

Colorado Department of the Treasury SMART Act Hearing



Joint Finance Committee
Friday, January 20, 2023



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Treasury Mission & Vision

MISSION STATEMENT: The Colorado State Treasury is the constitutional custodian of the public's funds. It is the Treasury's duty to manage and account for the citizen's tax dollars from the time they are received until the time they are disbursed. The Treasury's staff is committed to safeguarding and managing the people's monies with the same diligence and care as they do their own.

VISION STATEMENT: The Colorado State Treasury staff will continually strive to better serve the citizens of Colorado. Central to this goal is the continued introduction and use of new technologies to provide improved access to services for both citizens and other governmental agencies.

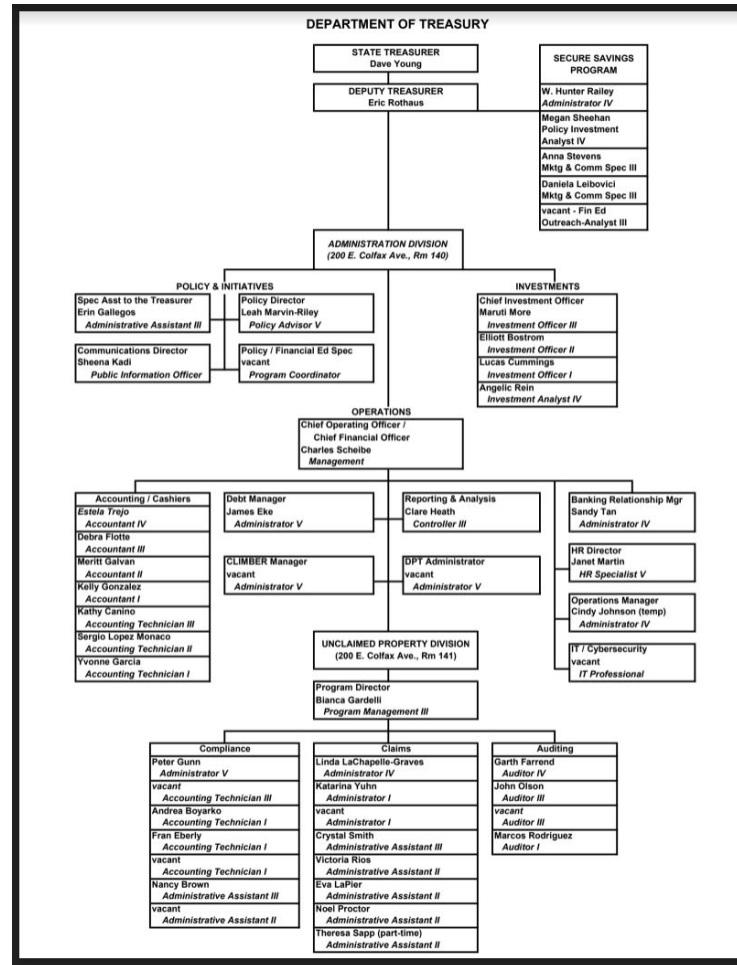


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Treasury Organizational Chart



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Performance Evaluation

Performance Indicators:

- Completed ✓
- In progress ✓
- Not started ✓



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Performance Evaluation: Accounting Division

The Accounting Division's mission is to serve as the custodian of the general ledger and related accounting transactions; to provide timely, comprehensive, and accurate financial reports and analysis, and to maintain a system of internal accounting and system controls to safeguard State assets and ensure financial data integrity.

Performance Goal: Mitigate risk of losing institutional knowledge by creating a knowledge base of procedure documents and establishing a succession planning framework by 2024.

Performance Indicators:

- Identify key positions and processes. ✓
- Update, revise, or create technical procedures. ✓
- Drive efficiencies through continuous process improvement. ✓
- Align training and development opportunities to operational goals. ✓
- Create succession planning action plans. ✓



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Performance Evaluation: CLIMBER Program

The Colorado Loans to Increase Mainstreet Business Economic Recovery (CLIMBER) Loan Fund's mission is to provide up to \$250 million in working capital to Colorado small businesses through 2024, promoting small business recovery, saving jobs, and helping support the Colorado economy.

Performance Goal: Keep CLIMBER operational after 2024 as a regular state program in partnership with the Office of Economic Development and International Trade (OEDIT).

Performance Indicators:

Identify continued sources of funding. ✓

Identify continued banking support. ✓

Modify legislation or adopt a new policy to make the program ongoing. ✓



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Performance Evaluation: Debt Management

The Debt Management Division's mission is to fund state needs at the lowest and most efficient cost to taxpayers over time, subject to global financial conditions, through the design and implementation of public debt management.

Performance Goal: Include more sustainable investment disclosure and reporting as it relates to public financing as part of department policy and procedures.

Performance Indicators:

Research sustainable investment frameworks. ✓

Modify official statements. ✓

Estimate financial impact to taxpayers for future financings. ✓



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Performance Evaluation: Investment Division

The Investment Division's mission is to provide investment programs that are safe, prudent, and appropriate for the public purpose of each fund, with rates of return consistently above or at performance benchmarks over time. The State Treasurer has set an investment policy stressing, in order of importance, safety, liquidity, and return as the key goals for all of the taxpayers' funds entrusted to the Department of the Treasury.

Performance Goal: Develop and propose a fair, competitive, and an equitable compensation plan to continue to attract and retain qualified investment professionals to work for the Colorado State Treasury.

Performance Indicators:

- Identify and survey 10-15 top state treasuries managing more than \$10 billion in fixed income assets. ✓
- Develop data and complete the survey. ✓
- Summarize pay plans for CIO, research analysts, traders, operations analysts. ✓
- Propose recommendations. ✓



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Performance Evaluation: SecureSavings Program

The Colorado Secure Savings Program's (CSSP) mission is to increase retirement savings in Colorado to ensure a dignified and sustainable retirement for everyone.

Performance Goal: Build the Colorado Secure Savings Program into one of the most successful retirement systems in the United States.

Performance Indicators:

Additional state partnerships. ✓

Direct engagement with 1099 and self-employed populations. ✓

Marketing and Outreach Strategy implementation. ✓

Coordinate enforcement with Colorado Department of Labor and Employment (CDLE). ✓

Grow the number of savers in the Program. ✓



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Performance Evaluation: Unclaimed Property Division

The Unclaimed Property Division's mission is to reunite owners (or heirs) with their unclaimed or abandoned property.

Performance Goal: To return 70,000 claimants' funds representing \$90 million over the next two fiscal years.

Performance Indicators:

Review all claims within the 90-day statute requirement. ✓

Manage and collaborate with contractors for successful reporting, maintenance, and return of Unclaimed Property. ✓

Deposit unclaimed property holder checks within 2 weeks of receipt. ✓

Reconcile at least 50% of new holder reports within 3 months of receipt. ✓

Authorize 40 new third party audits. ✓



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Treasury Base Budget

\$816.6 million Base Funds

- \$7.9 million Administrative
- \$2.9 million Unclaimed Property

\$ 805.8 million Special Project Funding:
Pass-Through Funds

47 Full Time Employees



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Budget Request

The Department made several budget requests for FY 2023-2024, including:

+ \$1 million
Administrative
+ \$.5 million
Unclaimed
Property

4 Full Time Employees

1. **Administration Division:** Two FTE - a budget analyst and a communications specialist; Equity, Diversity, and Inclusion (EDI) training; Conferences, travel, and training.
2. **Unclaimed Property Division:** Two FTE - a phone claims manager and an entry level claims representative; Processing claims (software and postage); Access to new fraud prevention software.
3. **Cyber Security:** Implementing the second phase of a cybersecurity penetration audit.
4. **Legislative Implementation:** Property Tax Deferral Program.
5. **IT Accessibility:** State agencies must create an IT Accessibility Adoption Plan.



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Legislative Agenda

The Department is implementing several bills from the 2022 legislative session.

Property Tax Deferral Program: [SB21-293](#), [SB22-220](#)

Public School Permanent Fund Working Group: [HB22-1146](#)

Security Token State Financing: [SB22-025](#)

Household Lending: [HB22-1359](#)

CLIMBER Small Business Loan Program: [HB22-1328](#)



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Regulatory Rules

Unlike many other agencies, the Treasury Department has a minimum number of rules.

Currently, rules registered with the Colorado Secretary of State provide guidance regarding public finance (8 CCR 1508-2), enforcement of the Revised Uniform Unclaimed Property Act (RUUPA) (8 CCR 1508-1), and guidance regarding the Colorado SecureSavings program (8 CCR 1508-3).

The Department may enact rules regarding the administration of the property tax deferral program. Last, the Department plans to revise its public finance rules.

The Department will work with the Office of the Attorney General, the Department of Regulatory Affairs, and the Office of the Secretary of State, as well as stakeholders to successfully adopt and implement rules.



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Regulatory Agenda

Ref #	Div	Anticipated Hearing or Adoption Date	Rule Number	Rule Title	New rule, revision, or repeal?	Statutory or other basis for adoption or change to rule	Purpose of Proposed Rule	Stakeholders
1	Admin	July 2023	New	General Administration of Property Tax Deferral Program	New	§39-3.5-103.5(3), CRS	To provide guidance for process and procedures surrounding the Property Tax Deferral Program	Property Owners, County Treasurers, Program Participants
2	Admin	September 2023	8 CCR 1508-2	State Public Finance Policy	Review	§24-36-121, CRS	To provide guidance related to state public financing	State Agencies, Financial Advisors, Financial Community, Underwriters



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Equity, Diversity, and Inclusion

In accordance with the Governor's Executive Order 2020 175, the Department has prepared a plan to improve equity, diversity, and inclusion, including:

- Completed statewide EDI training
- Completed organizational assessment
- Hired a Human Resources (HR) Director
- Updated departmental communications ensuring compatibility with screen readers
- Including more diverse job boards for open positions
- Requesting \$368K for OIT Accessibility updates
- Requesting \$30K for EDI departmental planning and trainings



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Remote Work

In response to COVID-19, Treasury has completed a comprehensive review of its programs and staff to identify where short-term remote work is appropriate and long-term opportunities for remote work.

When we asked staff why they enjoy working in a remote and virtual environment, many mentioned a better work/life balance, no commute (including time, cost of gas, and cost of parking), and fewer distractions.

Department employees continue to work in a hybrid environment and will for the foreseeable future.



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