money laundering related to both licensed and unlicensed marijuana;
- Data related to the role of organized crime in marijuana; and
- Data related to the potential health effects of marijuana.

A similar request was submitted by the Office of Information Technology during the 2016 legislative session. That request had the support of multiple legislators. During the course of the session it was decided to include the funding for the marijuana data coordination effort to SB 16-191 to tie together marijuana research with the marijuana data. However in the twilight of the 2016 session a disagreement over the scope of the data coordination effort led to its exclusion from the final bill. The months since the passage of SB 16-191 have only served to emphasize the need for the data coordination initiative.

Proposed Solution:

The Office of Information Technology (OIT) requests $1,109,625 Cash Funds in FY 2017-18, and $638,750 in Cash Funds in FY 2018-19 and on-going to create a data platform to identify, locate, collect, combine/assimilate, store, analyze, disseminate, and present marijuana-related information pursuant to C.R.S. 24-33.5-516. For this initiative participating agencies will receive funding through OIT from the Marijuana Tax Cash Fund which will then be directed to OIT.

Graphic 1 below illustrates the high-level concept that shifts Colorado data exchanges from a single responsible agency (i.e. CDPS) to a centrally-located Enterprise Service Bus (ESB) aggregator integrator, and analytic space to facilitate a distributed reporting structure.

Graphic 1: Centrally Located Data Sharing Environment
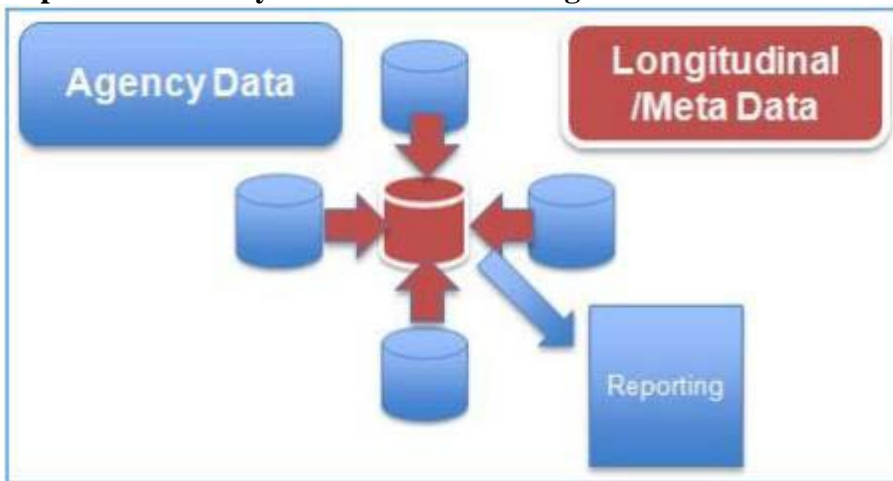
An Enterprise Service Bus (ESB) provides a way to meet the challenges of integrating applications and provide a single, unified architecture that can:

- Distribute information across an enterprise quickly and easily.
- Mask differences among underlying platforms, software architectures, and network protocols.
- Ensure information delivery even when some systems or networks may go off-line from time to time.
- Re-route, log, and enrich information without requiring applications to be rewritten.

- Provide incremental solution implementations so all enterprise services and applications need not change immediately or all at once.
- Protect remaining production processes as new hardware or software patches need to be implemented in a node of the network.

ESB is not a new software product, it is a way of looking at how to integrate applications, coordinate resources, and manipulate information. An Enterprise Service Bus (ESB) is used to integrate enterprise applications or data sources via programming languages called web services. Common examples of programming languages include: Extensible Markup Language (XML), Simple Object Access Protocol (SOAP), JavaScript Object Notation (JSON), or Representational State Transfer Application Programming Interface (REST APIs). ESBs and Web services make it easier for enterprises to repurpose their existing IT investments and connect with external departments, partners, customers and—increasingly—the Web and mobile devices. The ESB model for enterprise application integration promotes flexibility and agility in the way applications communicate. ESBs are usually comprised of a data adaptation layer, a message routing layer and a service composition layer, all of which must be assembled together before the integration work can begin. For this reason, ESBs alone often prove both complex and costly to implement—especially on a project-by-project basis. To bypass the complexity associated with conventional ESB deployments, many organizations have started employing Services Oriented Architectures (SOA) or Application Programming Interface (API) gateway hardware. Whereas an ESB is typically built from the ground up, a gateway simply needs to be installed and configured, making initial set up significantly faster and easier. Set up of a gateway is further simplified by the fact that the appliance exists separate from the applications it is integrating—unlike an ESB, which often requires server software to be deployed on every piece of hardware in the network. Once installed, gateway hardware delivers simplified ESB-like operation via a range of easily configured user interfaces.

Today, the State of Colorado places greater demands on its analytical needs and need to integrate data, regardless of whether it is structured, semi-structured, or unstructured, from multiple sources. Traditionally, the data types and their associated processes were kept distinct and separate. The analytical needs have also converged to create complete views to answer business requirements, with all types of data. The architectural challenge is to bring the two paradigms together. So, rather than approach this analytic solution as a new technology silo, organizations strive to create a unified information architecture – one that enables it to leverage all types of data, as situations demand, to promptly satisfy business needs. Customers are moving towards this mixed Information Management architectures where data is brought together through metadata, data virtualization (processing data 'in place'), distributed processing, where large data engines work on specific data preparation tasks, and sophisticated optimization and management capabilities. This approach, described as a Logical Data Warehouse (LDW) provides a single view of the data, without necessarily moving it but needs specific software for managing and deploying its development.

The idea is that a data warehouse does not have to be one physical database. It can be a heterogeneous set of data sources that each contains a fragment of the data end users need for business intelligence, reporting and analytics applications, but it presents itself as a single data source. So, the logical data warehouse is a system architecture that pretends all the data are compiled in one large database. Note however, that this combining of data elements is for analytic purposes only. Long term storage, archiving, and repository of the data remain the purview and responsibility of the original data source. This request as presently envisioned does not replace those disparate data systems.

To accomplish these goals in the most cost-effective means known, OIT proposes Application Program Interface (API) led connectivity be inserted between all data exchanges - internal and external to the State. In particular, an API-centric enterprise service bus that will maximize the re-use of existing assets while creating the bridge into legacy applications, current cloud and mobile platforms, as well as the ability to embrace page 8 upcoming technologies. Additionally, the proposed solution allows for masking data-in-motion (DIM) when security requirements dictate.

Once this foundational solution, referred to as the Enterprise Service Bus (ESB), is implemented in a secure, enterprise-accessible and governed space, OIT will encourage the agencies to reduce individual inter-agency point-to-point VPNs, contracts, maintenance, security risk exposure, and redundant man-hours – as well as vendor / consulting expenditures – by migrating into the enterprise technology. Adoption of the OIT ESB solution will provide a layer of security controls for agencies that may otherwise find themselves out of compliance with any internal or external security audits that may arise. Furthermore, this ESB solution can allow agencies a seamless connection to the Colorado Information Marketplace (CIM) platform in the effort of increasing our transparency and publicly-available datasets as appropriate. In addition to the CIM, via API-led connectivity, the ESB could allow for future expansion to include additional customers (constituents/policymakers), partners, suppliers, mobile devices, sensors, cloud platforms, social media, Software-as-a-Service, as well as the Enterprise systems, custom apps, and databases/repositories as the State's needs evolve. Such expansion is not a part of this request, as the data sets envisioned with this request are specific to marijuana. If customer Departments wish to expand on analytic capabilities for additional datasets the option remains open for them to initiate, but further costs and timeframes may be involved.

Lastly, OIT will need to create the metadata and analytic space for agencies to truly investigate and explore the impacts of legalized marijuana and, per C.R.S. 24-38.3-101, the Office of Marijuana Coordination to have a single Center of Enablement from which they can measure the effectiveness and impacts of new policies, regulations, programs, and strategies. Graphic 2 below illustrates an implementation whereby any agency – or department – is able to connect to any source or data retainer – in any programming language or connector desired. The state will be able to reuse queries, connections, sources, and business logic that have already been defined to create outputs to any and all relevant recipients in whatever format those recipients require. The connections, access to data, transformation of data (ie: mm/dd/yyyy -> yyyy/mm/dd), and the security can all be managed from a single user interface. At the same time, the individual agencies are able to retain their personal security requirements as they see fit.

In developing the deployment of an ESB a perpetual challenge is the design of the API Gateway (picture below in Graphic 2). For this request OIT was targeting a manual interface that while offering the full functionality of the system and leveraging data analytic potential was effectively a "data dump" that resulted in stagnant data. The proposal calls for manual data processing to feed the data on a monthly basis.

Each interface must be uniquely designed to connect data that exist in different formats, in different systems, on different technology platforms to be accessible. The design elements of these interfaces add to the overall price of the initiative, but will present a level of statistical and analytical insight into the data that the State has never before been able to achieve. The ongoing maintenance and monitoring of the interfaces is essential in order to ensure that software updates, patches, and upgrades do not impair the flow of data.

Graphic 2: Proposed OIT Framework
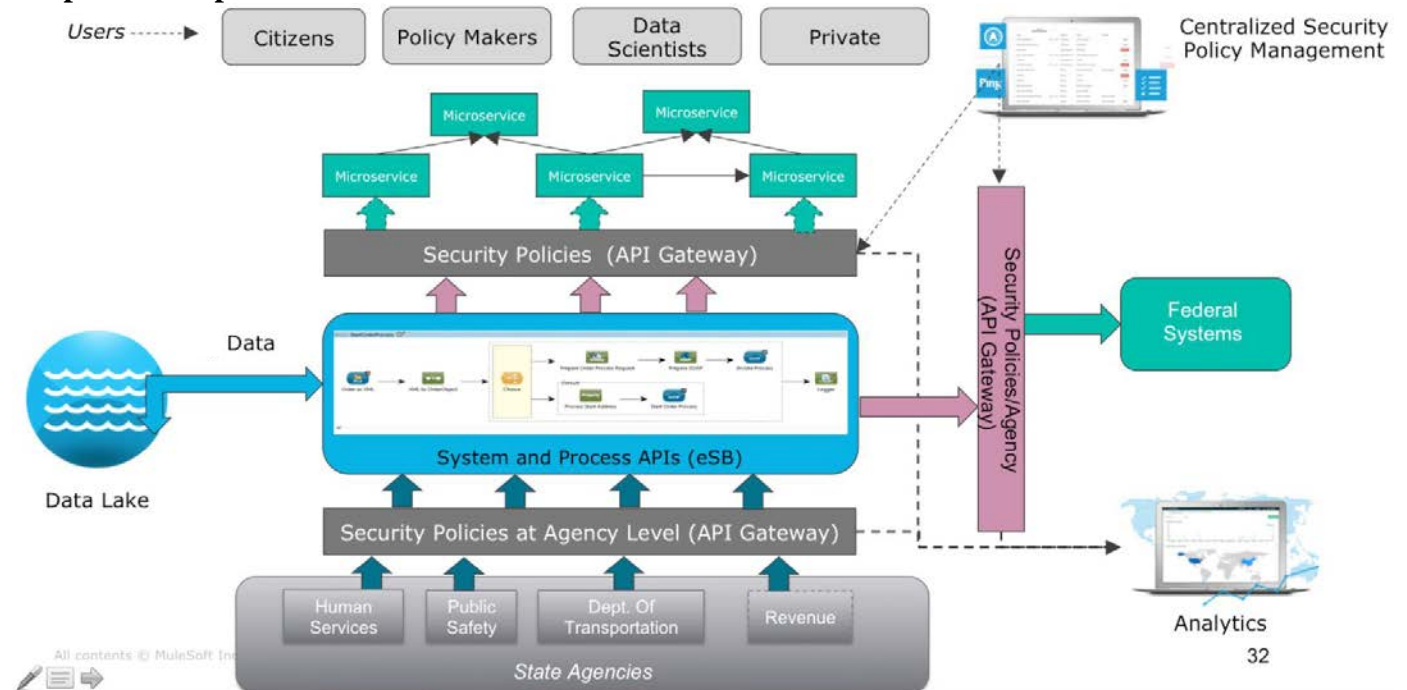
Anticipated Outcomes:

Moving from an antiquated data sharing environment to a centrally located Enterprise Service Bus (ESB) solution would ensure compliance with legislatively mandated reporting requirements and produce many technology and business benefits to OIT and the State agencies. Tables 1 and 2 below provide details on the anticipated outcomes and measures to ensure success.

Table 1: Compliance Outcomes and Indicators

Anticipated Outcome	Metric / Measure of Success
Compliance with legislatively-mandated marijuana reporting (per C.R.S. 24-38.3-101).	Implementation of this solution allows for the collection of marijuana-related data across agencies where data is currently siloed.
Compliance with legislatively-mandated appropriate collection and synthesizing of data to provide information as laid out in C.R.S. 24-37.5-701(1) (c).	

Table 2: Technology and Business Benefits

Key Performance Indicator	Category	Description	How to Measure/Relevant Metrics
Composition	API-led Principle	Economies of scale, complexity abstraction, and reusability enabled through an API-led architecture. APIs become modular, swappable, clearly defined, and distributable components of service architecture and technology/business capabilities that can be easily discovered, leveraged (or removed) in a capability efficiently, quickly and with ease.	- FTE time savings throughout app development software development life cycle (SDLC): design, development, test, deployment, management. - Faster overall application development/decrease in time-to market. - Opportunity cost savings allows for more FTE time-spend on innovation rather than integration. - Improved return on asset (ROA). - Lower IT operating expense spend.
Enhanced Systems Interoperability	Technology / Business Benefit	APIs remove the complexity and technical debt of point-to-point architectures. An API-led architecture makes it easy to swap and distributable APIs seamlessly to enable enterprise's target capabilities.	- Reduction in number of interfaces required to connect disparate systems. - FTE time savings in capability delivery (SDLC process improvements and time reductions, etc.). - Improved Operational Efficiencies (productivity) and Operational Effectiveness (ROA).
Application Development Efficiencies	Technology / Business Benefit	API-led architecture promotes an agile, minimally viable product SDLC, improving the agility and speed of the enterprise and enhancing product/capability development effectiveness.	- Reduction in development time through code/API re-use; FTE time savings throughout app development SDLC design, development, test, deployment, management; opportunity cost savings. - Faster time to market. - Opportunity cost savings.
Enhanced Systems Scalability	Technology / Business Benefit	Modular benefit enabling the scaling up and down of connected systems.	- FTE time savings throughout app development SDLC design, development, test, deployment, management. - Faster overall application development/decrease in time-to market.
Improved Operations & Maintenance Visibility	Technology / Business Benefit	Single pane of glass view of all APIs and integrations allow for seamless management of services, business processes,	- FTE time savings in operations, maintenance, governance. - Risk mitigation.

		compliance, etc.	
Agility, Abstraction, & Technology Modernization	Technology / Business Benefit	APIs enable a "facade layer" on top of systems. Systems beneath APIs can be replaced without any impact on the capability the API is supporting. APIs enable the ability for IT to evolve at the pace of the business, i.e., "Mode 2 IT" (faster speed of IT), maintain compliance, etc.	- FTE time savings in creating new/updating existing capabilities. - Cost reductions through elimination of legacy systems and adoption of lower total cost of ownership, best-of-breed applications. - Enhanced time-to-market. - Improved operational efficiencies (productivity) and operational effectiveness (ROA).
Discoverability & Sharing	Technology / Business Benefit	Through a common API portal, exposing valuable APIs, services, and capabilities for broad consumption enhances ROA and drives leverage and cross functional collaboration across the enterprise.	- Adoption: APIs developed and re-used across capabilities/projects. - Improved ROA. -Enhanced productivity (output/hr.).
Improved Data Quality	Technology / Business Benefit	Common, secure, governed model to accumulate, aggregate, and share data improves data accuracy and lowers management costs, while acting as an engine to distribute contextually-rich information to the right stakeholders at right time.	- FTE time savings in data management and governance. - Decrease in time to access relevant information. - Enhanced productivity (output/hr.). - Enhanced customer satisfaction scores with stakeholders.

Assumptions and Calculations:

Once this proposed solution has been built and tested for the marijuana-effectiveness studies, OIT will be able to create Integration-as-a-Service (IaaS) to keep the on-going maintenance and scaling costs as low as possible. Once the new solution is implemented, OIT can grow the offerings to any agency and any segmentation – internal and external to state agencies – as needed. For example, any Interoperability efforts, Public Safety, DORA, eLicense implementations, and many others, will be able to benefit from the implementation long-term.

Production cores will be the basis in which Common Policy allocations are made to each participating Department. Production cores relate to the processing power necessary for each unique data set to be properly integrated into the proposed solution. The size and complexity of the data impact the process power necessary to integrate into this solution and will vary depending on the nature of the data.

As agency adoption rates increase, OIT will be able to create economies of scale and negotiate better maintenance and subscription rates. Until that point, recurring subscription and support fees are charged based upon the number of "ESB Production" cores.

Table 3: FY 2017-18 Cost Allocation Detail by Fund source

Department	FY 2017-18	On-going
Marijuana Cash Fund	$1,109,625	$638,750
Total Projected	**$1,109,625**	**$638,750**

Table 4: FY 2017-18 and on-going Cost Component Detail

Item	Detail	FY 2017-18 Cost ($)	Ongoing Cost ($)
Data Analytics Software	Data Analytics Software: • Collect Data • Analyze Data • Scrub Data Data Scientist (contractor)	$121,500	$121,500
Implementation Services	• Marijuana use case solution design workshop. • Design and implement data acquisition from excel based reports and spreadsheet into Marijuana analysis schema. • Design and implement data acquisition and transformation of SPSS data. • Expose API's for individual data models for visualization frameworks. • Use case realization of Marijuana usage rates. • Use case realization of Treatment adjustment. • Use case realization of Arrest and Offense analysis. • Deployment & UAT enablement. • Onboard marijuana-related data into OIT platform and productize identified initial use cases.	$135,000	$135,000
State Application Modification	Modification of existing state applications to collect new marijuana related data activity.	$432,500	$102,125
Production API Environment	API Gateway: Interfaces that allow real time access to marijuana related data activity and Colorado Information Marketplace. ESB licenses for the ELA.	$245,000	$245,000

Production Hardware	Expanding existing state hardware to collect and store marijuana related data (e.g. servers, storage, and database).	$175,625	$35,125
Total		**$1,109,625**	**$638,750**

Graphic 3 below outlines the expected timeline and deliverables in FY 2017-18 to implement the solution for marijuana data coordination.

Graphic 3: Implementation & Deliverables for Marijuana Data Coordination Initiative

Balanced Deployment Implementation - Platform & Project Objectives & Deliverables

Project Realization - Marijuana Initiative
- Use Case Solution Design
- Integration Data Flow & Mappings
- Deployment & Unit Test
- UAT & Production Enablement

Artifacts & Use Cases
- Automatic integration of Excel and reporting data
- API's exposure for individual data model for visualization
- Use Case Realization 1: Marijuana Usage Rates
- Use Case Realization 2: Treatment Adjustments
- Use Case Realization 3: MJ Arrest & Offense Analysis

2 Weeks   4 Weeks   6 weeks   8 Weeks   10 Weeks   12 Weeks

Use case Discovery
Solutions Design
Platform Onboarding
Use case 1-3 development, Realization & Testing
Deployment

Impact to Common Policy:

A multi-functional platform for Marijuana specific data is a new service that does not exist in Common Policy. This request does not link to services provided by OIT, therefore, OIT does not currently have service utilization metric in which to allocate costs.

OIT respectfully requests Cash Funds in FY 2017-18 to stand up a new service. To further leverage the platform it is the intent of OIT to deploy an ESB service so that existing contracts and licenses can be utilized to their fullest extent. Additional State data systems could be interfaced at the discretion of Departments to expand analytical capabilities beyond marijuana data and therefore beyond the Marijuana Cash Fund.

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Information Technology

Cost and FTE

- The Office of Information Technology (OIT) requests $1,109,625 Cash Funds in FY 2017-18 and $638,750 Cash Funds in FY 2018-19 and on-going to create a data platform to identify, locate, collect, combine/assimilate, store, analyze, disseminate, and present marijuana-related information.
- For this initiative OIT will receive funding through the Marijuana Tax Cash Fund.

Current Program

- OIT currently maintains data management platforms for storing and presenting data for analytic purposes across the State. The platforms, however, cannot be easily modified to include the data requirements specified in C.R.S. 24-33.3-516.
- The Department of Public Safety currently employs an analyst responsible for collecting and analyzing marijuana related data in an effort to report the impacts of legalization, however, the initiative lacks the necessary resources to create a data house for analytics.

Problem or Opportunity

- The Department of Public Safety commissioned a study of law enforcement's activity and costs related to the implementation of Article XVIII, Section 6 of the State constitution. The resulting *Marijuana Data Discovery and Gap Analysis* report found that Colorado has a "medium to low capability…to collect the statutorily required data". To improve Colorado's data collection capabilities, the report recommended that the State create a centralized data platform to collect and house marijuana-specific data called by C.R.S. 24-33.3-516.

Consequences of Problem

- The *Marijuana Data Discovery and Gap Analysis* additionally found that systemic inefficiencies exist in marijuana-related data collection and categorization due to the lack of a centralized data platform.
- Colorado is the first political entity in the world to implement a regulated commercial marketplace for the sale of marijuana for recreational purposes. As a result, there are limited data about the effects of that marketplace on public health and safety. Anticipating these data challenges, the Colorado General Assembly passed SB13-283 to enable data collection to begin to understand the impact of marijuana legalization in Colorado

Proposed Solution

- OIT is requesting funding to support building out the hardware, software, and technological infrastructure needed to support, maintain, and segment multi-agency marijuana-related data. Funding will also support analytics software for analyzing and presenting that data.

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Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-03 (OIT) Marijuana Data Coordination

Dept. Approval By: *David B. Xxxx* 10-26-16

OSPB Approval By: _____

_____	**Supplemental FY 2016-17**
X	**Change Request FY 2017-18**
_____	**Budget Amendment FY 2017-18**

Summary Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$1,215,240**	**$0**	**$1,215,240**	**$1,109,625**	**$638,750**
	FTE	12.0	0.0	12.0	0.0	0.0
	GF	$1,071,330	$0	$1,071,330	$0	$0
	CF	$0	$0	$0	$1,109,625	$638,750
	RF	$143,910	$0	$143,910	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17 Initial Appropriation	Supplemental Request	FY 2017-18 Base Request	Change Request	FY 2018-19 Continuation
	Total	**$1,215,240**	**$0**	**$1,215,240**	**$1,109,625**	**$638,750**
05. Office of Information Technology, (E) Applications , (1) Applications - Applications Administration	FTE	12.0	0.0	12.0	0.0	0.0
	GF	$1,071,330	$0	$1,071,330	$0	$0
	CF	$0	$0	$0	$1,109,625	$638,750
	RF	$143,910	$0	$143,910	$0	$0
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes	_____	No	_____	**If Yes, see attached fund source detail.**
RF Letternote Text Revision Required?	Yes	_____	No	_____	
FF Letternote Text Revision Required?	Yes	_____	No	_____	
Requires Legislation?	Yes	**X**	No		

Department of Governor's Office

Type of Request? Department of Governor's Office Prioritized Request
Interagency Approval or Related Schedule 13s: Other

COLORADO
Office of Information Technology

John W. Hickenlooper
Governor

Suma Nallapati
Secretary of Technology and
Chief Information Officer

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-04
Request Detail: Deskside Staffing

Summary of Incremental Funding Change for FY 2017-18	Total Funds	Reappropriated Funds
Deskside Staffing	$1,095,218	$1,095,218

Customer Impact:

The Governor's Office of Information Technology (OIT) Deskside team is the face to the customer. OIT supports over 28,000 customers who depend on OIT to service and keep end user computer devices secure as well as support peripheral equipment. This request has 2 parts:

- Augment Deskside by 8.0 FTE
- Establish with Professional Services assistance, an Enterprise Deskside Security and Configuration Management team (EDSCMT).

This will improve service delivery by getting closer to the best practices ratio of IT Technical Analysts to Customers, per Computer Economics. It will improve OIT's service delivery with change orders by 10 percent which will reduce customer complaints related to turn around times. Enhancing customer experience with quicker turnaround times of incidents and change orders will be a positive benefit and increase the productivity of the impacted staff at agencies.

Instead of solely relying on Deskside staff that are assigned to the agency, the focus will be utilization of a Deskside "swat team" – a pool of shared resources to work at various agencies and assign them for specified periods of time. Examples of work they would perform:

- office and building moves;
- decreasing ticket backlog;
- emergency situations- coverage when key initiatives have underestimated Deskside level of effort or covering for short/long term illness at agencies with two or less Deskside staff;
- large deployments of new computer equipment;
- upgrade to a new operating system that has to be completed for all agencies by January 2020 when the vendor stops supporting the current end-of-life operating system.

This request will help to upgrade systems before support expires, avoid having non-supported operating systems with security risks and provide benefits to customers knowing the latest supported operating system is deployed. The formation of the Enterprise Deskside Security and Configuration Management team (EDSCMT) will provide the benefit of consistent management, oversight, and more security focus in

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order to improve and sustain reduction of security risk scores across the enterprise. See Table 1 for metrics on tickets.

Problem or Opportunity:

There are two specific problems facing Deskside:
- The need for more shared resources to handle existing workload; and the
- need for oversight and consistent practices in applying security policies, patches, encryption of laptops, hardening of devices and alleviation of single points of failure to keep state end user devices secure to maintain/lower security risk score.

Table 1
CHANGE ORDER TICKETS - AGENCY BREAKDOWN

Agency	FTE	Yearly Change Orders FY 2014-15	Yearly Change Orders FY 2015-16	FY 2015-16 Average Still Open at end of month	FY 2014-15 Average Time to Resolve in days	FY 2015-16 Average Time to Resolve in days (with 6 contractors)
STATEWIDE	**111 FTE Plus 6* in FY 2015-16**	**25,788**	**26,078**	**1,194**	**19.08**	**10.22**
CDA	2.25	78	126	6	13.08	8.27
CDLE	6.0	1,340	1,473	66	21.00	13.16
CDPHE	7.0	2,675	2,853	209	44.83	37.08
CDOT	17.0	5,182	5,540	46	4.67	3.32
CDHS	15.0	4,902	4,261	52	9.42	5.79
CDPS	5.75	650	841	65	18.32	23.47
CEO	0.2	59	31	0	1.66	3.66
DNR	9.0	2,147	1,333	28	4.12	5.11
DOC	21.0	2,029	2,181	549	41.53	29.13
DOLA	2.0	163	122	0	1.98	0.69
DOR	15.0	1,299	1,764	34	16.72	5.75
DORA	3.5	1,011	1,073	19	3.00	5.22
HCPF	2.5	1,764	2,004	70	3.83	4.09
DPA	1.1	682	728	25	15.41	10.66

GOV	0.8	318	301	3	2.41	2.50
HC	1.1	386	324	14	7.59	15.42
OIT-HQ	1.4	938	896	48	15.00	17.83
OEDIT	0.2	150	210	0	2.50	2.08
Treasury	0.2	16	17	0	1.92	1.08

* OIT funded 6 Deskside contractors throughout FY2015-16 to reduce some of the pain points. These were deployed at CDPHE, CDLE, HCPF and DPA. The problem was this model of expanding and sharing resources with a "swat team", proved effective but not sustainable with contractors.

Throughout FY 2015-16, resolution times for change orders and project/initiative tasks continued to create service gaps as scope of Deskside responsibilities expanded with technology challenges and different hardware/software purchased by the agencies. For example, a mechanic who services a Honda could not automatically service a Cadillac or Volvo. OIT having the myriad of different hardware and software products available in advance to test, train and provide solutions is inconsistent. The OIT Deskside team started out as a reactionary team and has never had enough time or resources to consistently be proactive, set standards, document standard operating procedures, implement automation tools etc. When OIT was formed, a 10 percent reduction occurred including Deskside staff. Although less staff should be needed with consolidation and it has brought efficiencies, key items were not factored during the consolidation and for the future, such as:
- different agency infrastructure set ups;
- lack of universal access to agency environments;
- continued expansion of agency projects/initiatives; and
- yearly increase of security related workload where resource time is not adequately tracked.

Deskside has 111 employees and 10 supervisors, excluding seven that are dedicated to County State Titles and Registration (CSTARS). Of the 111, six are part of decision item for a specific agency, seven of these FTE are on interagency agreements and cannot be shared, twenty six work in agencies with strict background check requirements (the Colorado Department of Public Safety (CDPS) and the Department of Corrections (DOC)), which equates to a smaller number to share. At the beginning of FY 2015-16, 74 percent of Deskside FTE were Exempt, allowing for flexibility and additional work to be done off hours/weekends. As of February 2016, status for majority of FTE was legally changed to Non-Exempt, resulting in only 26 percent of Deskside FTE being Exempt. As the vast majority of Deskside FTE are now Non-Exempt, they are unable to work overtime without advance permission or compensation time constraints as Deskside does not have an overtime budget.

Across the state, long turn-around times exist in completing change orders (new computer set up and deployment, software installations, and various peripheral equipment) which results in service complaints. Average mean time to resolve change orders that are documented is 10.22 days, with some agencies experiencing 16 to 37 days average wait times. 26,078 change orders were opened in the past 12 months (July 2015 - June 2016), with 1,194 still open end of June 2016. Another key factor is Deskside FTE are located in many (but not all) customer locations. Most agencies have several locations/cities that need Deskside support, which may require travel for staff, taking resources away for longer periods of time. OIT has made good progress on capturing incident/change ticket workload.

There are two areas consuming Deskside resources that are not being captured/tracked:
- Drive By Requests - when Deskside visits a customer to fix a problem or install hardware/software, inevitably several additional requests are presented by one or more customers without a ticket. As the face of OIT to the customer, very hard to deny requests.
- Behind the scenes workload (security management of end user devices) not accounted for.
- Conservative estimate is 15-20 percent of workload not tracked.

The Deskside FTE in the agencies are performing existing duties (resolving incident/change order tickets, office and building moves, hardware deployments/software installs, printer problems, etc) - trying to keep the agency customers working and focused on agency specific projects and strategies. OIT time is split and focus is given to the highest priority at the time - keeping the doors open.   Industry best practices suggest a staff to customer ratio of 1:175, the Deskside ratio is 1: 253.

Proposed Solution:

The preferred solution for the two problems are:
- Augment Deskside staff by 8.0 FTE creating a swat team that will be utilized when needed for various periods of time at an agency(s). This solution will expand shared services, improve resolution times and provide temporary local based help as needed by agency(s).
- Utilize professional services (contractors to handle basic workload) to allow OIT to establish the Enterprise Deskside Security and Configuration Management Team (EDSCMT) to strengthen end user computer security compliance, avoid single points of failure and improve consistency. Consultant(s) would be utilized to impart additional technical expertise.

The table below shows method of how the target ratio and 8.0 FTE were decided

Table 2 – Methodology/Ratio

Current Deskside Customer Count	28,109
Current Deskside FTE	112
Industry Standard/Best Practice Ratio	1 : 175
Current OIT Deskside Ratio	1 : 253
Target OIT Deskside Ratio	1 : 220
FY 2018-19 Ratio w/ 8 FTE added to Deskside	1 : 234

Methodology
- As a public state agency, achieving industry standard of 1.0 Deskside Analyst for every 175 customers is ideal but not realistic. OIT focused on what would be realistic, fiscally conservative and executable. Analysis showed that targeting a ratio of 1: 220 which is 25 percent higher than the industry standard may be achievable in future years. .
- OIT analysis concluded that 17.0 FTE is the optimal augmentation to handle over 90 percent of all Deskside service requests. An additional 17.0 FTE would put Deskside Analyst to customer ratio

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at 1:220. However, OIT is conscious of its public and fiscal responsibility and ability to execute. Administratively (recruiting, hiring, training) 17.0 FTE for one department in one fiscal year, would be a stretch. Obtaining 45 percent of 17.0 FTE (7.6 or 8.0 FTE) could be executed successfully.

Table 3 - Professional Services/Contractor Breakdown

Work to be performed	Hours	Total Hours
3 contractors – for 2 years FY 2018-19 and FY 2019-20; to assist Deskside with lower skilled work that needs to be offloaded in order to establish the EDSCMT	1,040 1,040 1,040	
TOTAL FOR CONTRACTORS		3,120
FY 2018-19 Consultant to provide 2 week expansion of skills class on Enterprise Configuration Management tool (ECMT).	80	
FY 2018-19 Consultant to provide onsite planning, documenting, solutions and support.	480	
FY 2018-19 Costs for Consultant travel expense – may be reduced if consultant with skill set is based in Denver.	50	
FY 2018-19 Consultant remote call based support	80	
TOTAL FOR CONSULTANT(S)		690

These solutions build upon Deskside's five year strategy. In the first year of the strategy, OIT went back to basics and began strengthening the foundation by getting everyone on the same Enterprise Configuration Management tool-ECMT, which is 68 percent complete. OIT is ready to start building the second floor in FY 2018, with staff augmentation and creation of the Enterprise Deskside Security and Configuration Management Team (EDSCMT).

A pilot of the "swat team" model was enacted in FY 2015-16 at the Colorado Department of Public Health and Environment (CDPHE), who were experiencing severe Deskside pain points. OIT responded to that issue with an efficiency plan. A temporary manager was assigned to come in and improve processes in the Deskside team. OIT Deskside funded three 9-month contractors and temporarily placed two Deskside employees from other agencies to address the backlog of change order requests that had accumulated over time. With that effort, the time it takes to deploy a computer from the time it arrives at CDPHE has decreased from 180 days (6 months) to 35 days (a little over a month). CDPHE's Business Technology Team partnered with OIT Deskside to approve removing local administration rights from computers as they are replaced to cut down on the number of viruses the Deskside team had to clean up. The downside of this efficiency plan was that it took away resources from OIT-HQ, slowing turnaround times there.

Additionally, Deskside contractors were funded and deployed to CDLE (to help move the Division of Vocational Rehabilitation from CDHS to CDLE), as well as DPA and HCPF (to address backlog in tickets). As these types of efficiency initiatives and emergency needs will continue, the augmentation of resources to provide benefits to individual agencies is the best solution.

Professional Services will help establish an EDSCMT. A group of current skilled Deskside FTE will put together the beginnings of the EDSCMT. This will move toward a component of OIT's documented Deskside 5-year strategic plan - to evolve from each Deskside agency having a person(s) doing all the highly skilled Deskside security workload to having an Enterprise team that can back each other up, and ensure all agencies' end user devices are secured in the same consistent manner while leaving in place day to day workers at the respective agencies. This will strengthen statewide end user device security, by reducing security risk and consistently being able to comply with mandatory security requirements. As Secure Colorado initiatives continue to evolve and security requirements are always changing, there is a need to keep up with the technology changes and reduce effects of hackers and viruses. OIT has to ensure that ongoing planning, testing, documentation, training and implementation is done consistently for the 27,554 end user devices across the state that OIT supports and manages. When non window computers (tablets, Chromebooks) are included, the number goes up to 30,395. Management of statewide end user devices must keep pace with the new security initiatives despite the complicating factor that the technical expertise is currently spread across multiple groups when it is needed collectively to ensure end point device safety.

Alternatives were considered such as providing contractor staff instead of permanent, however, contractors can only be utilized for up to nine months and then a different person has to be brought in. This leads to lack of forward progress since OIT must repeatedly re-train the next person and Deskside does not gain valuable experience.

This request continues movement toward a component of OIT's documented Deskside five year strategic plan – to evolve from each Deskside agency having a person(s) doing all the highly skilled Deskside security workload to having an enterprise team that can back each other up. OIT has felt the pain, is measuring the pain and now seeking relief.

Anticipated Outcomes:

Expanded Desktop Security:
Establishment of an **EDSCMT** would provide consistency and oversight on how end user devices are made more secure with continual skill enhancement training to implement various technical components of Secure Colorado. The implementation plan would be to pre-plan for approval of decision item and in FY 2016–17 set up a task force consisting of individuals across Deskside who perform various components of the job, to brainstorm and prepare for future set-up of Enterprise Deskside Security and Configuration Management team.

Once approved, Professional Services/contractors would be hired to handle a portion of the day to day workload in order for 25 percent of the Deskside Security & Configuration Management team's time be devoted to charter set up, roles/responsibilities/accountabilities, metric tracking, and reporting. OIT would also bring in a professional expert to impart additional technical expertise to this strategy.

Expanded Deskside Shared Services:
The 8.0 FTE would be allocated based on a set of criteria to be presented to OIT IT Directors and agreed upon for approval of allocation. If no critical service gaps are presented, allocation would be based on Deskside metrics showing which agency needed improvement on incidents and change orders.

Key Measures:

These outcomes will be measured based on OIT Deskside baseline metrics set in FY 2015-16 and to be expanded in FY 2016-17. Included, but not limited to:

- OIT Change Order Report that comes out weekly and monthly provides number of change orders opened, resolved, still open and mean time to resolve.
- Security dashboard - Baseline from FY 2016-17, monthly stats related to how many end user devices are detected with the Secure Colorado McAfee security agent, how many do not check in – meaning they are unmanaged and track/trend with target of reducing the number of unmanaged devices. Unmanaged devices should be less than 20 with a risk score under 10.

Attachment A shows a breakdown across agencies.

Consequences If Not Approved:

If funding not provided:

- Many agencies will continue to experience longer turnaround times for change orders.
- Deskside will be unable to keep up with the ongoing implementation of Secure Colorado initiatives which may affect risk scores on end user devices.
- The planning, testing, documentation and training needed to stay abreast of ever changing technology will be hindered.
- Inconsistent technical expertise spread across multiple agencies will continue to contribute to single points of failure.
- Inconsistent practices with lack of oversight will continue in applying security policies, patches, encryption of laptops, and hardening of devices potentially impacting security risk scores.

Assumptions and Calculations:

The proposed Deskside customer and security staff augmentation should be recognized as an ongoing annual cost to reduce service gaps and address the required behind the scenes security management of end users devices statewide.

This request will provide $1,095,218 in FY 2017-18 to expand the Enterprise Deskside Support Services team by 8.0 FTE plus contractors to allow greater shared services, improve resolution times and provide temporary local based help as needed by the agency. In FY 2018-19, $1,138,801 will continue staff augmentation, establish an EDSCMT to strengthen security compliance, avoid single points of failure, improve consistency, provide training, hardware/software, infrastructure setup and implementation/support. Ongoing funding provides for staff and training.

Costs for the 8.0 FTE were derived from the standard FTE calculation tool – see Attachment B.

Table 4 - BREAKDOWN OF COSTS

ITEM	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**

Salaries 8.0 FTE for shared services	$ 860,801	$ 860,801	$ 860,801
Contractors for EDSCMT – 3120 hrs @ $45.00/hr	$ 140,400	$ 140,400	
Deskside Enhancement Consultant – 690 hrs @ $111.00/hr	$ 76,577		
Skill Enhancement Ongoing Training		$ 10,000	$ 10,000
Customized Skill Enhancement Training		$ 30,000	
Operating Expenses:			
Operating Expenses: standard operating expenses, and phone but no office furniture.	$ 17,440	$ 7,600	$ 7,600
Operating Expenses –Software & Other Upgrades			$ 32,000
Operating Expenses – Hardware for testing, implementation and validation		$ 30,000	
OIT Resources –EDSCMT -Maintenance & Support (firewall, server,active directory)		$ 60,000	
TOTALS	**$1,095,218**	**$1,138,801**	**$ 910,401**

Impact to Common Policy:

The funds in this request will be added to common policy and allocated to agencies based on the appropriated FTE per Department unless there is a mutual agreement with one or more agency for a dedicated share of the additional resources.

Department	FY 2017-18 Allocation	FY 2018-19 Allocation
Agriculture	$11,961	$12,505
Corrections	$256,223	$267,875
Education	$0	$0
General Assembly	$0	$0
Governor's Office	$6,259	$6,544
Office of Information Technology	$0	$0
Healthcare Policy and Finance	$127,669	$127,253
Higher Education	$5,394	$5,639
Human Services	$196,741	$205,687
Judicial	$0	$0
Labor and Employment	$52,529	$54,918
Law	$0	$0
Local Affairs	$7,138	$7,463

Military and Veterans Affairs	$6,297	$6,583
Natural Resources	$60,034	$62,764
Personnel and Administration	$17,300	$18,087
Public Health and Environment	$53,822	$56,270
Public Safety	$73,103	$76,427
Regulatory Agencies	$24,141	$25,238
Revenue	$58,710	$61,380
State	$0	$0
Transportation	$136,546	$142,756
Treasurer	$1,351	$1,412
General Fund - Direct to OIT	$0	$0
Total	**$1,095,218**	**$1,138,801**

ATTACHMENT A

Summary of Enterprise Deskside Security Management of End-User Computers

Month	Total Detected Computers	Total Unmanaged Computers	Goal
Aug 2015	27,071	837	< 100
Sep 2015	26,946	778	< 100
Oct 2015	26,537	821	< 100
Nov 2015	26,246	862	< 100
Dec 2015	26,480	790	< 100
Jan 2016	26,748	962	< 100
Feb 2016	26,619	423	< 100
Mar 2016	26,986	380	< 50
Apr 2016	27,285	419	< 50
May 2016	27,470	357	< 50
Jun 2016	27,725	417	< 20

Note:

July actuals not available due to overwrite of data.

Once tracking and trending started, progress was made on reducing number of computers but goals have not been achieved yet. Key focus for new EDSCMT.

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for $500 per year. In addition, for regular FTE, annual telephone costs assume base charges of $450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer ($900), Office Suite Software ($330), and office furniture ($3,473).

General Fund FTE -- New full-time General Fund positions are reflected in Year 1 as 0.9166 FTE to account for the pay-date shift. This applies to personal services costs only; operating costs are not subject to the pay-date shift.

Expenditure Detail			FY 2017-18		FY 2018-19	
Personal Services:						
Classification Title	Monthly	FTE		FTE		
IT PROFESSIONAL	$6,820	8.0	$654,720	8.0	$654,720	
PERA			$66,454		$66,454	
AED			$32,736		$32,736	
SAED			$32,736		$32,736	
Medicare			$9,493		$9,493	
STD			$1,244		$1,244	
Health-Life-Dental			$63,418		$63,418	
Subtotal Position 1, 7.0 FTE		**8.0**	**$860,801**	**8.0**	**$860,801**	
Subtotal Personal Services		8.0	**$860,801**	8.0	**$860,801**	
Operating Expenses:		FTE		FTE		
Regular FTE Operating	$500	8.0	$4,000	8.0	$4,000	
Telephone Expenses	$450	8.0	$3,600	8.0	$3,600	
PC, One-Time	$1,230	8.0	$9,840	-		
Office Furniture, One-Time	$3,473	0.0	$0	-		
Skill Enhancement Ongoing					$40,000	
Subtotal Operating Expenses			**$17,440**		**$47,600**	
TOTAL REQUEST		8.0	**$878,241**	8.0	**$908,401**	
General Fund:						
Cash funds:						
Reappropriated Funds:			*$878,241*		*$908,401*	
Federal Funds:						

Cost and FTE

- The Governor's Office of Information Technology (OIT) requests an increase of $1,095,218 Reappropriated Funds in FY 2017-18, $1,138,801 Reappropriated Funds in FY 2018-19 and ongoing to provide 8.0 FTE, infrastructure setup, temporary contractors, hardware/software, and training for Deskside Support Services.

Current Program

- The End-User Deskside team acts as OIT's face to the customer and consists of 112 employees supporting 16 agencies across the State of Colorado, both onsite and remotely. Service involves monthly support of thousands of incidents and change order requests, planned and unplanned tasks for agency projects/initiatives/moves and daily behind the scenes technical security administration of approximately 27,554 computers. The security initiative to get everyone using the same Enterprise Configuration Management Tool (ECMT) is 68 percent complete due to decision item funding approved through FY 2018-19.

Problem or Opportunity

- The problem is resolution times for change orders and incident tickets are increasing as scope of Deskside behind the scenes security responsibilities expand with new technology, various devices purchased and required Security compliance that is not consistent statewide.
- Augmentation of staff will create the opportunity for a group of current skilled individuals to put together the beginnings of the Enterprise Deskside Security and Configuration Management Team (EDSCMT). This will continue movement toward a component of OIT's documented Deskside five year strategic plan – to evolve from each Deskside agency having a person(s) doing all the highly skilled Deskside security workload to having an enterprise team that can back each other up.

Consequences of Problem

- Service gaps will continue to occur; current turnaround time of change order requests will not improve and will delay expansion of additional Service Level Commitments (SLC). An average backlog of 1,194 change order requests will continue each month. Focus will remain on incident tickets (keeping the lights on) that are under SLC. Without an EDSCMT, the overall security and administration that the Chief Information Security Office recommends, will remain inconsistent, potentially leaving many end user devices at risk and vulnerable.

Proposed Solution

- The request will provide $1,095,218 in FY 2017-18 to expand the Enterprise Deskside Support Services team by 8.0 FTE plus contractors to allow greater shared services, improve resolution times and provide temporary local based help as needed by the agency. In FY 2018-19, $1,138,801 will continue staff augmentation, establish an EDSCMT to strengthen security compliance, avoid single points of failure, improve consistency, provide training, hardware/software, infrastructure setup and implementation/support.

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Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-04 (OIT) Deskside Staffing

Dept. Approval By: ~~David B. Young~~ 10-26-16

OSPB Approval By: _____

		Supplemental FY 2016-17
	X	**Change Request FY 2017-18**
		Budget Amendment FY 2017-18

Summary Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	**Initial Appropriation**	**Supplemental Request**	**Base Request**	**Change Request**	**Continuation**
Total of All Line Items Impacted by Change Request	**Total**	**$23,801,216**	**$0**	**$24,740,657**	**$1,095,218**	**$1,138,801**
	FTE	112.0	0.0	112.0	8.0	8.0
	GF	$80,127	$0	$130,493	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$23,721,089	$0	$24,610,164	$1,095,218	$1,138,801
	FF	$0	$0	$0	$0	$0

Line Item Information		FY 2016-17		FY 2017-18		FY 2018-19
	Fund	**Initial Appropriation**	**Supplemental Request**	**Base Request**	**Change Request**	**Continuation**
	Total	**$8,033,244**	**$0**	**$8,415,240**	**$63,418**	**$63,418**
05. Office of Information Technology, (A) OIT Central Administration - Health, Life, and Dental	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$49,241	$0	$67,925	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$7,984,003	$0	$8,347,315	$63,418	$63,418
	FF	$0	$0	$0	$0	$0
	Total	**$133,817**	**$0**	**$138,024**	**$1,244**	**$1,244**
05. Office of Information Technology, (A) OIT Central Administration - Short-term Disability	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$602	$0	$1,166	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$133,215	$0	$136,858	$1,244	$1,244
	FF	$0	$0	$0	$0	$0

		Total				
05. Office of Information Technology, (A) OIT Central Administration - Amoritization Equalization Disbursement	**Total**	**$3,387,612**	**$0**	**$3,637,345**	**$32,736**	**$32,736**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$15,221	$0	$30,701	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$3,372,391	$0	$3,606,644	$32,736	$32,736
	FF	$0	$0	$0	$0	$0
05. Office of Information Technology, (A) OIT Central Administration - Supplemental Amoritization Equalization Disbursement	**Total**	**$3,352,325**	**$0**	**$3,637,345**	**$32,736**	**$32,736**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$15,063	$0	$30,701	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$3,337,262	$0	$3,606,644	$32,736	$32,736
	FF	$0	$0	$0	$0	$0
05. Office of Information Technology, (F) End User Services - Deskside Support Services	**Total**	**$8,894,218**	**$0**	**$8,912,703**	**$871,571**	**$916,384**
	FTE	112.0	0.0	112.0	8.0	8.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$8,894,218	$0	$8,912,703	$965,084	$1,008,667
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required Yes ____ No ____   **If Yes, see attached fund source detail.**
RF Letternote Text Revision Required Yes ____ No **X**
FF Letternote Text Revision Required Yes ____ No ____

Requires Legislation?   Yes ____ No **X**

Type of Request?   Department of Governor's Office Prioritized Request

Interagency Approval or Related Schedule Other

COLORADO

Office of Information Technology

John W. Hickenlooper
Governor

Suma Nallapati
Secretary of Technology and
Chief Information Officer

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-05
Request Detail: Enterprise Applications Realignment

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Enterprise Applications Realignment	$0	$0

Customer Impact:

Realignment of the Enterprise Applications Division will enhance customer service in a number of areas. It will provide shared services such as business analysis and applications testing more consistently across the entire state. It will create a focus on enterprise cloud and mobile platforms, rapid applications development, consistent formal technical solutions for all new projects, and incident and problem management. It will also address service gaps in areas such as internal audits, centers of excellence, and standards and governance. Finally, it will expand service delivery through a more equitable manager-to-staff ratio and align project management and database resources to the appropriate service areas within OIT.

Problem or Opportunity:

Background

For FY 2014-15 the Office of Information Technology (OIT) reformatted its appropriation structure with the support of the Joint Budget Committee to better align services offered by OIT. The key issues addressed through that effort were:

- Program Lines – Providing OIT the flexibility to shift funds from salary's vacancy savings to IT contracts was tremendous in increasing the efficiency of OIT.
- Crossed Control – Clearly establishing Service oriented appropriation lines was instrumental in having a single IT manager responsible for each appropriation. The elimination of multiple managers ensured that OIT could better perform internal financial controls.
- Service Appropriations – Clearly establishing Service oriented appropriation lines was instrumental in giving technology managers the tools and clarity needed to provide services to customers. Similar Services have been able to better leverage funding to maximize purchasing power.

Also for FY 2014-15, OIT requested R-3 Eliminate Redundant Applications as a two year project (FY 2014-15 and FY 2015-16). This project has been incredibly successful. Accomplishments include:

- Despite the initiative's target of eliminating 120 applications, as of June 30, 2016 OIT was able to decommission 150 applications. (OIT reached the target three months early in March 2016.)
- An additional 12 applications are slated for decommissioning during FY 2016-17 due to cost savings.

- OIT decommissioned 10 servers despite not having it in the official initiative map. The decommissioning of applications has also enabled the decommissioning of additional servers now that their legacy operating system is no longer required.

The successes of the Eliminate Redundant Applications initiative are exceeding initial goals and empowering OIT to evolve IT service delivery for the State.

Current and Evolving IT Delivery

Within the current Enterprise Applications structure, each Portfolio has its own budget appropriation with a designated number of staff and dollars. The staff within each portfolio provide services to only the state departments within that portfolio. The state department receiving the service is then billed via Common Policy based on user defined Charge Codes within OIT's resource allocation system. These charge codes define the type of service being billed. For example, line of business or project management. This is done in a way that is meaningful for the customers so that they can accurately allocate costs among divisions, programs, and funds.

The current appropriation structure:

```
(E) Applications
    Applications Administration
    Enterprise Services
    Health Services
    Colorado Benefits Management System
    Revenue and Regulatory Services
    Financial Management Services
    Personnel Management Services
    Safety and Transportation Services
    Labor and Employment Services
```

Within this structure the following services are provided:

Appropriated Line	OIT Service
(E) Applications	
Applications Administration	
	Applications Administration
Enterprise Services	
	Enterprise Applications
	Electronic Data Warehouse (EDW)
	Contract Management System (CMS)
	LOB Applications
Health Services	
	LOB Applications
	Term limited Change Requests
Colorado Benefits Management System	
	CBMS
Revenue and Regulatory Services	
	LOB Applications
	Department Direct Bill Services
Financial Management Services	

	COFRS/FDW/CORE
	LOB Applications
Personnel Management Services	
	Kronos
	CPPS/HRDW
Safety and Transportation Services	
	LOB Applications
Labor and Employer Services	
	LOB Applications

As OIT evolves with the maturation of Eliminate Redundant Applications the Office sees the potential to adjust the Service offering to better align with customer needs without requiring an immediate increase in FTE or costs. However, because the original vision of OIT was to align like Services and offer statewide enterprise solutions whenever possible, OIT is now in a situation where the expansion of enterprise solutions is hindered.

Locking IT Service Delivery

With the support of the General Assembly, OIT requested and received a restructure of its Long Bill lines. At the time, OIT requested the lines align with current applications and service delivery. This was the impetus for nine appropriated Applications Services Lines. However, the success of Eliminate Redundant Applications has caused OIT to encounter constraints on balancing internal resources.

When the appropriated lines were set, the technology solutions for the service portfolios were quite different. Software applications were from different vendors, in different coding languages, and on different server platforms. Eliminate Redundant Applications has permitted the same software applications from the same vendor to be used across service portfolios.

OIT now cannot transition staff between the service portfolios because this would be crossing revenues and expenditures across appropriated lines. This restriction leads to many issues. OIT cannot balance resources or take advantage of efficiencies to expand and deliver new services.

Within the line of business service, software development and Tier 2 production support have been the most common types of services provided to these departments historically. Tier 2 support is research, analysis and correcting functional 'bugs' in computer applications that are reported by the end user. Tier 2 work is generally a short term, time limited effort conducted mainly by applications development staff. . Some departments have also been receiving limited shared services, which include business analysis and requirements gathering, solutions engineering, and applications testing prior to delivery. The delivery of this second category of services is limited and inconsistent across portfolios. The appropriations are structured such that OIT cannot implement realignment of these services across departments. The positions that provide these services are housed within specific lines and can only deliver support to those departments within that line. Thus, some departments receive the service while others do not and staff capacities are imbalanced.

The solutions currently available are inefficient and contribute to other problems. To bridge the gap in service delivery developers take on shared services tasks which are outside the scope of their expertise. They work with department staff to gather the business requirements, determine the best technical solution,

develop the solution, and test it to ensure that it works. These solutions are extremely inefficient. As a developer is being redirected there are departments that need development expertise and there are shared services staff with unused capacity.

In some cases, when a developer is not available, business customers are taking on many of these tasks. This results in missing business requirements and inadequate testing that either delays the implementation of the project or the software is released with 'bugs' that must be fixed later. This approach also strains existing development resources because they are forced to use their time and energy on various other tasks and cannot focus solely on coding the solution that is needed.

In addition, using developers or the business customer to complete shared services tasks leads to inconsistencies across the enterprise. Requirements and changes are often not documented properly leaving no audit trail to know what code has been changed in the application.

Finally, the manager to employee ratio within Enterprise Applications is not consistent. Some teams have as low as a 1 to 6 ratio (manager to employee) while there are others where the ratio is 1 to 15 (manager to employee). This inconsistently leads to an overburdening of some staff just with administrative tasks alone. Some teams provide support to one or more large state departments. The work for that department combined with the administrative duties to oversee many tasks is cumbersome and leads to employee burn out.

Opportunities to Expand Enterprise Services

Prior to the consolidation of applications through the Eliminate Redundant Applications initiative there were no resources available to focus on measuring service delivery to the customers or concentrate on the implementation of enterprise wide applications and new technology.

OIT has been unable to consistently ensure that the State's computer applications meet State audit and Security requirements. There has been no capacity to fully evaluate the services OIT provides today to identify where improvements are needed.   There is no mechanism in place to proactively find potential audit issues and resolve them prior to discovery by outside entities such as the Internal Revenue Service. These issues today are addressed reactively when a customer voices concerns to OIT executive leadership that a service is not being delivered or tasks are behind schedule. This results in pulling resources from current projects to meet the need. The same is true for audit issues. When the Enterprise Applications Team receives a list of audit issues for a given application(s) resources must be diverted from current department needs. This delays current projects and creates inefficiencies in work products.

In addition, there were no resources previously available to focus on implementing enterprise wide applications across the state. Large strides have been made through the Eliminate Redundant Applications project however the issues addressed by the project still persist today. The project significantly impacted the state's vast inventory of applications, yet many opportunities remain to realign and consolidate. There are approximately 1,000 applications statewide that must be supported and maintained by the existing Enterprise Applications team.   The volume, age and variety of technical platforms make it very cumbersome to keep applications up and functional on a daily basis. With this newly proposed realignment of resources, additional FTE have been added to this service area to develop more enterprise wide applications that can be used by all state departments. This will continue to reduce the state's application footprint and make the support and maintenance of the State's computer applications even more manageable.

There is growing demand among departments to introduce new technology, such as mobile applications. In the current alignment, there are no resources available to develop mobile applications. OIT has limited capability to deliver technology that will provide Colorado citizens more convenient ways to file their taxes, pay fees, and apply for state licenses.

Proposed Solution:

Applications Realignment

Enterprise Applications seeks to modify its current budget appropriations to support a new service delivery structure. In this new organizational alignment, the services are pooled into 3 broader service lines that will allow more flexible and equitable service delivery. In particular, support provided through shared services where resource constraints exist today. The new structure will balance the manager to employee ratio and spread the workload equitably across the organization. The ratio in the new alignment will be a minimum of 1 manager to at least 10 employees.

This request will collapse the current nine appropriations to: 1) Applications Administration 2) Agency Services 3) Shared Services, and 4) Colorado Benefits Management System (CBMS). There are 9 FTE currently within the Enterprise Applications appropriations that will be moved into other OIT appropriations to better align with existing workloads and service cost pools.

Costs and Staffing needs

This request includes no funding or staff increases. It will reallocate current FTE, associated salaries, overhead costs, and operating expenses to services within the new structure.

Current	**Proposed**

(E) Applications	*(E) Applications*

Applications Administration
- Applications Administration
- Broadband
- Geographic Systems (GIS)

Enterprise Services
- Enterprise Applications
- Electronic Data Warehouse (EDW)
- Contract Management System (CMS)
- LOB Applications

Health Services
- LOB Applications
- Term limited Change Requests

Colorado Benefits Management System
- CBMS

Revenue and Regulatory Services
- LOB Applications
- Department Direct Bill Services

Financial Management Services
- COFRS/FDW/CORE
- LOB Applications

Personnel Management Services
- Kronos
- CPPS/HRDW

Safety and Transportation Services
- LOB Applications

Labor and Employer Services
- LOB Applications

Applications Administration
- Applications Administration

Shared Services
- Enterprise Applications
- Broadband
- Geographic Systems (GIS)
- Electronic Data Warehouse (EDW)
- Contract Management System (CMS)
- Kronos
- HRIS/CPPS/HRDW
- COFRS/FDW/CORE
- Term limited Change Requests
- LOB Applications

Agency Services
- LOB Applications
- Term limited Change Requests
- Department Direct Bill Services

Colorado Benefits Management System
- CBMS

In order to implement this model, Enterprise Applications will need to modify its current appropriations structure to include the following service areas:

- **Applications Administration** – This appropriation will continue to house 5.0 FTE that manage across the entire Enterprise Applications division. These FTE provide support to all of the teams within the Applications Unit. No other staff will move in or out of this appropriation.
- **Agency Services** – This appropriation will include 176 FTE who are intended to provide services to all state departments across the enterprise.
  - Developers - There are 140 Developer FTE that will focus and be solely dedicated to new applications development and minor modifications and enhancements to current applications. Allowing the development team to concentrate specifically on development activities (coding) and not be distracted by other tasks such as Tier 2 support, requirements

gathering and testing, will result in more rapid applications development. Additionally, there are also 36 Developer FTE included that will focus on Tier 2 production support for all applications. This new appropriation structure provides the ability to adjust development FTE as needed between new development and Tier 2 support in order to fill service gaps without crossing appropriations. This also allows the ability adjust development FTE as needed across all 17 state departments in order to fill service gaps without crossing appropriations. It will also allow flexibility for the development staff so that they can rotate into and out of the Tier 2 production support role so they have the opportunity to complete new development efforts so their technical skill set doesn't become outdated.

- **Shared Services** – This appropriation will include 114 FTE who are intended to be utilized by all state departments across the enterprise. The services are shared because they are standardized and not specific to a specific line of business.
    o **Solutions Design** – There are 49 Solutions Design FTE. The Solution Design service includes business analysts to gather and document business requirements and Solutions Engineers to provide technical options based upon the business requirements for a project or system modification.
    o **Quality Assurance** – There are 21 Quality Assurance FTE and 44 Enterprise Wide FTE included in Shared Services. The Quality Assurance service will include test and quality assurance analysts that will be responsible for all aspects of application testing and assist with metrics development and reporting.
    o **Enterprise Services** – Finally, enterprise services currently offered by OIT will remain the same: Kronos, Colorado Personnel System (CPPS), Electronic Data Warehouse (EDW), Contract Management System (CMS), Colorado Financial Reporting System (COFRS)/Financial Data Warehouse (FDW)/Colorado Resource Engine (CORE), however instead of existing in three different appropriations, they will be consolidated within the Shared Services appropriated line. This will create a dedicated and focused Enterprise Wide Applications shared service that will provide not only these existing services, but take on additional capacity to begin providing new services such as Salesforce, Cloud Services, and mobile applications. This structure will focus existing resources in the areas where their expertise lies, whether it is business analysis, testing or providing technical options for new applications development. These shared services can be used across the entire enterprise. They are not tied to a specific portfolio or state department. This will result in more consistent service delivery. There will also be opportunities to more fully evaluate the services provided by Enterprise Applications today to know where improvements need to take place and this focused approach will also allow a proactive approach to finding potential audit issues and resolving them prior to identification by outside entities such as the IRS.
- **Colorado Benefits Management Services (CBMS)** – There are 3.0 FTE that that are currently operating as a part of the Security Operations team. These FTE will be relocated within the appropriation structure to better align with the work that they are doing.
- **Cross OIT adjustments** – There are 9.0 FTE that will move out of various Enterprise Applications appropriations because the work they do today does not fit within the mission or purpose of the Enterprise Applications team. OIT considered retraining these staff to fit within the jobs that currently exist in Enterprise Applications however significant formal education and training would be required for them to perform applications development work. The movement of these 9.0 FTE into the correct appropriations will result in a decrease in the current Enterprise Applications Appropriation.

o Database Services – There are 3.0 FTE that will move to Infrastructure Administration and those costs will be recovered within the Database Administrator (DBA) Service. These FTE spend the majority of their time today completing DBA tasks and therefore they should report to the proper management and service area that provide these services today.

o Server Administrators – There are 3.0 FTE that will move to Server Management and those costs will be recovered within the newly formed Managed Services service. These FTE focus their work on completing Server Admin duties and do not align with the Applications team.

o Project Management – There are 2.0 FTE that spend the majority of their time completing Project Management tasks for OIT. These tasks do not fit within the Enterprise Applications mission and purpose and should be moved to the Project Management service and appropriation.

o Deskside – There is 1.0 FTE that will move to the Enterprise Deskside Support service within the Deskside Support Services appropriation. These are the types of tasks the position is currently performing and therefore should exist within that service.

Alternatives Considered

Several alternatives were considered prior to submitting this request including maintaining the status quo and implementing the new staffing alignment within the current appropriations. However, after some analysis, it was determined that this would not be feasible. It would be very cumbersome administratively to track FTE to ensure that they continue to provide services only to those departments where the FTE and dollars reside today so that budget appropriations are not inadvertently crossed. Also, there are several portfolios today that do not have shared services FTE so these services would either have to continue to be provided by the development staff or not be provided at all.

Additionally, two other alternatives for restructuring the appropriations were considered. The first is as follows and would include 8 different appropriations:

Appropriated Line	**OIT Service**
(E) Applications Applications Administration	
	Applications Administration
Revenue Collections and Regulatory Services	
	LOB Applications Term limited Change Requests Tier 2 support for the departments within this line of business.
Health Services	
	LOB Applications Term limited Change Requests Tier 2 support for the departments within this line of business.
Safety, Transportation and Labor	
	LOB Applications Term limited Change Requests Tier 2 support for the departments

	within this line of business
Colorado Benefits Management System	
	CBMS
Quality Assurance	
	Applications testing
	Metrics development/oversight
	Audit activities
Solutions Design	
	Business Analysis
	Solution engineering
Enterprise Wide Applications	
	Salesforce
	CPPS
	Kronos
	CORE
	Cloud Services
	Mobile Applications

Several limitations were identified with this alternative, mainly in the areas of the Tier 2 support. Because Enterprise Applications hasn't been able to fully implement a Tier 2 support model, there isn't a current methodology for determining the total workload involved with Tier 2 support. Thus it is difficult to estimate an accurate count of developer FTE needed to fully support this effort in each of the identified lines of business. If proper FTE counts are not established initially, this could create a service gap in Tier 2 or conversely in the Line of Business because there won't be enough resources to handle to workload. This model also limits the flexibility of developer resources to only providing services to those departments included in the lines of business appropriation.

Finally, the other alternative considered is as follows. It also includes 8 different appropriations but in this model, Tier 2 support is included as a part of the Quality Assurance shared service:

Appropriated Line	**OIT Service**
(E) Applications Applications Administration	
	Applications Administration
Revenue Collections and Regulatory Services	
	LOB Applications
	Term limited Change Requests
Health Services	
	LOB Applications
	Term limited Change Requests
Safety, Transportation and Labor	
	LOB Applications
	Term limited Change Requests

Colorado Benefits Management System	
	CBMS
Quality Assurance	
	Tier 2 support
	Application testing
	Metrics development/oversight
	Audit activities
Solutions Design	
	Business Analysis
	Solution engineering
Enterprise Wide Applications	
	Salesforce
	CPPS
	Kronos
	CORE
	Cloud Services
	Mobile Applications

As with the first alternative considered, this alternative also limits flexibility by having FTE and dollars tied to the defined line of business appropriations. Finally, this model allows no ability for development staff to rotate in and out of the Tier 2 support, if desired, since those FTE are included in the Quality Assurance line and in doing so, would cross appropriation lines.

Anticipated Outcomes:

This new approach will allow Enterprise Applications to focus existing resources into a more concentrated service delivery approach while providing flexibility to fill service gaps that exist today and address new gaps that will arise in the future due to new projects and shifting department priorities. It will enable shared services to be used across the enterprise, resulting in efficiencies such as rapid applications development and delivery. It will also bring an added focus to developing metrics to measure program success and give the opportunity to develop modern technologies such as mobile applications.

There are a number of ways to measure outcomes from this request including:
- Meeting/exceeding project deadlines
- Reducing the need for project Change Requests due to missed Business Requirements
- Meeting/exceeding service level agreement timelines for Incidents and Change Orders
- Reducing the number of Incidents opened for 'bugs' that were introduced due to coding that was not properly tested
- Improvement in Overall Customer Satisfaction (via survey)

State departments will experience an increase in the number of hours a developer can spend on development work. This will result in timely completion of projects and change order work and the ability to complete more project and change order work rather than working to close the gap on other duties. The Shared Services model that Enterprise Applications is proposing allows staff the ability to concentrate their work efforts by using their skills and expertise in the areas that accomplish the work needed. Thus

Business Analysts, Solutions Engineers and Test Analysts are used to complete these tasks, which in turn frees up the developer to do more coding and less of the customer interface and documentation. Additionally, this model will maximize development resources by segregating the time consuming tasks of research on application 'bugs' to the Tier 2 production support group.

Assumptions and Calculations:

The request does not ask for additional funds but rather a restructure in the current funds already allocated to the Enterprise Applications Team. Additionally it reflects the movement of the 9.0 FTE and corresponding dollars tied to those FTE.

Impact to Common Policy:

Currently each department is allocated a number of 'development hours' based upon a formula that includes a count of the FTE assigned to a state department. Although referred to under the general label of 'development hours' these hours also include shared services hours, and manager hours. This new model allows a more detailed break out of the Common Policy rate that is billed back today under the general term of 'development hours' so that it more accurately reflects the shared services component.

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Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-05 (OIT) Enterprise Applications Realignment

Dept. Approval By: *David B. Xxxx*   10-26-16

OSPB Approval By: _____

	Supplemental FY 2016-17
X	Change Request FY 2017-18
	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$119,382,173**	**$0**	**$126,918,606**	**$0**	**$0**
	FTE	645.5	0.0	645.5	0.0	0.0
	GF	$0	$0	$1,071,330	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$119,382,173	$0	$125,847,276	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	**$5,387,357**	**$0**	**$5,318,303**	**$158,604**	**$158,604**
05. Office of Information Technology, (A) OIT Central Administration - Project Management	FTE	50.0	0.0	50.0	2.0	2.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$5,387,357	$0	$5,318,303	$158,604	$158,604
	FF	$0	$0	$0	$0	$0

Department of Governor's Office

Line Item Information	Fund	FY 2016-17 Initial Appropriation	FY 2016-17 Supplemental Request	FY 2017-18 Base Request	FY 2017-18 Change Request	FY 2018-19 Continuation
	Total	**$5,618,063**	**$0**	**$5,624,063**	**$247,048**	**$247,048**
05. Office of Information Technology, (B) IT Infrastructure - Infrastraucture Administration	FTE	20.0	0.0	20.0	3.0	3.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$5,618,063	$0	$5,624,063	$247,048	$247,048
	FF	$0	$0	$0	$0	$0
	Total	**$11,721,901**	**$0**	**$11,721,901**	**$220,978**	**$220,978**
05. Office of Information Technology, (B) IT Infrastructure - Service Management	FTE	69.0	0.0	69.0	3.0	3.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$11,721,901	$0	$11,721,901	$220,978	$220,978
	FF	$0	$0	$0	$0	$0
	Total	**$2,471,604**	**$0**	**$2,471,604**	**$217,816**	**$217,816**
05. Office of Information Technology, (D) Information Security - Security Operations	FTE	28.0	0.0	28.0	3.0	3.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$2,471,604	$0	$2,471,604	$217,816	$217,816
	FF	$0	$0	$0	$0	$0
	Total	**$1,215,240**	**$0**	**$1,215,240**	**$580,086**	**$580,086**
05. Office of Information Technology, (E) Applications , (1) Applications - Applications Administration	FTE	12.0	0.0	12.0	3.0	3.0
	GF	$1,071,330	$0	$1,071,330	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$143,910	$0	$143,910	$580,086	$580,086
	FF	$0	$0	$0	$0	$0

Department of Governor's Office

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	**$3,020,064**	**$0**	**$3,020,064**	**($3,020,064)**	**($3,020,064)**
05. Office of Information Technology, (E) Applications , (1) Applications - Enterprise System	FTE	29.0	0.0	29.0	(29.0)	(29.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$3,020,064	$0	$3,020,064	($3,020,064)	($3,020,064)
	FF	$0	$0	$0	$0	$0
	Total	**$12,671,981**	**$0**	**$12,186,381**	**($12,186,381)**	**($12,186,381)**
05. Office of Information Technology, (E) Applications , (1) Applications - Health Services	FTE	97.0	0.0	97.0	(97.0)	(97.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$12,671,981	$0	$12,186,381	($12,186,381)	($12,186,381)
	FF	$0	$0	$0	$0	$0
	Total	**$53,026,031**	**$0**	**$57,095,667**	**($217,816)**	**($217,816)**
05. Office of Information Technology, (E) Applications , (1) Applications - Colorado Benefits Management System	FTE	52.5	0.0	52.5	(3.0)	(3.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$53,026,031	$0	$57,095,667	($217,816)	($217,816)
	FF	$0	$0	$0	$0	$0
	Total	**$6,745,671**	**$0**	**$6,652,250**	**($6,652,250)**	**($6,652,250)**
05. Office of Information Technology, (E) Applications , (1) Applications - Revenue and Regulatory Services	FTE	77.0	0.0	77.0	(77.0)	(77.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$6,745,671	$0	$6,652,250	($6,652,250)	($6,652,250)
	FF	$0	$0	$0	$0	$0

Department of Governor's Office

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	**$1,056,979**	**$0**	**$1,056,979**	**($1,056,979)**	**($1,056,979)**
05. Office of Information Technology, (E) Applications , (1) Applications - Financial Management Services	FTE	11.0	0.0	11.0	(11.0)	(11.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$1,056,979	$0	$1,056,979	($1,056,979)	($1,056,979)
	FF	$0	$0	$0	$0	$0
	Total	**$1,702,036**	**$0**	**$4,745,796**	**($4,745,796)**	**($4,745,796)**
05. Office of Information Technology, (E) Applications , (1) Applications - Personnel Management Services	FTE	13.0	0.0	13.0	(13.0)	(13.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$1,702,036	$0	$4,745,796	($4,745,796)	($4,745,796)
	FF	$0	$0	$0	$0	$0
	Total	**$4,463,013**	**$0**	**$4,438,310**	**($4,438,310)**	**($4,438,310)**
05. Office of Information Technology, (E) Applications , (1) Applications - Safety and Transportation Services	FTE	50.0	0.0	50.0	(50.0)	(50.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$4,463,013	$0	$4,438,310	($4,438,310)	($4,438,310)
	FF	$0	$0	$0	$0	$0
	Total	**$2,459,345**	**$0**	**$2,459,345**	**($2,459,345)**	**($2,459,345)**
05. Office of Information Technology, (E) Applications , (1) Applications - Labor and Employment Services	FTE	25.0	0.0	25.0	(25.0)	(25.0)
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$2,459,345	$0	$2,459,345	($2,459,345)	($2,459,345)
	FF	$0	$0	$0	$0	$0

Department of Governor's Office

Line Item Information	Fund	FY 2016-17 Initial Appropriation	FY 2016-17 Supplemental Request	FY 2017-18 Base Request	FY 2017-18 Change Request	FY 2018-19 Continuation
	Total	**$0**	**$0**	**$0**	**$22,362,717**	**$22,362,717**
05. Office of Information Technology, (E) Applications , (1) Applications - Agency Services	FTE	0.0	0.0	0.0	176.0	176.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$22,362,717	$22,362,717
	FF	$0	$0	$0	$0	$0
	Total	**$0**	**$0**	**$0**	**$10,934,420**	**$10,934,420**
05. Office of Information Technology, (E) Applications , (1) Applications - Shared Services	FTE	0.0	0.0	0.0	114.0	114.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$10,934,420	$10,934,420
	FF	$0	$0	$0	$0	$0
	Total	**$8,894,218**	**$0**	**$8,912,703**	**$55,272**	**$55,272**
05. Office of Information Technology, (F) End User Services - Deskside Support Services	FTE	112.0	0.0	112.0	1.0	1.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$8,894,218	$0	$8,912,703	$55,272	$55,272
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes		No		**If Yes, see attached fund source detail.**
RF Letternote Text Revision Required?	Yes		No		
FF Letternote Text Revision Required?	Yes		No		

Requires Legislation?   Yes _____   No **X** _____

Type of Request?   Department of Governor's Office Prioritized Request

Interagency Approval or Related Schedule 13s: None

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COLORADO
Office of Information Technology

John W. Hickenlooper
Governor

Suma Nallapati
Secretary of Technology and
Chief Information Officer

FY 2017-18 Funding Request | November 1, 2016

Department Priority: R-6
Request Detail: Department of Revenue Telephone Replacement

Summary of Incremental Funding Change for FY 2017-18	Total Funds	Re-appropriated Fund
Telephone System Replacement	$791,172	$791,172

Customer Impact:

The purchase of a more effective and efficient telecommunications tool will enable the Department of Revenue (DOR) to continue to provide Coloradans with the high level of customer service they need and deserve. The State standard for Managed IP Communications (MIPC) will do just that.

Problem or Opportunity:

The legacy voice system at DOR supports four of the department's largest locations, as well as the call centers that directly support Colorado's residents. The original manufacturer is no longer in business after having been purchased by another vendor. Not only does the new vendor no longer support the version that the Department of Revenue (DOR) is running, software updates for this version are no longer developed. Replacement hardware – including phones – is always refurbished and is increasingly difficult to find. The associated servers that host services such as DOR's call center are running an operating system which reaches end-of-life in July 2015. The telecommunications software that runs on these servers will not operate properly if the server is updated to a newer version. The system is quickly reaching capacity for some services, which will prevent DOR from adding additional extensions for new employees. Should this system suffer a catastrophic failure, it is likely that the only solution would be a full replacement.

Managed IP Communications (MIPC) is the OIT managed cloud service that provides telephony services using a monthly operational cost model rather than a capital outlay model. MIPC also includes enhanced voice, video, voicemail and mobile phone integration features as well as options for contact center technology on a unified communications platform and MIPC is the hosted option for delivery.

The MIPC service is far better than the current legacy voice system used by DOR in that it is intelligent enough to route calls through the network for the best service quality possible which also helps reduce long distance costs. The system also provides more built in options and features for productivity for use by the customer. The new MIPC service provides fewer connection interruptions because of increased internal processes and procedures that the current legacy voice system falls victim to on a daily basis.

Replacing the legacy system with the current State standard for Managed IP Communications (MIPC) is proposed for the following locations:

- 1881 Pierce, Lakewood
- 1375 Sherman, Denver
- 720 S. Colorado, Denver
- 17301 Colfax, Golden
- 350 W. Carr, Lakewood
- 147 Lawrence St., Denver

Service to approximately 1,239 phones will be replaced. This will also include voice mail service to approximately 1,233 phones. Additionally, call center service to approximately 327 agents will be moved onto the new platform. This solution will cost approximately $54,681 per month or $656,172 per year in Re-appropriated Funds.

To assist with the replacement schedule, a contracted Project Manager (PM) is needed to keep this on track and moving forward for the first Fiscal Year, and six months into FY 2017-18. The cost for a fully loaded Project Manager position is $135,000 annually. For 18 months that total would be $202,500.

Anticipated Outcomes:

The Department of Revenue will no longer be relying on an increasingly unsupportable, legacy phone system. MIPC will allow DOR to stay current on communication technology and service dependability. This MIPC solution will deliver reliability so that customers can focus their drive to enhance ideas and innovation. All existing functionality will be replaced with State standard technology and that is MIPC.

Assumptions and Calculations:

The breakout table below is the most current activity based on an audit of the system.

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

The table below shows the quantity and monthly cost per item to move to MIPC.

Item	Quantity	Cost per Item	Total Amount	Description
Phones	1,239	$29.50	$36,550.50	Cisco Desk Phones
Voice Mail	1,233	$6.00	$7,398.00	Voice Mail on Phone
Call Center Services	327	$32.82	$10,732.14	Call Center Applications
Total			**$54,680.64**	**Monthly Total**

Costs were estimated using the Voice Service pricing as detailed in OIT's Purchase Catalog. It is assumed that this project will not replace sites not listed i.e., sites that do not meet the MIPC criteria of 20 or more phones.

The table below shows the per year costs for each item:

Item	FY 2017-18	FY 2018-19	FY 2019-20 and beyond
Phones	$438,606	$438,606	$438,606
Voice Mail	$88,776	$88,776	$88,776
Call Center Services	$128,790	$128,790	$128,790
Project Management	$135,000	$67,500	$0
Total	**$791,172**	**$723,672**	**$656,172**

Impact to Common Policy:

The entire allocation for this funding request will be allocated directly to the Department of Revenue.

Cost and FTE

- The Office of Information Technology (OIT) requests $791,172 Re-appropriated Funds in FY 2017-18, $723,672 Re-appropriated funds in FY 2018-19, and $656,172 Re-appropriated Funds in FY 2019-20 and ongoing to cover costs related to monthly lease of phone system services, and for one Project Manager FTE for 18 months.

Current Program

- The Department of Revenue (DOR) is currently using a legacy phone system that is 20 years old. This phone system supports their primary locations including the administrative and customer facing personnel at 1375 Sherman St. and 1881 Pierce, the Field Audit personnel at 720 S. Colorado, and the Gaming administrative and enforcement personnel at 17301 Colfax.
- This phone system not only serves individual extensions and voicemail but also hosts customer-facing call center functionality.

Problem or Opportunity

- This phone system supports four of the department's largest locations, as well as the call centers that directly support Colorado residents. The manufacturer is no longer in business after having been purchased by another vendor. The current vendor no longer supports the version that DOR is running and software updates for this version are no longer developed. Replacement hardware – including phones – is always refurbished and is increasingly hard to find.
- The associated servers that host services such as DOR's call centers are running an end-of-life operating system. The system is quickly reaching capacity for some services which will prevent DOR from adding additional extensions for new employees. Should this system suffer a catastrophic failure, the only solution would be a full replacement.

Consequences of Problem

- The Department of Revenue is operating on a phone system that is out of support.
- The department is at risk of impact to services if the current phone system suffers a catastrophic failure.

Proposed Solution

- Replace the legacy phone system with the current State standard for Managed IP Communications (MIPC). $656,172 will be spent on service to the approximately 1,239 phones, and includes voicemail service to approximately 1,233 phones. Additionally, call center service to approximately 327 agents. $202,500 will be spent over 18 months on a Project Manager.

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Schedule 13

Funding Request for the FY 2017-18 Budget Cycle

Department of Governor's Office

Request Title

R-06 (OIT) Department of Revenue Telephone Replacement

Dept. Approval By: *Daniel B. King* 10-26-16

OSPB Approval By: _____

___	Supplemental FY 2016-17
X	Change Request FY 2017-18
___	Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18	FY 2017-18	FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$13,322,385**	**$0**	**$13,416,449**	**$791,172**	**$723,672**
	FTE	62.0	0.0	62.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$1,200,000	$0	$1,200,000	$0	$0
	RF	$12,122,385	$0	$12,216,449	$791,172	$723,672
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2016-17		FY 2017-18	FY 2017-18	FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	**$5,387,357**	**$0**	**$5,318,303**	**$135,000**	**$67,500**
05. Office of Information Technology, (A) OIT Central Administration - Project Management	FTE	50.0	0.0	50.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$5,387,357	$0	$5,318,303	$135,000	$67,500
	FF	$0	$0	$0	$0	$0

Department of Governor's Office

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	**$7,935,028**	**$0**	**$8,098,146**	**$656,172**	**$656,172**
05. Office of Information Technology, (C) Network , (1) Network - Voice and Data Services	FTE	12.0	0.0	12.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	CF	$1,200,000	$0	$1,200,000	$0	$0
	RF	$6,735,028	$0	$6,898,146	$656,172	$656,172
	FF	$0	$0	$0	$0	$0

CF Letternote Text Revision Required?	Yes _____	No _____	**If Yes, see attached fund source detail.**
RF Letternote Text Revision Required?	Yes _____	No _____	
FF Letternote Text Revision Required?	Yes _____	No _____	

Requires Legislation?   Yes _____   No **X** _____

Type of Request?   Department of Governor's Office Prioritized Request

Interagency Approval or Related Schedule 13s: Other