



Colorado Department of Treasury Budget Request Summary — FY 2022/2023

1. **Staffing:** Growth in the department combined with a dramatic increase in demands in recent years have made clear that the Treasury needs additional FTE.
 - Six new full-time employees, three which are department-wide, and three dedicated to the Division of Unclaimed Property.
 - A partial FTE increase for two positions: CLIMBER program and debt manager.
2. **Staff salaries:** The Department is requesting funds to align employee compensation with internal and external markets in a targeted approach in order to retain and attract employees.
3. **Technology:** This request is the first increase in the technology budget in at least 18 years.
 - Technology needs for the entire department related to hardware and software
 - Technology needs for the investment and unclaimed property divisions
 - One-time cyber security testing and analysis
4. **Legislative Implementation:** Feasibility study for the Continuation of Benefits Board
 - A one-time request in order to perform an actuarial study that will aid in implementing SB18-247.
5. **Reimbursement:** Financial audit costs from the State Auditor
 - This would cover the annual billing from the state auditor for reimbursement of audit work performed related to non-general fund activities.
6. **New Programs:** Continued funding for the design and implementation of the Colorado Secure Savings Program until self-sufficient.
 - Funding supports 5.0 FTE, legal services, marketing and the formal program launch.
7. **Unclaimed Property Lease:** The Department requests removal of the Leased Space appropriation from the Unclaimed Property Division's budget, as the Division has relocated into the Capitol building and many of the staff are working remotely.

Add six full-time employees:

- HR Director
- Operations Manager
- Three UP professionals
- Cybersecurity/Data Manager

Convert two positions to full-time:

- CLIMBER Program Director
- Debt Manager



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QUESTIONS FROM JBC

R1 DEPARTMENTAL STAFFING // [Sen. Rankin] Can you please explain in more detail the duties and responsibilities of the 4.0 FTE that would be supported by the General Fund?

- General Funded Treasury staff request:
 - An internal IT/cyber security officer to ensure that the Department is as prepared as possible against cyber attack, and is properly addressing cyber security.
 - HR Director (currently a .5 FTE) to manage the day to day HR responsibilities of a growing staff.
 - Department Operations Manager to address short-term needs and long-term Department planning.

- Cash Funded Unclaimed Property staff request:
 - Administrator III — will focus on the complexities of proactively researching large dollar returns. These claims require a high level of research, and current staff levels are hampered by immediate demands.
 - Auditor III position — to ensure holders are in compliance with state statute.
 - Accounting tech III — This request is made in light of the effort to expand the team reconciling and receiving holder reports.

R2 STAFF SALARY ADJUSTMENTS // [Sen. Moreno] Can you please provide a breakdown of the positions that would receive a salary increase, along with the current and proposed salaries for each, and any benchmark comparisons there are for each position?

The Department of Personnel and Administration provided several compensation related data points to assist the Treasury in preparing this request, including a 34 point analysis, a market survey, range penetration data, average state incumbent salary data, market median based on salary survey data, employee years of service, and employee time in role. This analysis allowed the Treasury to produce the total dollar amount being requested is sufficient to retain and attract employees. Since the Treasury is a small department, there is little in the way of vacancy savings to provide salary adjustments without this request. If this request is approved through the Long Bill process, the new HR Director will work with division leads and individual employees to determine actual salary adjustments.

[Sen. McCluskie] Can you provide any market survey data that support this request?

As indicated above, the Department of Personnel and Administration provided several compensation related data points to assist the Treasury in preparing this request, including a 34 point analysis, a market survey, range penetration data, average state incumbent salary data, market median based on salary survey data, employee years of service, and employee time in role. The Department will share this data with JBC members in digital format.



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[Sen. Rankin] R1 and R3 imply that there is some change to functionality in the Unclaimed Property Program. What has changed that requires an investment in technology?

Staff working remotely and a recent rules change has allowed us to be much more proactive in sending out checks, even before people have claimed the property. This \$35,000 request will help the Division continue to be proactive in order to return as much unclaimed property as possible.

R4 CBB FEASIBILITY REPORTS // [Sen. Moreno] Can you provide an update on all the work that has been done to date on this legislation and whether any local governments have entered into agreement with the Department? AND [Sen. Moreno] Can you provide any available information about what local government policies are related to this initiative? Have any local governments already established these types of benefit policies, and if so, can we learn anything from them?

The Continuation of Benefits (CBB) Board consists of the State Treasurer, ED of the Department of Public Safety, and ED of the Fire and Police Pension Association. The board has met several times in the last two years to move the legislation forward including a meeting with GRS Consulting about performing an actuarial study. This \$60,000 request will enable the board to move forward with the study, which will determine how many local governments have already established these types of benefit policies and how many would be interested in entering into an agreement with the Department.

R5 FINANCIAL AUDIT COST // [Sen. Moreno] Why does the Department require a direct appropriation for these services? Isn't this funding provided through the legislative appropriation bill?

The Department first received billing for this service from the State Auditor in FY 2019-20. At that point it was \$2,730, and the Department was able to absorb that cost. For FY 2020-21, the cost rose to \$14,415. The State Auditor has informed the Department that this billing is expected to continue, and the cost is such that it is an extreme strain for the Department to now absorb the cost. The Auditor provided the Department with a "not-to-exceed" estimate of \$16,000, which is what the Department is requesting.

R6 SECURE SAVINGS PROGRAM // [Rep. Benavidez] Was this requested funding anticipated when legislation was passed for this program? Can you please provide more detail on how the requested funds would be used?

The fiscal note and appropriation that came with SB20-200 covered staffing and operating costs for the first two years of the program (ending June 2022). This request continues funding for the Colorado Secure Savings Program to fully design and implement the program during FY 2022-23 and to continue services until financially self-sufficient in approximately five years.



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ADDITIONAL QUESTIONS FROM JBC:

Please provide an update on how remote work policies implemented in response to the COVID 19 pandemic have changed the Department's long-term planning for vehicle and leased space needs. Please describe any challenges or efficiencies the Department has realized, as well as to what extent the Department expects remote work to continue.

The Unclaimed Property Division now works primarily remotely, with in-person staff now working in the State-house office. The Department did not renew the lease for its second office space.

Please describe the most significant one-time federal funds from stimulus bills (e.g., CARES Act and ARPA) and other major new federal legislation (e.g., Federal Infrastructure Investment and Jobs Act) that the Department has received or expects to receive. For amounts in new federal legislation that have not yet been distributed, please discuss how much flexibility the State is expected to have in use of the funds.

The Department received two ARPA distributions. We received \$36.5 million that was a pass-through to the State Highway Fund as part of SB 21-260. In addition, the Department has received approval for up to \$477,100 for staff time and technology for investing federal funds the State received, as well as funds to support the new CLIMBER loan program. The funds dedicated to investment use must be utilized by December 2024, and the CLIMBER dedicated funds are available until the end of the current fiscal year.

FISCAL IMPACT ON CDOT

[Sen. Moreno] Can you find out from CDOT if there will be any fiscal impacts resulting from them paying \$37.5 million to cover the COPs this year? If so, what will those impacts be?

Under current law for FY 2021-22, the first \$9 million of SB 17-267 debt service is paid by the General Fund, the next \$62 million is paid by the State Highway Fund, and the remainder is paid by the General Fund or other legally available source.

CDOT is planning for debt service that takes into account the amount appropriated in the Long Bill, and the Department will use a portion of the \$141.5 million General Fund transfer it received in SB 21-260 for debt obligations to cover the remaining \$37.5 million in debt service for the current FY 2021-22.

Enacting this plan and paying the trustee directly will ensure that the state meets its debt obligation within existing state appropriations.

DEPARTMENT OF THE TREASURY
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 17, 2021
11:30 am – 12:00 pm

11:30-11:40 INTRODUCTIONS AND OPENING COMMENTS

Presenter: State Treasurer Dave Young

11:40-11:45 COMMON QUESTIONS

Main Presenter:

- State Treasurer Dave Young

Topics:

- COVID-19 Remote work planning
- One-time federal stimulus funds

11:45-11:55 REQUEST ITEMS

Main Presenter:

- State Treasurer Dave Young

Topics:

- R1 Departmental Staffing and R3 Departmental Technology
- R2 Staff Salary Adjustments
- R4 CBB Feasibility Reports
- R5 Financial Audit Cost
- R6 Secure Savings Program

11:55-12:00 S.B. 17-267 COLLATERALIZATION LEASE PURCHASE PAYMENTS

Main Presenter

- State Treasurer Dave Young

Topics:

- Fiscal Impact on CDOT

DEPARTMENT of the Treasury // FY 2022-23 JOINT BUDGET COMMITTEE HEARING

WRITTEN RESPONSES ONLY

Common Questions: Please retain the numbering in order to maintain consistent labeling for common questions across departments.

1 Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

The General Assembly passed SB20-200: Implementation of the Colorado Secure Savings Program in the 2020 legislative session. It was signed in June of 2020. The program has a full-time Director and Policy/Investment Analyst and a board appointed by Governor Polis. A pilot program is on track to be launched in the fall of 2022, with a broader program launching in 2023.

The Department is in the process of implementing SB 18-247: Local Government Medical Benefits in Work-Related Death. The legislation was enacted without a corresponding appropriation. The Board, composed of the Executive Director of the Department of Public Safety, the Executive Director of the FPPA, and the State Treasurer, has determined that an actuarial study is necessary to guide structuring of the program.

2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations with a fiscal impact identified in the Office of the State Auditor's "Annual Report: Status of Outstanding Audit Recommendations"? What is the Department doing to resolve these HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

The 2020 report will be published on December 6, 2021 and can be found at this link: <http://leg.colorado.gov/content/audits>. JBC staff will send out an updated link once the report is published.

The two outstanding recommendations do not have a fiscal impact. The Department is working with another state agency to resolve these recommendations by the agreed upon implementation date in the audit report referenced above. No current budget request is associated with resolving these recommendations, as the Department expects to achieve a solution within the current State framework.

3 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media

and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

The Department is midway through a 12 month campaign that includes TV and digital advertising for the unclaimed property division — called the Great Colorado Payback.

Paid outreach includes up to \$200,000 over the course of the fiscal year for television and digital ads in English and Spanish, which has generated more than 8 million impressions during the first half of the year, with another 8 million impressions anticipated for the second half.

Earned media includes pitching stories to television, radio, print, and digital media outlets. The Department is currently in the early planning stages of a PBS documentary on the Great Colorado Payback.

The Department provides staff support to the CLIMBER Board. The Board has focused on creating public awareness of the new CLIMBER program, and has authorized \$370,000 to be spent on digital, television, and radio to raise awareness. \$355,000 has been spent as of this point in the fiscal year, with \$15,000 anticipated to be spent by the end of the fiscal year. This has generated more than 8 million impressions in total in these combined communication mediums. There have been 1.2 million impressions through digital media, radio, and television specific to the Spanish language universe.

Additionally, the Board, in conjunction with the MBO and OEDIT, has created a community outreach pilot program and business consulting team using \$175,000, to be spent engaging different underserved chambers of commerce and membership-based organizations helping raise awareness and aiding businesses prepare the required documentation for loan applications.

Earned media is being pursued by pitching stories to television, radio, print and digital media.

4 Please identify how many rules you have promulgated in the past year (FY 20-21). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

The Department promulgated and updated 28 rules pursuant to revisions made to its authorizing statutes, the Revised Uniform Unclaimed Property Act. The Department was not required to undertake a cost-benefit analysis, nor was one requested. The Department has not conducted a cost-benefit analysis of its rules as a whole.

5 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations, as well as cost impacts driven by COVID-19 and supply chain interruptions.

Rapid advances in technology, stability and competence of permanent staff, as well as contracted professionals and associated services are the Department's major cost drivers. The Department is not experiencing a significant difference in price inflation compared to the general CPI.

6 How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

The Department's rapidly increasing caseload is very closely tied to that of the general population and not specific demographic changes.

7 In some cases, the roles and duties of existing FTE may have changed over time. Please list any positions that have been created in the Department since FY 2019-20 that were not the result of legislation or a decision item.

No positions have been created in the Department since FY 2019-20 that were not the result of legislation or a decision item.

For all FY 2022-23 budget requests that include an increase in FTE:

- a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;
- b. Specify why additional FTE are necessary; and
- c. Describe the evaluation process you used to determine the number of FTE requested.

a. Existing staff will not be trained to assume these roles or duties, as existing staff is fully utilized in current operations;

b. The Department's FTE request of an HR Director, an Operations Manager, a Cybersecurity Director, (all Department-wide), an administrator, an auditor, and an accounting tech for the Division of Unclaimed Property, and an increase in FTE to full-time for the Debt Manager and CLIMBER staff are all critically necessary for the Department to successfully continue its mission.

The HR position is critically necessary to ensure the Department can meet federal, state, and local personnel laws and policies, something that is at risk, due to the position currently being only a 50 percent position split with the Accounting Supervisor. The additional Department-wide FTE enables the Department to better pursue short-term and long-term projects and to prepare for and respond to cyber threats (the Department currently does not have a dedicated IT or cybersecurity FTE). The FTE increase requested by the Unclaimed Property Division allows the Department to continue its goal of proactively searching out claimants to reunite owners with their property, as well as focus on research

for more complex claims. Finally, the requested increase to full FTE for the Debt Manager and CLIMBER staff position reflects intense, increased responsibilities for state debt management, as well as more accurately accounts for the work required to advance the CLIMBER program; and

c. The Department, in consultation with DPA, employed the services of Turning the Corner, LLC (TTC), a company specializing in organizational analysis. TTC met with Department leadership, and every member of the Department, to thoroughly analyze Department structure and needs. In addition, the Department consulted with OIT, and also did an internal analysis to evaluate and determine its FTE request.

8 Please describe any programmatic impacts resulting from cash fund transfers impacting the department as part of the FY 2019-20 and FY 2020-21 balancing process.

HB 20-1380 transferred a total of \$24.8 million out of the Tobacco Litigation Settlement Cash Fund (TLSCF) on July 1, 2020; therefore, the TLSCF had significantly less cash to distribute at the beginning of FY 2020-21 to the tobacco programs designated in section 24-75-1104.5, C.R.S. The result is that those programs were more likely to require interest-free advances from the General Fund (see section 24-75-1104.5 (7), C.R.S.) prior to the State receiving its annual tobacco master settlement agreement payment in April 2021 when the programs received the balance of their intended FY 2020-21 allocations.

9 Please describe the Department's FY 2020-21 vacancy savings, as well as projected vacancy savings for FY 2021-22 and FY 2022-23. How has the Department utilized vacancy savings in recent years?

The Department has experienced significant periods of vacancies in the accounting, operations, human resources and cash management areas of an already over-taxed workforce with ever increasing demands (due to a near doubling of investing, banking, and accounting transactions) This reflects the changing nature of the workforce and workplace environment. An increase in workloads have necessitated the filling of all vacancies with either higher paid contractors or new, less experienced employees.

Vacancy savings are not anticipated as any savings would be consumed by either higher priced contractors or new, less experienced permanent staff.

10 State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for refunds. Please:

- a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds \$100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited. **See attached spreadsheet.**

- b. For each source, list actual revenues collected in FY 2020-21, and projected revenue collections for FY 2021-22 and FY 2022-23.
- c. For each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2022-23. **All cash fund (UPTF) requests in the decision items will have a corresponding increase to TABOR revenue.**

11. Please describe one-time federal stimulus funds (such as the CARES Act, ARPA, and the Federal Infrastructure Investment and Jobs Act) that the Department has received or expects to receive.

The Department received \$36.5 million as a pass through pursuant to SB 21-260, which transferred ARPA funds to the State Highway Fund. The Department was also authorized to receive up to \$477,100 of ARPA funds for investment software and staff-time investing one-time federal stimulus funds, and in addition, for part-time staffing for the CLIMBER program.

Example template for providing data related to TABOR revenue-related common question

Non-Tax Revenues Collected by Department That Are Subject to TABOR (excluding sources that amount to less than \$100,000/year)					
Revenue Source	Associated Cash Fund	Revenues Collected Annually			
		FY 2020-21 Actual	FY 2021-22 Projection	FY 2022-23 Projection	
<i>Description of source</i>	<i>Name of cash fund where revenue is credited (or General Fund if that is where revenue is credited)</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	
Abandoned property reported and paid to the State under CRS 38-13-401	Unclaimed Property Trust Fund (Dept WAAA, Fund 8270, Rev 9A12)	68,343,962	34,500,000	36,225,000	No known GF transfers; therefore, just approx. program expenses and potential transfers to the adult dental fund (assumed a 5% increase in FY23).
TOTALS		\$68,343,962	\$34,500,000	\$36,225,000	

We reclass TABOR exempt revenue to TABOR non-exempt revenue for Unclaimed Property's program expenses and transfers to the general fund & the adult dental fund which constitute fiscal year spending under CRS 38-13-801 (2)(d).

One-time Funds Received/Anticipated to be Received (amounts)										
State Department	Federal Bill (e.g., CARES, ARPA, Infrastructure Investment and Jobs Act)	Total Amount by Bill (Program Details Should Sum to These Figures)	Major Program Name	Brief Program Description	Funds originating as Coronavirus State Fiscal Recovery Funds (appropriated/transferred in 2021 legislative session)	State Department for Administration or Other Specific Functions. (Exclude funds passed through to other governments or beneficiaries.)	Funds Provided to the State Department and Passed-through to Another Government Entity (e.g., ESSER funds)	Funds Provided to and Administered by the State Department, but Solely for Direct Allocation to Beneficiaries	For amounts other than Fiscal Recovery Funds, How does State Access the Funds (e.g., formula allocation, grant application)	When are the funds available? (e.g., Mar 2020-Dec 2022)
Treasury	ARPA	\$36.5 million	HUTF	Highway Funds to counties and municipalities			\$36.5 million			FY 2022
Treasury	ARPA	\$ 477,100.00	CLIMBER	State Investments, Business Loan Program		\$ 477,100.00				Oct 2021 - Dec 2024