Office of the Governor

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-01 (GOV) Staffing Adjustments for Governor's Office

Dept. Approval By: Jonathon Bray

OSPB Approval By:

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
X	**Change Request FY 2022-23**

Summary Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$4,493,576**	**$0**	**$4,567,853**	**$405,822**	**$393,822**
	FTE	35.9	0.0	35.9	6.0	6.0
	GF	$3,841,280	$0	$3,915,557	$405,822	$393,822
	CF	$211,292	$0	$211,292	$0	$0
	RF	$441,004	$0	$441,004	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
01. Office of the Governor, (A) Governor's Office, (1) Governor's Office - Administration of Governor's Office and Residence	**Total**	**$4,493,576**	**$0**	**$4,567,853**	**$405,822**	**$393,822**
	FTE	35.9	0.0	35.9	6.0	6.0
	GF	$3,841,280	$0	$3,915,557	$405,822	$393,822
	CF	$211,292	$0	$211,292	$0	$0
	RF	$441,004	$0	$441,004	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Governor's Office Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Jared Polis
Governor
Lisa Kaufmann
Chief of Staff

Department Priority: R-01 (GOV)
Request Detail: Staffing Adjustments for Governor's Office

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	$4,268,016	$405,822	$393,822
FTE	35.9	6.0	6.0
General Fund	$3,615,720	$405,822	$393,822
Cash Funds	$211,292	$0	$0
Reappropriated Funds	$441,004	$0	$0
Federal Funds	$0	$0	$0

Summary of Request

The Office of the Governor requests 6.0 FTE and $405,822 General Fund in FY 2022-23 and 6.0 FTE and $393,822 General Fund in FY 2023-24 and each year thereafter for the Governor's Office of Boards and Commissions to manage the growth in appointment workload and to meet the equity, diversity, and inclusion (EDI) requirements passed in HB21-1212; and, given the public's demands and needs for more communication and response from the Executive Branch, to meet the increased workload in the Office of Communications and Community Engagement and the Constituent Services Office. Workload increases have led to delayed response to pressing issues facing the state and have contributed to the 20% turnover rate within the Governor's Office in Fiscal Year 2020-21.

The Governor's Office has served as one of the main points of contact for concerned citizens the past two years. In 2020, the communications office saw a 526% increase in press inquiries and a 124% increase in press availabilities, interviews, and editorial board meetings compared to 2019. The Office is seeing a similar workload in 2021 as 2020. In addition, the Office's Constituent Services staff respond to over 400 constituent requests a week via mail, e-mail, and web comments; a massive increase from previous years. The Governor's Office of Boards and Commissions saw over 130 new boards & commissions appointments created in the 2021 legislative session and HB21-1212 will change its appointment processes.

Current Program

Boards and Commissions

The Governor's Office of Boards and Commissions is responsible for recommending individuals for appointments to the Governor for service on over 230 Boards and Commissions. The Office manages the entire process for more than 2,000 appointees, and continually communicates with state agencies, Governor's Office staff members, legislators, and other stakeholders about applicants, recommendations, appointments, and more. The entire process consists of a multitude of different activities depending on the specific board or commission but generally consists of: recruitment and outreach, interviews, memos, stakeholder meetings, approvals, drafting executive orders, data mining, overseeing the senate confirmation process, correspondence, and reporting. The Governor's Office of Boards and Commission currently has 2.5 FTE and has maintained this level of staffing for over 20 years despite the growing and expanding appointment workload. Since the start of the Polis Administration, on average every year 10 new boards are created with ~80 new appointees. In the 2021 legislative session, over 130 appointments were created.

Furthermore, HB21-1212 was signed by the Governor on May 24, 2021 and it requires, effective January 1, 2022, that along with meeting the board's specified membership requirements, appointees are to reflect the geographic and demographic diversity of the entire state, including members from both rural and urban parts of the state, members of diverse political, racial, disability, and cultural groups and of diverse sexual orientations and genders.

The citizens of Colorado have enjoyed a long tradition of participation in state government. Through representation on boards and commissions, Colorado residents are offered an important avenue to help create effective and equitable laws and policies. Citizen involvement contributes not only to the success of their government, but to their overall quality of life. Citizen participation works at all levels of state government and covers a broad range of issues, such as education, the environment and natural resources, social services, economic development, and transportation. Some boards appointed by the Governor shape policy for major state agencies and departments, others prepare regulations governing specific program areas, and some serve solely in an advisory capacity.

Colorado's system of boards and commissions is fundamental to encouraging the use of citizen talent and interest in affairs of the state, keeping government innovative and responsive, and improving the overall performance of state agencies and institutions.

Communications & Community Engagement

As an elected official and the leader of Colorado's Executive Branch , the Governor has a responsibility to maintain open channels of communication with all Coloradans. The current administration takes this responsibility very seriously and has been nationally recognized for its efforts to meet Coloradans where they are and bring them vital information during the recent public health crisis. Despite their size of 5.0 FTE, the Governor's Office of Communications and Constituent Engagement teams are tasked with the responsibility of keeping the communication channels open. In 2020, the Office received 4,045 media inquiries and sent 478 press releases, and in addition conducted 351 interviews, 99 media availabilities and press conferences, and 35 editorial board meetings with Colorado newspapers, TV stations, and radio stations. The Office's social media engagement team published more than 4,100 posts across nine platforms using over 1,600 graphics creating more than 71,790,000 impressions and 9.2 million engagements. The Office seeks to provide complex information to Coloradans clearly and concisely in an authentic and interesting way. The Office's social media audience has grown substantially over recent years. The Governor's Instagram is up more than 500% from September 2019, and grew by more than 104% year over year. The Governor's twitter account grew 38% year over year , and the English Facebook page has seen a 12% growth year over year. The Office's Spanish language social media pages have grown 37% year over year as well.

Constituent Services & Correspondence

The Governor's Constituent Services team consists of 1.5 FTE and on average responds to 407.82 constituent emails or letters per week, forwards countless constituent requests to the proper state agencies, and now responds to comments made across the Office's nine social media platforms. This vital two-way communication between the Governor, on behalf of the state, and Coloradans increases trust and has improved countless lives.

The current FTE are struggling to meet the growing workload. Prior to 2020, the Office received and responded to approximately 200 to 250 constituent correspondence requests per week. Furthermore, as traditional correspondence workload has doubled the past two years, the Office has started responding to social media comments in order to "meet Coloradans where they are."

Problem or Opportunity

Boards & Commissions

The Governor's Office of Boards and Commissions is one of the smallest departments within the Governor's office with just 2.5 FTE and has a growing workload. The Office conducted a time-use analysis during several months of Fiscal Year 20-21 and determined the Office spends on average 8.04 hours per appointment. In 2020, the Office appointed 841 individuals, which required over 6,761 work hours. Based on our assumptions, the Office should have at least 3.25 FTE for the workload and is currently managing said workload with 2.5 FTE.

Since the start of the Polis Administration, on average every year 10 new boards have been created with approximately 80 new appointees. Based on the Office's current trends and the creation of new boards in 2021, the Office is expected to make between 925-975 appointments in 2021.

During the 2021 legislative session only one board was sunsetted, while 130 new board and commission appointments were created across 22 new and modified boards in various bills. In addition to new boards and commissions being created, HB 21-1212 passed, which stated that along with meeting the board's specified membership requirements, appointments must reflect the geographic and demographic diversity of the entire state, including members from both rural and urban parts of the state, members of diverse political, racial, disability, and cultural groups and of diverse sexual orientations and genders. The Governor's Office of Boards & Commissions anticipates each appointment will require an additional thirty minutes of staff time to meet HB 21-1212's legislative requirements.

Communications & Community Engagement

As the Office of Communications and Constituent Engagement has pivoted from response to recovery communications regarding the public health crisis, efforts were made to assess the sustainability of the Office's current structure and citizen demand. While the crisis is stabilizing, and federal emergency Coronavirus Relief Funds are expiring, the demand for communications is not slowing. It is imperative that the Office continue to provide timely, accurate, and accessible information to both internal stakeholders as well as Colorado's citizens.

Constituent Services & Correspondence

Coloradans have become accustomed to the wealth of information provided by the communications team and they will continue to demand these services even as the crisis stabilizes. The public health crisis and other events have also spurred an increasing number of constituents to more actively engage with their elected officials, and the Governor has been no exception. The constituent services team has seen a 200% increase in communications from Coloradans, in the form of phone calls, email, and physical mail. There is no indication that these levels of engagement from the press and Coloradans will decline as the state works to build back better.

Proposed Solution

It is a high priority of the Governor's Office to make sure every Coloradan has access to the information they need, finds a listening ear when they contact the Governor's Office, and that Coloradans have an opportunity to serve the state and the statutes governing boards are upheld properly.

Therefore, the Office requests 2.0 additional FTE for the Office of Boards and Commissions for Fiscal Year 2022-23 and will request supplemental funds for Fiscal Year 2021-22. This will fund another Deputy Director, compensated similarly to the classified system's Project Manager I, and a dedicated Executive Assistant, compensated similarly to the classified system's Administrative Assistant III. This would bring the Office to a total of 4.0 FTE. The Deputy Director would assist the Director with appointee recommendations, manage the entire application process for potential appointees, communicate with key stakeholders both within the State and with the public at large, and maintain the outward facing documents available to the public. A dedicated Executive Assistant would manage the office's application process, collect and collate information on individual candidates, manage background checks and research into applicants, and prepare materials related to the Office such as memos and Executive Orders, and manage the Office's schedules.

Currently, it takes 8.04 hours per appointment and with the passage of HB21-1212, it is anticipated that efforts will increase to 8.54 hours per appointment. Additionally, each session the legislature creates on average 10 new boards and commissions with 80 new appointments. Should these FTEs not be granted, the office will not be able to keep up with the pace of the legislature and also focus on the intent of HB21-1212.

It is incredibly important to the Office to ensure that Boards and Commissions reflect a Colorado for all. Colorado is a diverse and wonderful state and the voices from all backgrounds should be heard in our Government. Outreach efforts will increase to ensure that individuals from rural and urban communities in our state are able to serve. The Office will also focus on outreach to members of diverse political, racial, disability, and cultural groups and of diverse sexual orientations and gender through speaking engagements and community discussions. Adding staff will ensure that the office is able to focus time on the important stakeholder work that is necessary in order to implement HB-1212 as well as manage the day-to-day workload created by each new board and commission as well as the vacancies on the current commissions.

The Governor’s Office further requests 4.0 FTE in FY 2022-23 for Communications and Community Engagement, and Constituent Services. This request will allow for the addition of two marketing and communications specialists and two administrative assistants. The addition of the FTE will allow greater responsiveness to citizen’s concerns and more timely, accurate, and accessible information for all Coloradans. Without the additional capacity, the Governor’s Office will struggle to provide this information to meet Coloradans’ justifiably high standards, and transparency and accountability will be difficult to ensure.

Anticipated Outcomes

The Office of the Governor anticipates several positive outcomes. First, fully staffing the Offices of Boards & Commissions and Constituent Engagement and Correspondence, as well as bringing staff salaries in line with their classified counterparts, will reduce turnover within the Office of the Governor, allowing the office to retain hard-earned institutional knowledge. Furthermore, not relying on temporary and limited federal funds will provide long-term support to the Office’s efforts to proactively provide Coloradans critical information, as well as increase the State’s transparency and accountability.

Assumptions and Calculations

Marketing and Communications Specialist IV

FTE:	2.0
FTE Biweekly:	$3,086
Total Annual:	$160,488

Administrative Assistant III

FTE:	3.0
FTE Biweekly:	$2,052
Total Annual:	$160,020

Project Manager I

FTE:	1.0
FTE Biweekly:	$2,714
Total Annual:	$70,564

Operating Expenses	Total:	$14,750
Ongoing FTE Operating Expenses:		$3,000
OngoingTelephone Expenses:		$2,700
PC, One-Time:		$12,000

Office of the Governor

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-02 (GOV) Medical-Financial Partnership Pilot

Dept. Approval By: ______________________

OSPB Approval By: ______________________

___	**Supplemental FY 2021-22**
___	**Budget Amendment FY 2022-23**
X	**Change Request FY 2022-23**

Summary Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
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	CF	$211,292	$0	$211,292	$0	$0
	RF	$441,004	$0	$441,004	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
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	GF	$3,841,280	$0	$3,915,557	$300,000	$300,000
	CF	$211,292	$0	$211,292	$0	$0
	RF	$441,004	$0	$441,004	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Governor's Office Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Office of the Governor: R-02 (GOV)
Request Detail: Medical-Financial Partnerships Pilot Program

Summary of Funding Change for FY 2022-23				
Administration of Governor's Office and Residence		Incremental Change		
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request	FY 2024-25 Request
Total Funds	$4,268,016	$300,000	$300,000	$300,000
FTE	35.9	1	1	1
General Fund	$3,615,720	$300,000	$300,000	$300,000
Cash Funds	$211,292	$0	$0	$0
Reappropriated Funds	$441,004	$0	$0	$0
Federal Funds	$0	$0	$0	$0

Summary of Request

A Medical-Financial Partnership (MFP) is a collaborative arrangement made between health care providers, health systems, and/or community-based organizations that provide a variety of financial services aimed at improving financial security for patients and families. This upstream intervention seeks to improve health outcomes and reduce health disparities. This is a one-time, three-year request for $300,000 per year to fund a three-year MFP pilot program hosted by a health provider/system/collaborative arrangement. The MFP must be targeted to serve those with high-cost health care needs and low or moderate incomes, in an area of the state where financial stress and poor health outcomes are both concentrated at high rates. This request promotes equitable policy-making by targeting resources to improving well-being in populations disproportionately impacted by economic, social, and political inequities resulting in high concentrations of chronic disease. The funds will be used to facilitate the grant application process, administer the pilot program, provide technical assistance to grantees, help develop a financial stress screening tool for use by grantees, and for an evidence-based evaluation and analysis of the pilot program's effectiveness. This public-private partnership approach will aim to leverage matching funds from health systems and other institutions to save people money on expensive or delayed care and create a sustainable MFP model in Colorado.

Current Program

The Office of Saving People Money on Health Care (OSPMHC) is led by the Lieutenant Governor and its funding is appropriated to the Governor's Office "Administration of Governor's Office and Residence" long bill line. Executive Order B 2019 003, which creates the OSPMHC, articulates that OSPMHC is responsible for finding ways to lower the costs of health care for Coloradans. Additionally,the office is charged with increasing opportunities for Coloradans to improve their own health, developing policies and strategies to support innovation and efficiencies in health care systems in order to reduce health care costs, working to ensure culturally competent and equitable access to health care, and improving health in Colorado by developing, promoting, and implementing policies and strategies that reduce the costs of health care by addressing social determinants of health. This pilot program will leverage community partnerships to further affordability, financial security, and improve health outcomes. Since its founding, the OSPMHC has cultivated successful community partnerships, including those with community-based organizations, providers, and health systems, who will be helpful partners in the creation, sustainability, and evaluation of a MFP. Additionally, the OSPMHC has sufficient subject matter expertise on financial toxicity and the complex interaction of health care costs and financial security due to research conducted on the issue. As a reputable state entity responsible for public successes such as passage of legislation to create the Colorado Option, Prescription Drug Affordability Board, Colorado Reinsurance Program, and other landmark initiatives to further affordability and access to health care for Coloradans, the OSPMHC is a logical and prepared host for this MFP program request.

The goals of the proposed pilot program may also align with the Office of Financial Empowerment in the Department of Law, established July 1, 2021, which focuses on growing the financial resilience and well-being of Coloradans through community-derived goals and strategies, including by expanding access to free individual financial counseling and coaching; expanding community wealth-building strategies; and identifying barriers to financial empowerment and financial stability. The Office of Financial Empowerment is encouraged to partner with any organizations it needs to to fulfill these requirements, and through the policy development process, the OSPMHC will explore appropriate alignment with the Department of Law.

Problem or Opportunity

Approximately 61.5% of Coloradans live with a chronic disease,[1] and may be at risk of experiencing "financial toxicity." Individuals with chronic conditions visit the hospital and emergency department more and take more prescriptions than those without chronic

[1] Health Promotion and Chronic Disease Prevention Branch Prevention Services Division, Colorado Department of Public Health and Environment. (2018). *CDPHE chronic disease state plan 2018-2020*. Google Docs. Retrieved October 21, 2021, from https://docs.google.com/document/d/1siuIARtZ8VeyihfYSye_5RBK5yVpuNqi3NBEVDs587U/edit#heading=h.n5qyryqdie1r.

conditions,[2] which result in higher costs. This issue disproportionately affects black and African American people, Latino/a people, Asian and Pacific Islander people, and American Indian and Alaska Native people, who in the aggregate are 1.5 to 2 times more likely than white people to have a chronic disease[3] and also experience increased rates of poverty compared to white Coloradans.[4] Over a lifetime, spending on chronic disease management can create a major financial burden. As a result, it is well documented that individuals with chronic conditions experience disproportionate rates of financial toxicity – detrimental impacts of health care costs on quality of life, mental and physical health outcomes, and personal finances – due to increased direct and indirect costs resulting from seeking health care.

Financial toxicity can result in financial, physical, and emotional stress and create a cycle that is difficult to break. The material consequences of financial toxicity, such as reduction in income, depletion of savings, and bankruptcy, stem from both direct treatment-related costs (deductibles to cover the cost of services, for example) and indirect costs (unpaid time off of work, childcare costs, and transportation, for example). These large economic impacts can have tragic, direct relationships with quality of life and health outcomes, including morbidity and mortality of chronic conditions. One study showed that extreme debt after receiving a diagnosis of cancer predicted higher mortality.[5] This relationship is multifaceted given that financial toxicity can impact access to care, adherence to medical recommendations and prescription drugs, rates of mental and behavioral distress, and ultimately premature mortality. For example, due to the concern of high costs of prescription medication, 20% of Coloradans have not filled a needed prescription and 22% of Coloradans cut pills in half or skipped a dose of medication.[6] It is evident that there is a need for additional state support of initiatives to reduce financial toxicity and further financial security, especially in populations with high-cost health care needs. Research indicates addressing social determinants of health, such as financial security, improves health outcomes and reduces health care costs.

This academic evidence is supplemented by original community-informed research[7] done by the OSPMHC. In surveying over 200 Coloradans from every county in the state, including

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[2] Buttorff, C., Ruder, T., & Bauman, M. (2017). *Multiple chronic conditions in the United States - Rand*. Rand Corporation. Retrieved October 21, 2021, from https://www.rand.org/content/dam/rand/pubs/tools/TL200/TL221/RAND_TL221.pdf.

[3] Price, J. H., Khubchandani, J., McKinney, M., & Braun, R. (2013). Racial/Ethnic Disparities in Chronic Diseases of Youths and Access to Health Care in the United States. *BioMed Research International*.

[4] Colorado Office of Health Equity Department of Public Health and Environment. (2019). *HEALTH INEQUITIES IMPACTING COLORADO COMMUNITIES OF COLOR: When some groups suffer more than others, it hurts us all.* Retrieved October 21, 2021, from Google Drive.

[5] Ramsey, S. D., Bansal, A., Fedorenko, C. R., Blough, K. D., Overstreet, K. A., Shankaran, V., & Newcomb, P. (2016). Financial Insolvency as a Risk Factor for Early Mortality Among Patients With Cancer. *Journal of Clinical Oncology*.

[6] *Colorado Residents Worried about High Drug Costs - Support a Range of Government Solutions*. (2019, February). Retrieved from Altarum Health Care Value Hub: https://www.healthcarevaluehub.org/advocate-resources/publications/colorado-residents-worried-about-high-drug-costssupport-range-government-solutions

[7] Middlemist, R., & Nathanson, I. (2021, August). *Colorado Office of Saving People Money on Healthcare - The Impacts of Financial Toxicity on Coloradans with Chronic Conditions.* Retrieved from Google Docs: https://docs.google.com/document/d/1xgrGyuDpLeLJRGPUmcjpSwpTJySENpO_uOB8TU7fZ1c/edit#

providers, patient navigators, and consumers, the OSPMHC identified both barriers to health and financial security posed by high out-of-pocket costs and a related demand for financial services for those navigating these health care costs while managing chronic conditions. Additionally, residents fail to receive the services and resources they need due to lack of clear communication and partnership between health care systems and other resource providers, as well as demand for services that far exceeds supply. In sum, we found that in addition to the prevalence of financial insecurity for people with chronic conditions, it remains incredibly difficult for Coloradans to navigate a complex and inaccessible health care system while managing their health, with detrimental financial and emotional consequences.

The OSPMHC also found that patients have a significant desire and need for education on broad personal finance issues, including how to manage debt and bills, yet the pathway for patients to receive needed financial services appears to be broken. Providers report not knowing about financial services outside of their own institution, and patient navigators report a lack of connection and miscommunication between organizations that can be improved through broader collaboration across systems to ensure patients get access to the right programs in a timely manner. Improving coordination of service providers can reduce the likelihood of financial toxicity as a result of medical care and empower providers to become trusted resources for patients. This coordination can also allow for information and education to patients from trusted messengers to ensure that consumers are aware of the tools available to them to save money and increase their financial security in order to help manage their high-cost, ongoing health care needs.

Although many health systems already employ staff such as social workers, health insurance eligibility workers, and patient billing staff, these professionals only provide services narrowly related to health care navigation, insufficiently meeting demand for coordinated financial coaching. For example, they may help a patient set up a payment plan for a single hospital bill – if the patient seeks them out by their own volition. Alternatively, expert financial navigators and coaches can provide services to help patients manage a variety of financial and social stressors through services such as insurance optimization, medical debt consolidation, and connections to a variety of other needed resources, such as legal services, in a culturally responsive manner. There is ample opportunity to promote health systems as centers of financial empowerment to reduce siloing of the service provision system to ensure Coloradans get connected with the resources they need, when and where they need them.

Funding concrete partnerships between community based organizations and health systems inside of clinical settings can target financial stress and risk factors more broadly as a health promotion strategy. These partnerships also offer the opportunity to target the root causes of other social needs, such as food and housing insecurity, that negatively impact patient wellbeing and increase patient and health system costs. As a result, patients improve their financial security, are able to adhere to their treatment plans, experience improved health outcomes, and ultimately save money on their health care. This intervention also often saves health systems and government payers money on emergent and acute health care services provided as a result of delayed care.

Proposed Solution

This request is for a pilot program, housed in the OSPMHC, to administer a three-year grant to a single Medical-Financial Partnership (MFP), between an anchor health system or institution and community-based organization(s) that offers financial services. The request includes funding for a $150,000 grant to one MFP, one FTE per year for three years (amounting to $450,000 total and one FTE over FY 2022-23, 2023-24, 2024-25) to the Governor's Office, and funds for an evidence-based evaluation and analysis of the pilot program's effectiveness. The OSPMHC will host the FTE to facilitate the grant application process, administer the pilot program, provide technical assistance to the grantee(s) and help create a process for identifying candidates that may be helped by such a program. No impacts are foreseen to other departments and no statutory changes are required. As an entity directed by Executive Order B 2019 003 to "implement policies that will lower health care costs while ensuring all Coloradans have access to affordable, quality care," the OSPMHC seeks funding for this MFP pilot program to further the immediate financial security for Coloradans seeking health care, while evaluating the impact of the program on lowering overall health costs through prevention of financial toxicity as well as acute and delayed care for patients and health systems.

The OSPMHC will host a Request For Proposal grant process and select one grantee MFP. The selected MFP must serve those with high-cost health care needs, such as chronic conditions, as well as those with low or moderate incomes in an area of the state where financial stress and poor health outcomes are both concentrated at high rates. The MFP grantee must also demonstrate a strong commitment to reduce financial insecurity, have capacity for logistical complexities such as connection to the state Health Information Exchange (HIE), and have the ability to provide translation of services into languages spoken in the community, as well as American Sign Language (ASL) interpretation. Grantees may include partnerships of at least one health provider/system and one financial service organization, but also may include other wraparound services and organizations that add value to the goal of increasing financial security in the patient population - for example, financial coaching paired with expert financial navigation may prove more effective for patients recently diagnosed with a chronic disease and facing acute, traumatic stress that makes managing medical bills particularly difficult. The MFP may be structured as a full-scope on-site service partnership, or as a partnership involving facilitated referrals to off-site financial services (the former will be prioritized in the grant-application process):

1. **Full-scope on-site service partnership** involves physically embedding financial service professionals from a community-based organization, such as a financial coach or financial navigator, directly in the clinical space of the health system/institution. The health system/institution is tasked with identifying patients in need of financial services through screening for unmet needs, followed by referral or a warm handoff to a financial service professional that is in-house. This can be resource-intensive and lends itself to practices where screenings and referral infrastructure already exist, such as hospital systems. This approach closes the loop to ensure that the root causes of poverty-related

social needs are addressed, rather than simply screening for social risks, or referring out to other service providers who drop the ball. It can be very efficient and ease data sharing and other logistical difficulties, and usually involves staff contracted from community-based organizations with trust in the local area.

2. **Facilitated referrals to off-site financial services outside of the clinical settings** involve screening in the clinical space, referrals, and then follow-up contact to the patient by the external financial service provider, who can then meet with the person to provide services. The lack of co-location requires integration or MOUs with the external service provider and the health system/institution that has the capacity for quick and complex data-sharing and communication needs. This offers the opportunity for additional funding for financial professionals from community-based organizations to deliver services they would already be providing in their community setting, and also reduces resource requirements for clinics, providing an opportunity for smaller clinics with fewer resources to provide quality services for their patient populations.

The MFP may offer an array of financial services to address the variety of unique patient needs related to financial insecurity. These may include, but are not limited to: tax preparation, financial coaching, credit counseling, debt forgiveness, and employment assistance. The MFP may also consider adding additional wrap-around services to ensure financial security of patients such as legal services.

MFPs currently exist in a variety of states, including Massachusetts (MA), Pennsylvania (PA), California (CA), Maryland (MD), and Ohio (OH). They leverage health care systems and providers as trusted messengers and resources to address financial risk factors before they turn into financial stress and have adverse consequences on health outcomes. Current examples show tangible, positive outcomes for patients in terms of claiming tax refunds and the Earned Income Tax Credit (EITC), reducing financial stress, improved financial literacy and income, and improved health outcomes.[8] For example, one MFP hosted by Children's Hospital of Philadelphia resulted in 337 federal tax returns prepared and generated almost $700,000 of refunds to the community over two years, with the average MFP client in 2020 receiving $2,327[9]. Another example of integrated financial capability and health services in Nebraska resulted in low-income mothers having better nutrition (weekly fast food consumption decreased significantly for both the women and their children), and better physical well-being after one year.[10]

Additionally, these partnerships save health systems money by increasing efficiency and improving health outcomes. A survey of over 200 partnerships between healthcare

[8] Bell, O. N., Hole, M. K., Johnson, K., Marcil, L. E., Solomon, B. S., & Schickedanz, A. (2019). Medical-Financial Partnerships: Cross-Sector Collaborations Between Medical and Financial Services to Improve Health. *Academic Pediatrics*.

[9] Dalembert, G., Fiks, A. G., O'Neill, G., Rosin, R., & Jenssen, B. P. (2021). Impacting Poverty with Medical Financial Partnerships Focused on Tax Incentives. *NEJM Catalyst Innovations in Care Delivery*.

[10] Prosperity Now. (n.d.). *Department of Health and Human Services Administration for Children and Families.* Retrieved October 21, 2021, from Building Financial Capability: https://www.acf.hhs.gov/sites/default/files/documents/ocs/afi_resource_guide_building_financial_capability.pdf

organizations and community-based organizations (CBOs) that serve low-income or vulnerable populations across the country found that 65% of partnerships surveyed reported realizing cost savings themselves.[11]

This request also offers the opportunity to implement and evaluate the effectiveness of direct grantmaking with health providers/systems and community-based organizations to help Coloradans Save Money on Health Care. Coupled with an OSPB grant to evaluate program effectiveness, this pilot program provides the opportunity to evaluate Colorado-specific data and take the program from Step 1 on the Evidence Based Continuum to a Step 4, depending on research methods. If validated through evidence-based evaluation, the model could also be replicated in additional contexts or expanded to include additional services. Without this pilot, Coloradans will continue to face high instances of financial insecurity as a result of seeking medical care.

Theory of Change:	The pilot MFP will connect eligible patients to financial services as a health intervention to increase financial security in order to improve health outcomes and patient wellbeing.		
Program Objective:	Improved financial security for Coloradans seeking medical care in the pilot MFP.		
Outputs being measured:	Number of patients served; number of hours spent with patients on financial services; number of hours spent screening patients; types of services provided.		
Outcomes being measured:	Demonstrated reduction in financial stress, increases in financial security and self-assessed mental/emotional/behavioral health for patient populations.		
Cost/Benefit ratio	A $235,000 investment in one MFP that serves at least 300 patients is estimated to provide a benefit of an average of at least $2,173 per patient served, amounting to an annual cost to benefit ratio of 2.8.		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	Step 1; Proposed evaluation will allow this program to attain Step 4 on the Continuum.		

If this request is not approved, Colorado will miss the opportunity to be an innovative leader that encourages creative, public-private partnerships that seek to promote financial security and healthful communities. Colorado will also miss the opportunity to evaluate Colorado-specific data to validate the effectiveness of MFPs on saving people and health systems money on health care.

Anticipated Outcomes

[11] Partnership for Health Outcomes. (2017, June). *Center for Health Care Strategies.* Retrieved October 21, 2021, from Working Together Toward Better Health Outcomes: http://www.chcs.org/media/Working-Together-Toward-Better-Health-Outcomes.pdf

MFPs use medical providers to proactively identify patients experiencing financial distress and risk factors, and provide those patients with connections to effective, trusted resources regarding personal finance and financial navigation. In effectively and efficiently connecting patients with unmet financial needs to financial services within the clinical setting, increased uptake of these services is likely to occur as a result of placement of services within trusted settings. This has been found to result in a demonstrable reduction in financial stress and increased financial security and self-assessed mental and emotional health status for patient populations of MFPs. Specific outcomes are dependent on the type of services that are provided. For example, if the MFP provides tax preparation, the measured outcome will include the average amount of tax refunds per patient per year and an increase in percent of patients eligible for an EITC who receive their credit.

Outcomes may include a decrease in debt, an increase in savings, repaired credit, and average client tax refunds received. Outcomes may also reflect behavioral and emotional changes such employing more effective strategies to solve financial problems, noting improvements in mental and emotional well-being, self-assessed ability to assist others with knowledge gained. The MFP may also demonstrate a reduced number of patients with unmet financial needs as well as a reduced number of patients avoiding needed health care due to cost. Other outcomes include health system cost savings, institutional benefits, and efficiencies as well as increased numbers of clients served by financial service providers, resulting in financially empowered communities with established connections to trusted community-based organizations.

A suggested calculation for an estimated Return on Investment (ROI) may use a tangible outcome of other, established MFPs: average amount refunded per patient as a result of an EITC received due to assistance filing income taxes. It is estimated that, given the overwhelming need for these services, a $235,000 investment in one MFP will serve at least 300 patients per year. We estimate the MFP will generate a $2,173 refund per patient served annually, amounting to an annual cost to benefit ratio of at least 2.8. It should also be noted that successful MFPs in other states have served a range of patients, sometimes up to 600 annually so the ROI may be even more promising than presented here.

The specific performance metrics, units of measurement, and ROI will be determined by an external evaluator, the funding of which is being requested through an OSPB Evaluation Grant for this project.

Assumptions and Calculations

This is a request for $300,000 to include the funding for salary of one FTE, seed funding for one grant to an MFP, and for evaluation of the program, based on the following assumptions:

1. One FTE is requested for this program, analogous to a “Grants Specialist III, H1|3XX and IV, H1|4XX”, in thestate of Colorado classified system, which pertains to “work

pertaining to obtaining, receiving, and disbursing funds for programs or projects and ensuring compliance with applicable grant provisions, regulations, and statutes," with a salary range of $68,109 to $82,105. We anticipate there are federal funding opportunities through grant programs that this FTE will be responsible for identifying and applying for, as well as anticipate using the seed funding described below to secure matching funding from partnership organizations, including health systems. This FTE will also be responsible for cultivating these funding opportunities.

2. $150,000 per year for three years is requested as seed funding to be paired with external matching funds cultivated from private or public partnerships as well as potential federal or private grants, and granted to one MFP. This is an appropriate amount to fully run a program, but could be supplemented by additional external funding. Although the MFP grantee will submit their own budget for approval by the OSPMHC if selected, $150,000 is sufficient to provide culturally competent services as an MFP per year. Although they vary in the types of services provided, Medical-Legal Partnerships (MLPs) draw on a similar model of pairing a community-based organization such as a civil legal aid organization with a clinical site to provide screening for unmet patient needs with on-site activities to support those needs. One study from The National Center for Medical-Legal Partnership at George Washington University found that the median budget for MLPs is $100,000, which includes an average of 1.2 FTE, but that these budgets are likely an underrepresentation of the total commitment of resources for partnership activities, as they heavily rely on volunteers and pro bono work.[12] As a result, we propose $150,000 per year to cover compensation for most services and the additional requirements to provide translation and/or interpretation services, and any other unforeseen costs.

3. $65,000 per year for three years is requested to hire an outside vendor to perform evidence-based program evaluation.

4. Remaining funds will be used for discretionary funding for the OSPMHC to administer the program.

Additionally, assumptions for ROI are based on average patient populations served by existing MFPs and MLPs, the budget for existing MFPs and MLPs, and expected outcomes that have been measured in other MFPs. Leveraging additional federal funds and/or private matching funds could provide for additional capacity of the MFP and increase the number of patients served and/or the number of services provided to MFP patients, therefore increasing the ROI:

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[12] Trott, J., Peterson, A., & Regenstein, M. (2019, April). *National Center for Medical Legal Partnership.* Retrieved October 21, 2021, from Financing Medical-Legal Partnerships: View From the Field: https://medical-legalpartnership.org/wp-content/uploads/2019/04/Financing-MLPs-View-from-the-Field.pdf

1. Existing MFPs studied by the NIH served an average of 337 patients,[13] and a study of MLPs by The National Center for Medical-Legal Partnership at George Washington University found that the average number of cases closed by MLPs in the previous year was 285.[14] As a result, 300 patients served is a realistic yet slightly conservative estimate of how many patients could be served by an MFP that includes one of Colorado's many health systems.
2. As described above, $150,000 per year is an evidence-based estimate for required funds for MFPs.
3. Many other MFPs measure the average amount refunded per patient as a result of an Earned Income Tax Credit received due to assistance filing income taxes through the MFP. The average refund of EITC in Colorado in 2020 was $2,173.[15]

Supplemental, 1331 Supplemental or Budget Amendment Criteria

N/A.

[13] Bell, O. N., Hole, M. K., Johnson, K., Marcil, L. E., Solomon, B. S., & Schickedanz, A. (2019). Medical-Financial Partnerships: Cross-Sector Collaborations Between Medical and Financial Services to Improve Health. *Academic Pediatrics*.

[14] *National Center for Medical Legal Partnership.* (2017, August). Retrieved October 21, 2021, from The State of the Medical-Legal Partnership Field - Findings from the 2016 National Center for Medical-Legal Partnership Surveys: https://medical-legalpartnership.org/wp-content/uploads/2017/07/2016-MLP-Survey-Report.pdf

[15] Internal Revenue Service. (n.d.). *Earned Income Tax Credit and Other Refundable Credits*. Retrieved October 21, 2021, from Statistics for Tax Returns with EITC: https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc

Office of the Governor

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-01 (CEO) Cannabis Resource Optimization Program

Dept. Approval By: Jonathon Bray

OSPB Approval By:

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
X	**Change Request FY 2022-23**

Summary Information	**Fund**	**FY 2021-22** Initial Appropriation	**FY 2021-22** Supplemental Request	**FY 2022-23** Base Request	**FY 2022-23** Change Request	**FY 2023-24** Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$0**	**$0**	**$0**	**$4,500,000**	**$500,000**
	FTE	0.0	0.0	0.0	0.6	0.6
	GF	$0	$0	$0	$2,000,000	$0
	CF	$0	$0	$0	$2,500,000	$500,000
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	**Fund**	**FY 2021-22** Initial Appropriation	**FY 2021-22** Supplemental Request	**FY 2022-23** Base Request	**FY 2022-23** Change Request	**FY 2023-24** Continuation
01. Office of the Governor, (C) Colorado Energy Office, (1) Colorado Energy Office - Cannabis Resource Optimization Program	**Total**	**$0**	**$0**	**$0**	**$4,500,000**	**$500,000**
	FTE	0.0	0.0	0.0	0.6	0.6
	GF	$0	$0	$0	$2,000,000	$0
	CF	$0	$0	$0	$2,500,000	$500,000
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Governor's Office Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Colorado Energy Office Jared Polis

Governor

FY 2022-23 Funding Request Will Toor

Executive Director

November 1, 2021

Department Priority: CEO- 01

Request Detail: Cannabis Resource Optimization Program

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	$0	$4,500,000	$500,000
FTE	0	0.6	0.6
General Fund	$0	$2,000,000	$0
Cash Funds (MTCF)	$0	$ 2,500,000	$500,000*
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request

To support the sustainable and equitable growth of the cannabis industry, the Colorado Energy Office (CEO) is requesting $4,500,000 total funds ($2,500,000) Marijuana Tax Cash Funds and ($2,000,000 General Fund) in FY 2022-23 and $500,000 MTCF ongoing to support a much- needed, extensive resource management program for the cannabis industry. The proposed program will focus on carbon emission, energy, and water reductions for the industry through a robust program of assessments, program support, tools and financing, providing eligible cannabis cultivation businesses with:

- Technical resource use and renewable energy assessments
- Technical resource management consulting and project implementation support
- Access to resource benchmarking tools and guidance on tool use
- Access to project grant funding and financing

In addition to improved resources management, cost savings, and increased input into performance standards for the industry, cultivation operations will benefit from proper Environmental, Social, and Corporate Governance (ESG) reporting and improved brand valuation. CEO will also promote equity and inclusion through its program by working with partners to outreach and make sure cultivators representing disproportionately impacted and marginalized communities in the cannabis industry are able to access its services.

Current Program

In 2018, CEO commissioned a Cannabis Market Research report to examine the history of cannabis legalization in Colorado, assess baseline energy and water use associated with cannabis production, and look at opportunities for cultivators to improve efficiencies and reduce costs. The report concluded that the energy burden associated with cannabis cultivation is significant, with an estimated 2% of all electricity generated in the state being allocated to cultivation facilities. Due to this high energy use and wholesale price decreases, energy expenditures now make up an estimated 33% of cultivation business' operating costs. However, significant energy- cost- saving opportunities exist through identification and implementation of energy efficiency measures should dedicated technical and financial resources be made available to cultivators.

As a result of the 2018 market research report, CEO examined current technical resource offerings available to cultivators through local energy utilities. This examination revealed that though an estimated 70% of licensed cultivation facilities have some degree of access to technical resources through Black Hills Energy, Xcel Energy, and Platte River Power Authority, the remaining 30% (which are made up primarily of rural cultivators) are currently not supported. Given this gap in service and through utilization of ECAPA4250 21D0 funding, CEO developed a technical program pilot offering to:

1. Support rural cultivators in identifying and implementing energy efficiency and renewable energy adoption opportunities; and
2. Demonstrate and deliver cannabis-specific energy management strategies for rural utility providers interested in developing longer- term plans to support cannabis industry utility customers.

This pilot offering, referred to as the Colorado Cultivators Energy Management pilot program (which was conducted from November 2019 – July 2020) utilized five rural electric utility partnerships to enroll a total of fifteen licensed rural cannabis cultivation operations that did not have access to dedicated technical resources through their utility. Once enrolled, these participants were provided free energy audits and renewable energy assessments to examine current cultivation practice efficiency and outline opportunities for energy efficiency and renewable energy adoption. These findings were summarized into streamlined reports, reviewed with each cultivator, and (with participant consent) shared with the operation's utility account manager to assist in efficiency equipment rebate identification and realization.

These fifteen energy audits and renewable energy assessments identified significant opportunities to reduce energy consumption and costs. A total of nearly 1.6 million kWh in annual electricity savings potential was identified, resulting in a potential greenhouse gas ("carbon dioxide equivalent" (CO_2e)) reduction of over 900 metric tonnes. This 1.6 million kWh total was the result of a range of energy efficiency opportunities which included: lighting retrofits, heating, ventilation, and air conditioning (HVAC) upgrades, dehumidification upgrades, and more. Renewable energy opportunities were also assessed; five different technologies were examined for each participant including solar, wind, geothermal, hydro, and combined heat and power opportunities. Solar adoption was deemed the strongest option across participants, with 93% considered strong candidates for adoption. If participants had installed the most viable renewable energy option, an average estimated grid electricity consumption reduction of 161,000 kWh per participant could be achieved, resulting in the avoidance of over 91 metric tonnes of CO_2e annually, thus significantly increasing environmental and economic (8.5-year average payback) sustainability at these operations.

The results of the pilot program reinforced key market research report findings, while also uncovering additional items. These findings include:

- Limited affordable project financing options are currently available to cultivators given the perceived lending risk due, in part, to the crop's current federal status;
- 72% of participants expressed a strong interest in learning more about LED technology adoption;
- 93% of participants expressed appreciation for the program;
- Only 27% of participants had a strong understanding of monthly energy costs;
- 47% expressed interest in receiving continued assistance in identifying local equipment vendors, gathering quotes, and uncovering project financing opportunities; and
- 80% of participants relayed that they were not aware of utility rebate offerings, which at the moment can only help finance lighting projects.

As previously mentioned, the second prong of the pilot program's two-pronged approach was engaging with and providing assistance to rural electric utility providers. Due to staffing and budget constraints at these rural utilities, dedicated, cannabis-specific technical and financial services are currently unavailable to already disproportionately impacted and marginalized communities. Through this program offering, rural utilities had the opportunity to engage with and more fully serve cultivators within their service territory, while also receiving guidance on low-cost/effort and higher-cost/effort energy management strategies to consider implementing to better support an underserved market and customer base.

Although there are great benefits to employing the strategies provided, due to the aforementioned limited staff and budgets available to rural utilities, continued support in the form of technical assistance and guidance is needed to ensure disproportionately impacted and historically underserved Colorado cultivators have the opportunity to employ the best resource management practices to reduce unnecessary consumption and improve their operation s' financial viability. To further assist in realizing these outcomes, the deployment of a dedicated, economically palatable financial offering to cultivation facilities should also be targeted.

Problem or Opportunity

According to the previously mentioned 2018 market research report, the state's marijuana cultivation industry is a growing and robust part of Colorado's economy, but also accounts for 2% of Colorado's annual electricity consumption, which results in over 680,000 metric tonnes of CO_2e, while consuming in excess of 106 million gallons of water annually. To support the sustainable growth of this industry, the industry has a demonstrated need for an extensive resource management program and financing options for the cannabis industry.

The Department of Revenue's Marijuana Enforcement Division (MED) recently garnered industry feedback from licensed cultivators via a Marijuana Environmental Sustainability Survey. The survey results demonstrated that medical and recreational marijuana cultivators in Colorado have a strong interest in operating sustainably, but often lack the resources needed to do so. Only 31% of respondents reported having undergone an energy audit, but 78% of those surveyed who have not already undergone an energy audit express interest in an energy audit or desire more information about such an offering. While many cultivators in Xcel Energy service territory have access to utility rebates to help bring down the upfront costs in implementing energy efficiency projects, only 41% of respondents were aware that such rebates exist. Even when cultivators are aware of utility rebates, a respondent noted, "T he rebates for LED lighting is amazing except it's too hard for a small business to come up with the initial 200k to do such an upgrade." Other survey respondents were consistent in describing the need for industry financing options to enable the investments into sustainable practices that cultivators desire. Below are two additional survey responses that highlight the need for a robust resource management program for the cannabis industry:

> "Our ultimate goal would be to have a farm that is net zero. The biggest hurdle in doing that is lack of access to federal and state rebates or tax credits for purchasing renewable energy equipment."
>
> "Implementing any energy sustainability upgrades is currently cost prohibitive."

There are a limited number of lenders who provide financing to cannabis companies in Colorado and other states. The CEO engaged with two such lenders and identified the current financing rates available to cannabis companies as typically 20%+ APR. Cultivators could potentially access rates as low as 7%+ APR if the company has five years of stellar financial history and can collateralize the loan. The financing rates available to the cannabis industry are significantly higher than any comparable industrial industry in Colorado and the high cost of borrowing money is a barrier to cultivators investing into sustainable operations.

CEO has taken the steps described above in the “Current Program” section to quantify the energy impacts of the cannabis industry and provide technical resources to cultivators to support identifying and implementing energy efficiency and renewable energy opportunities. The *Colorado Cultivators Energy Management pilot program* identified an electric energy savings potential of a three- year comprehensive resource management program available to all 300 rural cultivators in the state of 2.3 to 4.7 million kWh savings (assuming 110 cultivators utilize the program during this three year window). Unfortunately, the successful *Colorado Cultivators Energy Management pilot program* was impacted by the COVID-19 pandemic and funding for this program was cut. In the current environment of no funding for cannabis efficiency programs, the Colorado Energy Office has convened a Cannabis Advisory Committee composed of a diverse group of industry professionals representing regulators, policy advocates, industry and sustainability professionals. Based on the success of Cannabis Advisory Committee meetings held in March and May 2021, CEO developed the following Wildly Important Goal (WIG):

> “Utilize the Cannabis Energy Utilization Advisory Committee of industry stakeholders to create a state plan that creates short and long term resource management recommendations for the sector, expands outreach and educational opportunities for growers, and increases voluntary reporting by June 30, 2022.”

The program will also build on the Governor’s Cannabis Working Group WIG:

> Increase the share of marijuana growers that report they have already implemented at least one energy efficiency upgrade from 79% to 89% by June 30, 2022.

Proposed Solution

The Cannabis Resource Optimization Program is designed to provide eligible cannabis cultivation businesses with no-cost technical resource use and renewable energy assessments to better understand energy and water use drivers and cost-effective resource management opportunities and provide financing to implement these recommendations. The $500,000 annual program budget will provide assessments, renewable energy assessments, technical resource management consulting, project implementation support, and energy benchmarking to thirty cannabis cultivators per year at an estimated cost of $11,375 per audit. This budget will go towards a third-party contractor to administer the program, and 0.6 FTE to provide contractor management, stakeholder engagement, and program support and development.

The additional $4 .0 million will be used to establish a credit enhancement financial tool to help incentivize project implementation and offer direct incentives to producers to install energy and water efficiency equipment. For context, CEO engaged with two financiers who currently offer financing options to the cannabis sector. These financiers confirmed that there is an appetite from such lenders to assist CEO in providing a dedicated financial offering to the cannabis sector. There are numerous forms that a financial offering can take such as an interest rate buydown, loan loss reserve, direct investment, subordinate participation in a capital stack etc. At this stage, CEO has identified a loan loss reserve and/or interest rate buydown as the most viable financial offerings for the industry. Depending on the actual funding received, CEO will utilize an RFQ and rely on the expertise of the selected partner to assist CEO in making a final determination regarding the best solution for Colorado cultivators. One of the two financiers providing insight to the CEO currently works with a comparable finance program in Michigan called Michigan Saves. Depending on the financial offering offered through CEO, partnering with other states such as Michigan on a joint finance offering may be an option in the future.

CEO will also partner with existing lending institutions and products such as the Colorado Clean Energy Fund and the Colorado Commercial Property Clean Energy (C-PACE) program to leverage public dollars for private sector investments. The Colorado Clean Energy Fund is a 501(c)(3) nonprofit financial institution focused on funding additional investments in clean energy projects. C-PACE enables owners of eligible commercial and industrial buildings to finance up to 100% of energy efficiency, renewable energy and water conservation eligible improvements. Financing is provided by private capital providers at competitive rates with repayment terms up to 25 years.

Currently the state offers no technical assistance program for the cannabis industry, with only a few investor- owned utilities (IOU) providing energy assessments to cannabis growers in their territory. This program will allow cannabis cultivators in all areas of the state to have access to resource management assessments and coaching, and implementation support to reduce energy, water, and carbon emissions. There will be a geographical focus on cultivators in rural communities served by co-op or municipal utilities, as these areas typically lack the staff and resources to provide additional technical and financial services to their customers. CEO has engaged with Tri- State Generation and Transmission and the Colorado Rural Electric Association to form a longer- term partnership. The program will complement existing IOU cannabis programs by providing additional services not currently available through those programs.

As noted above, The Colorado Cultivators Energy Management pilot program identified the need for a comprehensive resource management program which would be available to all 300 rural cultivators in the state with a potential to save 3.5 to 7 million kWh (assuming a five-year offering in which 150 of the 300 will utilize the program offering). While there are a few other states that have implemented energy efficiency requirements for the cannabis industry, Colorado will be a pioneer in launching a technical and financial support program to reduce the resources costs of the industry and result in significant environmental benefits to the state. One example of a state that has implemented a successful financing program is Michigan, through their Michigan Saves program. This program provides affordable financing for clean energy improvements to the cannabis industry. Colorado will provide both the technical assistance to identify energy and water efficiency measures and provide funding for direct incentives and interest rate buydowns for loan products, which will result in a higher implementation rate.

CEO will issue an RFP to select a vendor to provide the technical support services of the program. The third-party contractor will provide 1) technical resource use and renewable energy assessments; 2) technical resource management consulting and project implementation support; 3) access to resource benchmarking tools and guidance on tool use; 4) resource efficiency education opportunities through workshop development and hosting; and 5) access to project grant funding and financing. The contractor will also be responsible for outreach and marketing, workshops, contractor development, and financial toolkit development, among other things.

Theory of Change	Providing technical assistance and financing for resource efficiency measures will reduce greenhouse gas emissions and save money in the cannabis industry		
Program Objective	To reduce resource use and greenhouse gas emissions resulting from the cannabis industry		
Outputs being measured	Number of audits conducted, number of workshops provided and attended, number of projects financed, number of DI cannabis producers engaged		
Outcomes being measured	kWh saved, Greenhouse gas emissions avoided, gallons of water conserved, cost savings to cannabis industry		
Cost/Benefit ratio			
Evaluations	Pre-Post X	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	pre/post energy and water use, operating costs		
Continuum Level	Step 3		

As noted above, most cultivators in Colorado, especially in rural areas, do not have access to technical support or affordable project financing. Without this program, the cannabis industry will continue to use resources inefficiently and cannabis operations in other states could become more economically competitive and environmentally sustainable.

Anticipated Outcomes

Through the implementation of a statewide program that identifies energy and water optimization upgrades for cannabis cultivators, the state will take an active role in decarbonizing this sector while documenting the impact made. Resource conservation opportunities will include water use and energy reduction measures for cultivators' facilities. The Colorado Cultivators Energy Management Program findings identified five action areas in order to increase this impact in the long- term scenario, several of which are addressed by the program proposed here.

The proposed program will offer opportunities for rural cultivators to learn more about what renewable energy, energy efficiency, and resource conservation opportunities exist at their facilities and what steps are necessary in seeing them come to fruition for the benefit of their operations. These educational opportunities will take the form of workshops and informational offerings designed to identify and promote the benefits of pursuing a resource management focused project. Through these offerings, this program will also seek to establish partnerships with organizations in the region to further the potential impacts of its projects and report on project implementation. Partnership organizations could include Tri-State Generation & Transmission, the Colorado Rural Electric Association (CREA), and local MED personnel.

By offering financial resources to these cultivators, the state provides a realistic path for obtaining the funding required to support clean energy and sustainability projects prior to their benefits being realized. Acquisition of this kind of funding is an ongoing challenge within the industry that this program will help to address. Finally, this program will serve as a means to help boost the number of cultivators, in rural areas and the state of Colorado as a whole, who have implemented an energy efficiency measure at their facilities. This has been identified as an important goal to the state , and could be reflected through boosted participation in MED surveys, leveraging previously mentioned organizational partnerships. The strategies listed above were identified by the Rural Cultivators pilot program as action areas for future programs in the regions of the rural cultivators, and are in line with the state 's overall sustainability goals for the industry.

The program will be monitored by several performance metrics to track impact and effectiveness such as:

- The number of water and energy efficiency audits as well as renewable energy feasibility assessments conducted by the program to show market impact and inform future project sizing requirements;
- The rate of conversion from audits and assessments to implemented projects along with the number of implemented projects to inform future strategy decisions for the program;
- Project specific metrics , including:
  - reduction in energy and water use through efficiency measures (kWh, therms, MMBtu, kGal saved),
  - renewable energy implemented (kW, kWh, MMBtu),
  - energy cost reductions for cultivators ($ saved annually),

- greenhouse gas emissions reductions (pounds and metric tons of CO_2e reduced/avoided annually), aggregated to report on annual total program metrics.
- energy intensity before and after project implementation
- program funding leveraged (program dollars leveraged annually) to show the benefit of a state financial resource for cannabis energy and water upgrade projects and to inform future funding requests to increase program impact.

With input from CEO's Cannabis Sustainability Advisory Committee, the program will also collect demographic data, including but not limited to ethnic and racial groups, gender and sexual identity, socioeconomic groups, and geographic regions utilizing program offerings in order to track program impact on historically underserved and disadvantaged communities. Additional considerations for program metrics include type of project implemented (energy efficiency, renewable energy, water, hybrid), equipment included in project scope (HVAC upgrades, LED lighting upgrades, beneficial electrification of processes, solar PV), project payback period, local vendors engaged and utilized during project.

Listed metrics will ensure that the technical assistance and support offered by this program uncover clean energy opportunities at a meaningful scale, and that identified opportunities lead to projects that progress the industry as well as the state towards a low carbon future. Metrics will also serve to inform future decision making to increase program impact, effectivity per cultivator engaged.

Projections resulting from the Colorado Cultivators Energy Management pilot program can be used to provide estimated values for some of the savings metrics listed previously. Specifically, an estimated 106,000 kWh in electric savings potential was identified per participant, which over five years with 30 audits conducted per year can be projected to have an identified savings potential of 15.9 million kWh and over 9,000 MTCO2 e. Furthermore, taking this estimate of 106,000 kWh in electric savings identified per audit and applying it to an estimated 33% of participants who we believe will implement upgrade opportunities (out of a total participant count of 150) leads to an electricity savings potential of approximately 5.25 million kWh over the program's proposed five-year lifespan. Using the same localized emissions factor for the Rocky Mountain Power Association region via EPA's eGRID2019 as above, we arrive at a potential greenhouse gas reduction impact of nearly 3,000 MT CO_2e stemming solely from electricity-specific energy efficiency upgrades. Inclusion of renewable energy measures like solar PV would increase the amount of energy avoidance and greenhouse gas reduction achieved by the program, but have been left off of these initial estimates so that a more conservative approach can be employed.

Though water reduction estimates have not been established, this program presents an opportunity for water audits to further educate cultivators regarding the water needs of their operation. In depth water audits will use data to identify personalized water conservation measures, which is paramount given cultivation facilities have unique water use profiles stemming from the diversity of strains being grown, growing techniques being employed and a host of other important considerations.

More traditional return on investment metrics can be found outlined below.*

- Potential monetary benefit to society related to CO2 e emission avoidance of over $232,000 (given project implementation estimates above)
- Potential cumulative participant cost savings of over $367,000 due to kWh usage reductions achieved through project implementation

**ROI metric calculations can be found in the Cannabis Proposal spreadsheet.*

Assumptions and Calculations

The $500,000 annual program budget will provide 30 audits to cultivators per year. CEO's Colorado Cultivators Energy Management pilot program identified the cost of an energy audit and renewable energy assessment as $6,500 per audit. Expanding the scope of the proposed program to more comprehensive resource management will require a 150% to 200% increase in on-site time, utility engagement, data analysis and report generation. In order to provide this increased technical assistance to cultivators, CEO is budgeting $11,375 per audit. The remaining funding will be used for a contractor to provide project implementation assistance, outreach and marketing, toolkit training, create utility partnerships, and assist in continued program development, as well as for internal administration at CEO.

As previously discussed, CEO has determined that a $4.0 million one-time capital investment into a financial offering for the cannabis industry will enable CEO to design and deploy, in collaboration with CCEF and other key financial institutions, funding solutions that overcome some of the financial barriers to the industry.

Based on its experience running the Agricultural Energy Efficiency Program and the CO Cultivators Energy Management pilot, CEO anticipates that 0.6 FTE will be needed to manage this program. This cost is included in the $500,000 annual program budget.

Supplemental, 1331 Supplemental or Budget Amendment Criteria

N/A

Office of the Governor

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-01 (LG) Serve Colorado General Fund & FTE Increase

Dept. Approval By: Jonathon Bray

OSPB Approval By:

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
x	Change Request FY 2022-23

Summary Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$200,000**	**$0**	**$200,000**	**$165,000**	**$250,000**
	FTE	0.0	0.0	0.0	2.0	2.0
	GF	$200,000	$0	$200,000	$165,000	$250,000
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
02. Office of the Lieutenant Governor, (A) Office of the Lieutenant Governor, (1) Office of the Lieutenant Governor - Commission on Community Service	**Total**	**$200,000**	**$0**	**$200,000**	**$165,000**	**$250,000**
	FTE	0.0	0.0	0.0	2.0	2.0
	GF	$200,000	$0	$200,000	$165,000	$250,000
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Governor's Office Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Jared Polis Governor

Lisa Kaufmann
Chief of Staff

Department Priority: R-01 (LG)
Request Detail: Serve Colorado General Fund & FTE Increase

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	$200,000	$165,000	$250,000
FTE	0	2.0	2.0
General Fund	$200,000	$165,000	$250,000
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request

Serve Colorado requests an increase of $165,000 General Fund in Fiscal Year 2022-23, and an ongoing increase of $250,000 General Fund starting in Fiscal Year 2023-24 in the Office of the Lieutenant Governor's Commission on Community Service Long Bill line in order to meet federal match requirements. AmeriCorps (the Agency) is Serve Colorado's largest funding source. The Federal administrative grants received by Serve Colorado require a 50% match, or about $365,000, in Fiscal Year 2021-22. Currently, Serve Colorado receives $200,000 from the general fund to help meet the federal match requirement. This amount leaves Serve Colorado $165,000 short of the required match funding. Historically, Serve Colorado has been a partner in the Colorado OneBook program, which provided the remaining required match dollars. This program has been discontinued. This will also increase Serve FTE by an ongoing 2.0 to meet the growing needs of the program.

Current Program

Serve Colorado addresses the most pressing needs of Colorado communities through volunteerism and service. As the state service commission (created in the National and Community Service Trust Act as amended in 1993), Serve Colorado administers AmeriCorps State programs in Colorado. Serve Colorado also administers the Volunteer Generation

Fund and related programs to address critical community needs and engage citizens in service. Through these programs, Serve Colorado has served 50 counties in the last program year.

Serve Colorado will leverage $12,821,424 in federal funding this year to support service and volunteerism. These program funds are matched by grantees, which increases the impact of those programmatic dollars. The federal funds that support the operations of Serve Colorado require matching dollars and also support the staff necessary to distribute and manage grants.

Serve Colorado has grown significantly over the last year in order to meet numerous challenges across the state. Serve Colorado partnered with the Colorado Department of Public Health and Environment (CDPHE), AmeriCorps, and Gary Community Foundation to create the COVID-19 Containment Response Corps. Since July 2020, roughly 934 AmeriCorps members have provided contact tracing, case investigation, and COVID-19 resources to almost 60,000 Coloradans. During the height of the pandemic, Serve Colorado repurposed funds to increase the number of AmeriCorps members focused on reaching students challenged by virtual learning. 44 members served in school districts by connecting regularly with students who were disengaged from virtual learning, helping to solve technical challenges for families, providing one-on-one tutoring, mentoring to students, and mitigating the learning loss caused by the pandemic.

In Spring 2021, Serve Colorado launched the Colorado Tutoring Corps initiative which will place AmeriCorp members to provide high dosage, high-impact, evidence based tutoring and student engagement interventions in the 2021-2022 school year to focus on making up the learning loss due to COVID-19 disruptions and persistent, historical educational gaps in communities of color, Tribes, and students living in poverty. The initiative will also serve as a pipeline for future educators, reducing the teacher shortage in Colorado.

Serve Colorado committed approximately $1,100,000 to create the Colorado Climate Corps. The first Colorado Climate Corps program will place AmeriCorps members in 55 counties across Colorado to conduct disaster mitigation and relief, conserve and steward public lands, increase public awareness on climate change, provide resources to marginalized communities experiencing the effects of climate change, and conduct energy and water weatherization and retrofitting in low-income households.

During the upcoming program year, starting July 19, 2021, Serve Colorado will make it possible for over 1,500 individuals to serve through AmeriCorps State programs in Colorado. These AmeriCorps members will develop new skills while earning a living stipend as well as an education award to pay off student loans or to invest in continuing education. Members will address state priorities in education, the environment, healthy futures, and economic opportunity fields.

AmeriCorps stipulates all interventions be evidence-based or evidence-informed. Each program is required to adopt one aligned performance measure and Serve Colorado actively monitors these measures on a trimester basis. Programs traditionally meet or exceed their targets and, when they have not, the organization course corrects as necessary.

Serve Colorado receives its spending authority from Colorado Revised Statutes 24-20-503(4)(b) and 24-20-503(5).

Problem or Opportunity

Serve Colorado is required to either match federal administrative grants or return the unmatched portion of federal funds. Historically, Serve Colorado has utilized a number of solutions to attempt to meet this requirement, but those attempts have not always been successful. As recently as 2020, Serve Colorado had unexpended federal grant funds that expired because of a lack of matching funds. Efforts to meet match requirements have also redirected staff focus from programmatic needs. Requesting funds from philanthropy for state operations is a difficult request; as a result, Serve Colorado relied on support for the One Book initiative, which was recently discontinued.

When OneBook was in operation, the process was for Serve Colorado to work in partnership with Mile High United Way to collect funds and use the funds to pay Scholastic for Colorado specific print (with Colorado donors) with the collected funds. The intention was that the funds collected were directly related to the purchase of books and therefore wasn't applicable to use as more flexible funding that would cover staffing costs.

Serve Colorado began receiving $200,000 in 2020 via a dedicated long bill line item. Since that time, Serve Colorado has received a 6% increase in federal administrative funds which means an increase in expectation for match dollars. At the same time, Serve Colorado's programming has grown immensely; Serve Colorado's Grantees have grown by 70% (from 10 to 17) and the number of AmeriCorps members has grown by 189% (from 790 to 2,286). The requested funds will allow Serve Colorado to fully draw down federal funding by meeting match requirements. The additional federal and associated match dollars will grow Serve Colorado's team to meet the administrative needs that accompany program growth. Serve Colorado will continue to provide updated funding requests based upon the funding provided through the federal formula.

Proposed Solution

With this request, Serve Colorado will hire two full-time staff members (approximately $184,600 for salary and estimated benefits) to meet the increased growth and to ensure that we are fully drawing down available federal investments. At this time, it is not projected to impact other departments or require a statute change.

AmeriCorps has proven to be an effective tool to meet a myriad of challenges and priorities through partnerships with state agencies. Additionally, the federal policy environment indicates likely continued growth through increased federal investment. A comparatively small investment at the state level to match the growth trajectory will enable the state to continue to benefit from engaging citizens in National Service.

One of the proposed staff members will work in a compliance role to ensure proper enactment of federal funds. AmeriCorps grants are complex and grantees require training and support to operate successfully and compliantly. The addition of a compliance staff member will provide our grantees with a better level of service and help more nonprofits to be successful AmeriCorps partners.

The second proposed staff member will act as a third Program Officer, providing subject matter expertise, identifying potential program partners, and creating AmeriCorps solutions for state challenges. Serve Colorado's two current Program Officers cannot provide the level of support needed for the growing program portfolio and also help create successful partnerships for growth.

Additional proposed staff will develop and lead an AmeriCorps VISTA capacity building program for nonprofits and other eligible organizations, as well as support cross-sector partnership development.

Growth will continue and the match needed to support state government operations continues to be difficult to raise from philanthropy, making it more likely the state will need to return funds to the federal government. Without the additional staff those funds would provide, Serve Colorado's future growth will be limited by staff capacity.

Without this request, Serve Colorado may be required to return federal operational support funds due to a lack of match. Time and effort spent fundraising not only diverts attention away from state priorities, but also must be paid for by existing general funds. This further exacerbates the problem because those funds can no longer be eligible to count as match funds. (Note: fundraising is not an allowable match activity.)

Anticipated Outcomes

Receiving our full proposal will allow Serve Colorado to use the full amount of funding provided by the federal government. Zero funds would be sent back to the federal government for lack of match. In addition, staff will be able to focus on increasing the number AmeriCorps partnerships solving state challenges in Colorado. The additional staff hired by federally matched funds will reduce compliance issues and increase outreach to potential grantees and partners.

Assumptions and Calculations

The assumptions used to make this request are based on the award amount from AmeriCorps and the figure that would be required to match the funds. In 2021, Serve Colorado received $363,201; this amount is likely to vary year to year with factors such as census data and state population growth, competitively funded grantees, and unused funds by commissions in other states. The additional $2,000 of this request rounds out the request and will help support new staff members as this request is in part to meet match but also to increase staffing capacity.

Supplemental, 1331 Supplemental or Budget Amendment Criteria

N/A

Office of the Governor

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-01 (OEDIT) Spending Authority for Arts in Public Places

Dept. Approval By: [signature]

OSPB Approval By: L Teater

	Supplemental FY 2021-22
	Budget Amendment FY 2022-23
X	**Change Request FY 2022-23**

Summary Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
	Total	**$14,788,734**	**$0**	**$14,788,734**	**$2,000,000**	**$2,000,000**
Total of All Line Items Impacted by Change Request	FTE	3.0	0.0	3.0	0.0	0.0
	GF	$2,023,000	$0	$0	$0	$0
	CF	$12,000,000	$0	$14,023,000	$2,000,000	$2,000,000
	RF	$0	$0	$0	$0	$0
	FF	$765,734	$0	$765,734	$0	$0

Line Item Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
	Total	**$14,788,734**	**$0**	**$14,788,734**	**$2,000,000**	**$2,000,000**
04. Economic Development Programs, (A) Economic Development Programs, (1) Economic Development Programs - Council on Creative Industries	FTE	3.0	0.0	3.0	0.0	0.0
	GF	$2,023,000	$0	$0	$0	$0
	CF	$12,000,000	$0	$14,023,000	$2,000,000	$2,000,000
	RF	$0	$0	$0	$0	$0
	FF	$765,734	$0	$765,734	$0	$0

Auxiliary Data

Requires Legislation?	YES		
Type of Request?	Governor's Office Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Office of Economic Development and
International Trade

FY 2022-23 Funding Request

November 1, 2021

Jared Polis
Governor

Patrick Meyers
Executive Director

Department Priority: R-01
Request Detail: Spending Authority for Arts in Public Places

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds		$2,000,000*	$2,000,000*
FTE		0	0
General Fund	N/A	$0	$0
Cash Funds	N/A	$2,000,000	$2,000,000
Reappropriated Funds		$0	$0
Federal Funds		$0	$0

*in spending authority

Summary of Request

The Office of Economic Development & International Trade (OEDIT) is requesting two technical fixes to the Colorado Creative Industries (CCI) Division's Arts in Public Places (AIPP) program. First, OEDIT is requesting that the long bill reflect CCI's spending authority for the approximately $2 million it receives in cash funds (on average) for the AIPP program. Second, OEDIT is requesting to modify the current Creative Industries Cash Fund (Fund 25N0) to ensure it has three-year rollforward appropriation authority for AIPP funds in order to align AIPP funds with the capital construction timeline. This requires a statutory change as the fund is currently annually appropriated. These technical fixes will ensure the AIPP program and the funding it already receives can accomplish the intent of the AIPP statute.

Current Program

AIPP commissions artwork for people to enjoy in publicly accessible areas inside and outside of state buildings in Colorado. Colorado law requires 1%of the state's capital construction funds for new or renovated state buildings to pay for works of art. On average, this 1% amounts to approximately $2 million each year. These art acquisitions form the state art collection.

AIPP works show diversity in style, imagery, materials, and techniques. The program's goal is to merge the art experience into public spaces.

OEDIT and CCI support public art because it:

- provides access to art for all people;
- activates public and underused spaces in interesting ways through creative placemaking;
- grows civic pride and connection to the community;
- supports artists, including local artists;
- adds human-scale to larger spaces;
- invites experiences and interactivity for people walking;
- illustrates or reflects a story or history of the space; and
- improves wayfinding.

Problem or Opportunity

As noted above, AIPP is funded through capital construction funds, with all approved capital construction projects transferring 1% of the approved amount to CCI. OEDIT's accounting and program staff discovered that CCI will not have the requisite spending authority to operate the AIPP in FY 2022-23 unless 1) cash funds spending authority is reflected in the FY 2022-23 Long Bill; and 2) the existing Creative Industries Cash Fund (Fund 25N0) is modified. Currently, the capital construction funds are deposited into the Creative Industries Cash Fund. This fund has the authority to carry unspent appropriated funds into the next fiscal year without further appropriation, but the capital construction funds are appropriated for three years. Most of the capital construction projects are not completed until that third year. Thus, artists cannot complete installation of works of art until the construction is completed.

Therefore, the purpose of the request to modify the spending authority for the existing cash fund is to mirror the spending authority of the capital construction funds and allow AIPP the appropriate length of time to engage with artists and receive final products prior to the expiration of the spending authority.

Proposed Solution

For AIPP, OEDIT's CCI tracks the locations where artworks are installed, the number of artworks commissioned or purchased, and the number of artists hired. As many agencies place a priority on Colorado artists, CCI also tracks the number of Colorado artists hired and their locations (rural vs. Front Range). CCI plans to implement other tracking measures this upcoming year to track additional data, for their diversity, equity, and inclusion initiatives. CCI retains a portion of the AIPP funds for administrative expenses, including staffing, as well as resources and support for local public art programs and artists. Temporary exhibitions are placed in the State Capitol, and AIPP channels resources to other areas to continue to make public art accessible to all Coloradans.

Theory of Change	The program's activities are to follow the committee selection process, as outlined in the statute, to select artworks for locations that receive funding through Capital Construction Funds and fall under the AIPP requirement. The outlined selection process ensures fair selection of an artist for the commission and to meet the goals and needs of the location and its community, and to meet the wider goals of public art (outlined below).		
Program Objective	Art in Public Places' program objective is to merge the art experience into public spaces. Public art activates public and underused spaces in interesting ways through creative placemaking, grows civic pride and connection to the community, invites experiences and interactivity for people walking, illustrates or reflects a story or history of the space, improves wayfinding, and adds human-scale to larger spaces. Public art also provides significant work and economic support for artists and it is the goal of this program to support Colorado-based artists, through selection for commissions, artwork purchases, and assistance with professional development and skills to grow their practice/business.		
Outputs being measured	OEDIT tracks the number of new projects, the number of artists selected (including Colorado artists located in rural and Front Range regions), and artworks completely installed. In FY 2020-21, there were no new projects funded through Capital Construction Funds. Fourteen artworks were installed in locations around the state for ongoing projects. Three artists from rural Colorado were selected for ongoing projects. In FY 2021-22, nine new projects received funding through Capital Construction Funds and are required to comply with the 1% for art. None of these projects have yet started the selection process. Three artworks for ongoing projects have been installed so far this fiscal year.		
Outcomes being measured	None		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	2		

If this request is not implemented, CCI will not have the requisite authority to spend the funding they are slated to receive for the AIPP program, and thus the program will be halted for FY 2022-23 and beyond, meaning that the legislative intent behind the program will also not be met. This will impact the goal of the program – to merge public spaces and the arts experience – and artists that would have otherwise been given exposure through the program will not be able to participate. There are sixteen ongoing projects from past years, many of which have artists under contract and currently working on artworks. If spending authority is not awarded, these existing projects will be at risk, as CCI will not be able to pay artists who are already under contract or finish out selection processes for other projects. Additionally, the new projects funded through Capital Constructions Funds in FY 2021-22 will not be able to proceed with the statutorily required public art allocation.

Anticipated Outcomes

Access to and authority to spend the AIPP dollars will ensure the program can adhere to the goals and processes outlined in the statute. The Art in Public Places program has been in place since 1977, and in those 40+ years has added over 600 artworks to the state's Public Art Collection. A good portion of the artworks are by Colorado artists, keeping these funds within the state economy and supporting local artists. Currently, the AIPP program has sixteen projects in process, in various stages, ranging from the selection process to artworks that are already in the process of being fabricated by artists. In addition to supporting artists, these funds often also support fabricators, installers, engineers, and other contractors who work on the creation of the artworks.

Assumptions and Calculations

CCI estimates that it needs approximately $2 million in spending authority in FY 2022-23 and beyond. Currently, there is nearly $1 million in funds encumbered for existing contracts for artworks. The AIPP budget also has approximately $500,000 unencumbered for ongoing projects where an artist has yet to be selected or put under contract. In FY 2021-22, nine projects funded through Capital Construction Funds are statutorily required to budget 1% of their construction line item for AIPP. These projects total approximately $477,000 in additional funds to be taken into the AIPP appropriation. The nature of these art projects is that the full art project budget can almost never be spent in one fiscal year. Since the art projects are tied to large construction projects, the timing of the construction generally requires two years from artist selection to installation. Some of the funds taken in from FY 2021-22 CCF will not be spent until FY 2022-23, which is why the same amount of spending authority is needed, to account for those funds and also any new funds from FY 2022-23 CCF projects.

Supplemental, 1331 Supplemental or Budget Amendment Criteria

N/A.

Office of the Governor

Funding Request for the FY 2022-23 Budget Cycle

Request Title

R-02 (OEDIT) Establish Public-Private Partnership Office

Dept. Approval By: ______________________

OSPB Approval By: L Teater

		Supplemental FY 2021-22
		Budget Amendment FY 2022-23
	X	Change Request FY 2022-23

Summary Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$0**	**$0**	**$0**	**$32,493,916**	**$2,447,304**
	FTE	0.0	0.0	0.0	3.5	3.0
	GF	$0	$0	$0	$31,270,264	$1,223,652
	CF	$0	$0	$0	$1,223,652	$1,223,652
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2021-22 Initial Appropriation	FY 2021-22 Supplemental Request	FY 2022-23 Base Request	FY 2022-23 Change Request	FY 2023-24 Continuation
04. Economic Development Programs, (A) Economic Development Programs, (1) Economic Development Programs - Public-Private Partnership Office	**Total**	**$0**	**$0**	**$0**	**$32,493,916**	**$2,447,304**
	FTE	0.0	0.0	0.0	3.5	3.0
	GF	$0	$0	$0	$31,270,264	$1,223,652
	CF	$0	$0	$0	$1,223,652	$1,223,652
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Auxiliary Data

Requires Legislation?	YES		
Type of Request?	Governor's Office Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Office of Economic Development and International Trade

FY 2022-23 Funding Request

November 1, 2021

Jared Polis
Governor

Patrick Myers
Executive Director

Department Priority: GOV-OEDIT R-02
Request Detail: Establish Public-Private Partnership Office at OEDIT

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	$0	$31,270,264	$1,223,652
FTE	0.0	3.5	3.0
General Fund	$0	$31,270,264	$1,223,652
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request

The Office of Economic Development and International Trade (OEDIT) requests a general fund transfer of $1,223,652 and 3.0 FTE on an ongoing basis for the creation of a Public-Private Partnership (P3) Office within the department. The P3 Office will be responsible for developing and managing contracts and building collaborations between the private sector and government to complete major infrastructure projects and other programs through long-term, performance-based procurements commonly referred to as public-private partnerships, or P3s. Accordingly, the office will leverage private investment in combination with state assets to ensure that state resources are used as effectively as possible.

In addition, OEDIT requests $30,046,612 in one-time state stimulus funds and 0.5 FTE to make infrastructure investments for renovations to existing state facilities, including higher education facilities so that these facilities can be used as child care centers for state employees and the public. It is anticipated that up to fifteen sites may be renovated to meet child care licensing requirements and begin operations as a child care center. Once the office receives these funds, the P3 Office will engage potential private partners with whom the state will contract in order to manage and operate these facilities going forward. This partnership will allow for additional child care capacity across the state without requiring ongoing state investments beyond existing child care funding (e.g., CCCAP and pre-K funding).

Current Program

Currently, the state has no formal P3 Office. While OEDIT actively works with the business community across the state in other capacities and many other agencies have contractual agreements with outside parties, this office would fill a gap in the state's current efforts. Although state agencies would still take ownership of their own assets, and take the lead on their own dispositions, leases, and other agreements, the state's P3 office would provide support, coaching, guidance, and funding for these respective state deals.

Problem or Opportunity

The state owns approximately $14.0 billion worth of assets (including state-owned general funded and academic buildings), and an estimated 48.7 million square feet of space,[1] but many state-owned properties are underutilized or underperforming. The state also fails to take advantage of right of way, and fails to systematically reduce unnecessary restrictions (for example, zoning that is more restrictive than necessary) which prevent us from monetizing state assets. Changing these assets' utilization has the potential to improve the lives of Coloradans, and by partnering with the private sector, the state can access multiples of added value. However, the specialized skills and experience required to develop public-private partnerships to transform underutilized assets does not currently exist in the Executive Branch.

In addition, the state lacks sufficient child care and preschool capacity necessary to serve all children and families. Half of Colorado's population lives in a child care desert, in which there are at least three children from birth to age five for every one available licensed early childhood care and education slot. This condition is particularly acute for infants and toddlers under age three.[2] The COVID-19 pandemic has only worsened early childhood capacity in the state. The state's early childhood workforce dropped by 23% when COVID began and currently about 10% – mostly women – are still not working. And child care programs in Colorado have experienced a 25-30% reduced enrollment since COVID began, with 6.6% of them having closed since the pandemic started.[3] Child care capacity remains a challenge for low-income families as less than 10% of children eligible for the Colorado Child Care Assistance Program (CCCAP) are able to access services. Preschool access in the state is also a concern, with an estimated 60% of children eligible for the Colorado Preschool Program (CPP) not able to access services because of insufficient overall funding.[4]

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[1] Office of the State Architect, FY 21-22 Annual Report, Section I.

[2] Colorado Department of Human Services, Licensed Capacity map: "All Ages 0-60 Months," (CDHS: Jan. 2021); *Colorado Sun*, "Half of Colorado Lives in a Day Care Desert. Here's how that's Straining One Mountain Community," Aug. 16, 2021.

[3] Early Milestones Colorado survey data, May 2021.

[4] Colorado Department of Education, Colorado Preschool Program Annual Report, 2020.

Proposed Solution

The P3 Office would solve both problems and enable the state to more effectively utilize each of the assets that it has at its disposal in order to provide solutions to some of the state's most pressing issues, such as childcare.

Specifically, the P3 Office would hire three positions that would identify opportunities for public-private partnerships to utilize resources across the state, develop contracts and financial terms with relevant private entities, and facilitate interactions with those parties on an ongoing basis. Specific positions and responsibilities are detailed below:

Program Management Professional II

- Engages public stakeholders
- Negotiates Contracts
- Manage contracts
- Finance

Real Estate Development V

- Planning
- Due diligence
- Conducts Transactions
- Review Appraisals
- Engage business stakeholders

- Program Management I
  - Program manager
  - Works directly with department(s) involved in project(s)

In addition, the office would work with private firms to conduct appraisals and environmental assessments of the available state properties.

One of the first projects of the P3 Office would be to renovate existing state facilities in order to contract with private entities that would provide child care for the state's workforce. Due to limited funding, an application process would be established to ensure priority is given to sites that will have the greatest impact, including targeting regions with child care deserts or underserved populations. For this project and others conducted by the office, there may be additional legislation needed in order to allow for these agreements between the state and private organizations. The office will require one-time funds for the renovation of these facilities, in addition to part-time personnel to assist with licensing of these childcare centers.

Note that there will need to be a P3 Office cash fund created to which the funding for this office will be transferred from the General Fund. A standalone P3 Office cash fund will allow the office to collect revenue going forward as a result of leasing state facilities to private entities, thus funding its own operations in the future. It is also requested that a cash fund for the child care centers be created to ensure the funds are used expeditiously to address child care availability across the state. Following the creation of the cash fund, the approximately $30.05 million will be transferred from the General Fund into this fund for the purpose of the childcare renovations.

Finally, the table below summarizes where this request falls on the evidence-based policy spectrum. Note that this office is new to the state and thus has not yet measured outputs or outcomes, but the theory of change has been identified.

Theory of Change	The establishment of a private-public partnership office and associated FTE within OEDIT would enable the state to more effectively engage with private partners and leverage private resources to utilize each of the assets that the state has at its disposal in order to provide solutions to some of the state's most pressing issues, such as homelessness and childcare.		
Program Objective	Leverage underutilized state assets in combination with private resources and knowledge to provide solutions to problems facing Colorado.		
Outputs being measured	None		
Outcomes being measured	None		
Cost/Benefit ratio	N/A		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation	N/A	N/A	N/A
Continuum Level	1		

Anticipated Outcomes

Currently, the state has a number of outstanding potential opportunities that will be able to be finalized and eventually more effectively administered with the help of this P3 Office. These projects include:

- Structure and recommend deals that can increase revenue by monetizing state assets, while supporting long term social outcomes like affordable housing, renewable energy, expansion of behavioral services and more;
- Disposition, or long term leasing of underutilized and vacant state properties;
- Building additional affordable housing units on state property, as well as expanding step-down housing for the homelessness population;
- Expanding the number of beds in the behavioral health system, both within state facilities and private facilities;
- Clarifying a consistent approach for the lease, cost, and use of state-owned right of way for the expansion of broadband connectivity; and
- Expand and facilitate the buildout of Front Range Rail.

Assumptions and Calculations

Note that these salary estimates are mid-range estimates based on state classifications and include benefits (POTS).

Reviews and Analyses Categories	Annual Cost Estimate
Personnel (FTE)	
● Program Management II ○ Program manager ○ Engages public stakeholders ○ Negotiates Contracts ○ Manage contracts ○ Finance	$150,366
● Real Estate Development V ○ Planning ○ Due diligence ○ Conducts Transactions ○ Review Appraisals ○ Engage business stakeholders	$139,693
● Program Management I ○ Program manager ○ Works directly with department(s) involved in project(s)	$139,693
Operating	$33,000
Map server/Website	$10,900
Real Estate Consultants	$250,000
Legal Costs (AG and/or third party counsel)	$100,000
Property Appraisals	$15,000
Survey/Platting	$30,000
Environmental Assessments (Level I & II)	$350,000
Marketing/Advertising/Other Due Diligence	$5,000

Total	**$1,223,652**

In addition, the office will require the following one-time costs related specifically to the childcare centers:

Facility Renovations for Child care	$30,000,000 (15 centers x $2M/center)
Licensing Professional ● Help with licensing and compliance related to childcare centers	$46,612
Total	$30,046,612

Legislative Issues

Generally, in order to renovate state-owned buildings, departments must submit a capital construction budget request to the Office of State Planning and Budgeting (OSPB) on July 15. The Governor's November 1 budget indicates which capital construction requests are recommended for funding. Capital projects are then evaluated and prioritized by the Capital Development Committee (CDC) for inclusion in the Long Bill. OSPB, the General Assembly, and the Office of State Planning and Budget place high value on the CDC's expertise in capital construction; successful policies should include a role for the committee. It is important that we seek input and approval by the CDC on any future P3 projects.

Therefore, any legislation that establishes a program to make renovations to existing state buildings for use as child care facilities should include a role for the CDC. OSPB recommends modeling the process after the process followed by the Department of Natural Resources for property acquisitions. In that process, the department requests and typically receives an appropriation for a total annual budget for property acquisition, but individual transactions are reviewed and approved by the committee throughout the year. For this program, the $30 million could be appropriated to a cash fund in the enacting legislation, along with bill language that requires institutions of higher education and state departments to apply for disbursement of funds from the CDC, upon OSPB approval. This solution sets aside the desired amount of money for the program while maintaining appropriate legislative involvement. Legislation should also include criteria for evaluating applications, specifying the number of centers at higher education institutions and at state departments, and should potentially limit applications to community colleges and area technical colleges for the first year. Other criteria to consider include availability and cost of other childcare facilities in the area.