

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF FIGURE SETTING
DEPARTMENT OF THE TREASURY**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
Alfredo Kemm, JBC Staff
February 7, 2013**

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

TABLE OF CONTENTS

Department Overview	1
Department request and recommendation summary	1
Executive Request	1
Committees of Reference SMART Act Recommendations	1
Staff Recommendation	1
(1) Administration	4
Division Request and Recommendation Summary	6
Line Item Detail - Administration	7
(2) Unclaimed Property Program	17
Division Request and Recommendation Summary	18
Line Item Detail – Unclaimed Property Program	18
(3) Special Purpose	20
Division Request and Recommendation Summary	20
Line Item Detail – Special Purpose	21
Long Bill Footnotes and Requests for Information	29
Numbers Pages	
Administration	30
Unclaimed Property Program	33
Special Purpose	34
Total	35
Appendices:	
A – Fire & Police Pension Association of Colorado Increased Payment Worksheet	36
B – Indirect Cost Assessment Methodology	37

DEPARTMENT OF THE TREASURY

Department Overview

The State Treasurer is one of five independently elected constitutional officers of the State. The Department of the Treasury is responsible for the following primary duties: (1) acts as the State's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program and transmits moneys from the Unclaimed Property Trust Fund to CoverColorado; (3) reimburses local governments for property tax revenues foregone due to the senior citizen and disabled veteran property tax exemption; (4) provides short-term, interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) transfers moneys to the Fire and Police Pension Association (FPPA) for local *old hire* pension plans; (7) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; (8) distributes federal mineral leasing funds received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado; and, (9) pursuant to S.B. 12-150, manages certain state public financing transactions.

DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY

Executive Request

The Department's request includes adjustments for the Special Purpose section's funds disbursements and transfers based on economic forecast or pursuant to statute and for common policy request items and base adjustments.

Committees of Reference SMART Act Recommendations

The House and Senate Finance Committees had no recommendations for the JBC related to the Department of the Treasury budget.

Staff Recommendation

The staff recommendation is summarized in the table below, followed by a brief description of each item listed.

Key differences between the recommendation and the Executive Request include:

- Staff recommends reflecting an appropriation of \$106.2 million for the Senior Citizen and Disabled Veteran Property Tax Exemption, based on Legislative Council Staff's December 2012 Economic Forecast, rather than \$102.6 million as included in the request.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Staff recommends an appropriation of \$30.3 million General Fund for the Fire and Police Pension Association – Old Hire Plans (FPPA), which includes an additional \$5.0 million payment in FY 2013-14, rather than \$25.3 million as included in the request.
- Staff recommends a cash fund appropriation from the Unclaimed Property Trust Fund of \$36.5 million for CoverColorado, rather than \$39.0 million as included in the request.

Department of the Treasury				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1335 (Long Bill)	478,908,151	109,331,708	369,576,443	31.5
HB 12-1246	794	794	0	0.0
SB 13-106 (Supplemental)	<u>360</u>	<u>(18,151)</u>	<u>18,511</u>	<u>0.0</u>
TOTAL	\$478,909,305	\$109,314,351	\$369,594,954	31.5
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$478,909,305	\$109,314,351	\$369,594,954	31.5
Non-Prioritized Requests				
NPI-1: Capitol Complex Building Upgrade, Repair, and Replacement	4,028	4,028	0	0.0
NPI-2: Employee Engagement Survey Adjustment	31	31	0	0.0
Special Purpose Funds Adjustments				
Fire and Police Pension Association - Old Hire Plans - SB 11-221 Annualization	15,321,079	15,321,079	0	0.0
Staff Recommended Additional Payment to FPPA	5,000,000	5,000,000	0	0.0
Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment	7,700,000	7,700,000	0	0.0
Highway Users Tax Fund Adjustment	3,886,256	0	3,886,256	0.0
CoverColorado Projection Adjustment	(9,488,306)	0	(9,488,306)	0.0
Common Policy and Annualizations				
Compensation-related Common Policy Adjustments	128,728	65,479	63,249	0.0
OIT Common Policy Adjustments	48,258	48,258	0	0.0
Operating Common Policy Adjustments	9,625	9,625	0	0.0
Prior Year Annualizations	<u>2,173</u>	<u>18,951</u>	<u>(16,778)</u>	<u>0.4</u>
TOTAL	\$501,521,177	\$137,481,802	\$364,039,375	31.9
Increase/(Decrease)	\$22,611,872	\$28,167,451	(\$5,555,579)	0.4
Percentage Change	4.7%	25.8%	(1.5%)	1.3%
FY 2013-14 Executive Request:				
Request Above/(Below) Recommendation	(\$6,110,863)	(\$8,598,193)	\$2,487,330	0.0

Issue Descriptions

Recommended Long Bill Supplemental: The recommendation includes an adjustment to the FY 2012-13 appropriation for a net neutral fund adjustment and a \$360 liability common policy increase.

NPI-1: Capitol Complex Building Upgrades: The amount shown reflects the request for a \$4,028 increase in General Fund to support the Department's share of building maintenance and upgrades for the State's Capitol Complex. *The staff recommendation is pending committee action.*

NPI-2: Employee Engagement Survey Adjustment: The amount shown reflects the request for a \$31 increase in General Fund to support the Department's share of a survey to gauge state employees' attitudes toward their work and their work environment, their overall satisfaction, and trends developing within the workforce. *The staff recommendation is pending committee action.*

Fire and Police Pension Association - Old Hire Plans - SB 11-221 Annualization: The recommendation includes a \$15.3 million increase in General Fund for payment to the FPPA – Old Hire Plans, pursuant to S.B. 11-221.

Staff Recommended Additional Payment to FPPA: The recommendation includes a \$5.0 million increase in General Fund representing an additional payment to the FPPA for FY 2013-14.

Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment: The recommendation includes a \$7.7 million increase in General Fund for reimbursement to local governments for lost property tax revenues based on the Legislative Council December 2012 forecast.

Highway Users Tax Fund Adjustment: The recommendation shows for informational purposes a \$3.9 million increase in cash funds for distribution to counties and municipalities of HUTF revenues based on the Department's estimated distributions.

CoverColorado Projection Adjustment: The recommendation includes a \$9.5 million decrease in cash funds from the Unclaimed Property Trust Fund for CoverColorado.

Compensation-related Common Policy Adjustments: The recommendation includes adjustments in accordance with Committee policy to centrally appropriated line items for compensation including: salary survey and merit pay; health, life, and dental; short-term disability; and supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund.

OIT Common Policy Adjustments: The amount shown reflects the request for adjustments to centrally appropriated line items for the following: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of

Information Technology (OIT); and communication services payments. ***The staff recommendation is pending committee action.***

Operating Common Policy Adjustments: The amount shown reflects the request for adjustments to centrally appropriated line items for the following: workers' compensation and payment to risk management and property; legal services; administrative law judge services; and capitol complex leased space. ***The staff recommendation is pending committee action.***

Prior Year Annualizations: The recommendation includes an increase of \$2,173 total funds to reflect the FY 2013-14 impact of prior year budget actions.

(1) Administration

The Administration Division is responsible for the operation and oversight of the Department of the Treasury. The Division performs three primary functions: accounting, cash management, and investment services.

Accounting: The accounting section primarily performs daily reconciliation of all cash that flows in and out of the State's bank accounts. This section is responsible for allocating monthly interest earnings to various funds managed by the Treasury. This section manages disbursements and transfers, including: distributing Highway User Tax Fund (HUTF) moneys, tobacco settlement moneys, tobacco tax moneys, and federal mineral leasing funds; disbursing senior citizen and disabled veteran property tax exemption payments to local governments; transferring state contributions to the Fire and Police Pension Association; and transmitting moneys from the Unclaimed Property Trust Fund to CoverColorado. This section issues cash flow notes on behalf of school districts participating in the interest-free loan program, and it administers the school bond payment guarantee program, as well as the charter-school intercept and moral obligation credit enhancement program. Finally, this section is responsible for managing the Elderly Property Tax Deferral Program.

Cash Management: The cash management section manages the State's banking service agreements and bank accounts, coordinates receipts and disbursements, and works with the investment staff to ensure that sufficient funds are maintained in the State's bank accounts. One of the main goals of the cash management section is to maintain a sufficient amount of cash to allow the State to meet its financial obligations, while at the same time investing as much as possible in order to maximize interest and investment income.

Investment: The investment section manages large portfolios collectively worth approximately \$6 billion. The assets are managed under statutory guidelines with the objectives of reducing financial risk, maintaining desired portfolio liquidity, and maintaining high yields.

General Note Concerning Funding for the Administration Division

Pursuant to Section 24-36-120, C.R.S., the Administration Division is partially funded by a transaction fee imposed on cash transactions that the division conducts on behalf of the more

than 100 interest-earning cash funds that are subject to the fee. Certain funds, such as the State Education Fund, the Highway Users Tax Fund, the Great Outdoors Colorado Trust Fund, the Public School Fund, the Old Age Pension Fund, the College Opportunity Fund, and any other fund for which the collection of these fees are prohibited by the State Constitution are exempt from the payment of these fees.

The resulting revenue covers about one-half of the Administration Division's expenses, which would otherwise be paid by the General Fund. The fee per transaction for FY 2013-14 will be established at the start of the fiscal year: it will equal the FY 2013-14 appropriation for the Administration Division divided by the total number of cash transactions conducted by the Treasury during the prior year (FY 2012-13), including transactions conducted on behalf of funds that don't pay the fee. The amount paid by an *eligible* fund during FY 2013-14 will then equal the per transaction fee multiplied by the number of transactions conducted on behalf of the fund during the prior year (FY 2012-13).

This means that the General Fund pays approximately half of any increased Administration Division appropriation while the rest is paid by eligible cash funds. For example, if the General Assembly increases the Administration Division's Operating Expenses appropriation by \$1,000, the per transaction fee will increase by a fraction of a cent, raising approximately \$500 more from the eligible cash funds; the General Fund will cover the remainder. In order to simplify the budgeting process, staff reflects all of the transaction fee revenue in the Personal Services line, making it appear that other Administration Division expenditures are financed exclusively from the General Fund.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Administration				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1335 (Long Bill)	2,007,185	831,708	1,175,477	16.0
H.B. 12-1246	794	794	0	0.0
SB 13-106 (Supplemental)	360	(18,151)	18,511	0.0
TOTAL	\$2,008,339	\$814,351	\$1,193,988	16.0
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$2,008,339	\$814,351	\$1,193,988	16.0
NPI-1: Capitol Complex Building Upgrade, Repair, and Replacement	4,028	4,028	0	0.0
NPI-2: Employee Engagement Survey Adjustment	31	31	0	0.0
Compensation-related Common Policy Adjustments	128,728	65,479	63,249	0.0
OIT Common Policy Adjustments	48,258	48,258	0	0.0
Operating Common Policy Adjustments	9,625	9,625	0	0.0
Prior Year Annualizations	440	18,951	(18,511)	0.4
TOTAL	\$2,199,449	\$960,723	\$1,238,726	16.4
Increase/(Decrease)	\$191,110	\$146,372	\$44,738	0.4
Percentage Change	9.5%	18.0%	3.7%	2.5%
FY 2013-14 Executive Request:	\$2,200,280	\$962,530	\$1,237,750	16.4
Request Above/(Below) Recommendation	\$831	\$1,807	(\$976)	(0.0)

Issue Descriptions

NPI-1: Capitol Complex Building Upgrades: The amount shown reflects the request for a \$4,028 increase in General Fund to support the Department’s share of building maintenance and upgrades for the State’s Capitol Complex. *The staff recommendation is pending committee action.*

NPI-2: Employee Engagement Survey Adjustment: The amount shown reflects the request for a \$31 increase in General Fund to support the Department's share of a survey to gauge state employees' attitudes toward their work and their work environment, their overall satisfaction, and trends developing within the workforce. *The staff recommendation is pending committee action.*

Compensation-related Common Policy Adjustments: The recommendation includes adjustments in accordance with Committee policy to centrally appropriated line items for compensation including: salary survey and merit pay; health, life, and dental; short-term disability; and supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund.

OIT Common Policy Adjustments: The amount shown reflects the request for adjustments to centrally appropriated line items for the following: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments. *The staff recommendation is pending committee action.*

Operating Common Policy Adjustments: The amount shown reflects the request for adjustments to centrally appropriated line items for the following: workers' compensation and payment to risk management and property; legal services; administrative law judge services; and capitol complex leased space. *The staff recommendation is pending committee action.*

Prior Year Annualizations: The recommendation includes an increase of \$440 total funds to reflect the FY 2013-14 impact of prior year budget actions.

LINE ITEM DETAIL - ADMINISTRATION

Personal Services

This line item provides funding for employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association and the state share of federal Medicare taxes. Prior to this year, the number of FTE in this Division had not changed since the 1970s. This line item also provides funding for certain professional and temporary services.

Request: The Department requests a continuation appropriation of \$1,294,244 and 16.4 FTE, including \$341,288 General Fund and \$952,956 cash funds from Treasury Transaction fees and the Unclaimed Property Trust Fund. The request reflects an increase of 0.4 FTE shown as an annualization for S.B. 12-150, which is continuously appropriated, and shown for informational purposes.

Recommendation: Staff recommends an appropriation of \$1,294,244 and 16.4 FTE, including \$341,288 General Fund and \$952,956 cash funds from Treasury Transaction fees and the Unclaimed Property Trust Fund.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Administration, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1335 (Long Bill)	1,293,450	340,494	952,956	16.0
H.B. 12-1246	794	794	0	0.0
SB 13-106 (Supplemental)	0	(18,511)	18,511	0.0
TOTAL	\$1,294,244	\$322,777	\$971,467	16.0
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$1,294,244	\$322,777	\$971,467	16.0
Prior Year Annualizations	0	18,511	(18,511)	0.4
TOTAL	\$1,294,244	\$341,288	\$952,956	16.4
Increase/(Decrease)	\$0	\$18,511	(\$18,511)	0.4
Percentage Change	0.0%	5.7%	(1.9%)	2.5%
FY 2013-14 Executive Request:				
Request Above/(Below) Recommendation	\$0	\$0	\$0	(0.0)

Health, Life, and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

Request: The Department requests an appropriation of \$210,528 total funds, including \$97,973 General Fund and \$112,555 cash funds.

Recommendation: Staff recommends an appropriation of \$205,040 total funds, including \$95,536 General Fund and \$109,504 cash funds, in accordance with Committee policy.

Administration, Health, Life, and Dental			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	188,470	98,068	90,402
TOTAL	\$188,470	\$98,068	\$90,402
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$188,470	\$98,068	\$90,402
Compensation-related Common Policy Adjustments	16,570	(2,532)	19,102
TOTAL	\$205,040	\$95,536	\$109,504
Increase/(Decrease)	\$16,570	(\$2,532)	\$19,102
Percentage Change	8.8%	(2.6%)	21.1%
FY 2013-14 Executive Request:			
Request Above/(Below) Recommendation	\$5,488	\$2,437	\$3,051

Short-term Disability

This line item provides funding for the employer's share of state employees short-term disability insurance premiums.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests an appropriation of \$3,618, including \$2,273 General Fund and \$1,345 cash funds.

Recommendation: Staff recommends an appropriation of \$3,626 total funds, including \$2,275 General Fund and \$1,351 cash funds, in accordance with Committee policy.

Administration, Short-term Disability			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	3,225	1,998	1,227
TOTAL	\$3,225	\$1,998	\$1,227
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$3,225	\$1,998	\$1,227
Compensation-related Common Policy Adjustments	401	277	124
TOTAL	\$3,626	\$2,275	\$1,351
Increase/(Decrease)	\$401	\$277	\$124
Percentage Change	12.4%	13.9%	10.1%
FY 2013-14 Executive Request:	\$3,618	\$2,273	\$1,345
Request Above/(Below) Recommendation	(\$8)	(\$2)	(\$6)

S.B. 04-257 Amortization Equalization Disbursement

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for the Public Employees' Retirement Association (PERA).

Request: The Department requests an appropriation of \$68,554, including \$43,040 General Fund and \$25,514 cash funds.

Recommendation: Staff recommends an appropriation of \$68,330 total funds, including \$42,694 General Fund and \$25,636 cash funds, in accordance with Committee policy.

Administration, S.B. 04-257 Amortization Equalization Disbursement			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	59,209	36,737	22,472
TOTAL	\$59,209	\$36,737	\$22,472
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$59,209	\$36,737	\$22,472
Compensation-related Common Policy Adjustments	9,121	5,957	3,164
TOTAL	\$68,330	\$42,694	\$25,636
Increase/(Decrease)	\$9,121	\$5,957	\$3,164
Percentage Change	15.4%	16.2%	14.1%
FY 2013-14 Executive Request:	\$68,554	\$43,040	\$25,514
Request Above/(Below) Recommendation	\$224	\$346	(\$122)

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for the Public Employees' Retirement Association (PERA).

Request: The Department requests an appropriation of \$61,888, including \$38,855 General Fund and \$23,033 cash funds.

Recommendation: Staff recommends an appropriation of \$61,551 total funds, including \$38,407 General Fund and \$23,144 cash funds, in accordance with Committee policy.

Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	50,732	31,420	19,312
TOTAL	\$50,732	\$31,420	\$19,312
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$50,732	\$31,420	\$19,312
Compensation-related Common Policy Adjustments	10,819	6,987	3,832
TOTAL	\$61,551	\$38,407	\$23,144
Increase/(Decrease)	\$10,819	\$6,987	\$3,832
Percentage Change	21.3%	22.2%	19.8%
FY 2013-14 Executive Request:			
Request Above/(Below) Recommendation	\$337	\$448	(\$111)

Salary Survey

This line item provides funding to pay for annual increases for salary survey.

Request: The Department requests an appropriation of \$50,595 total funds, including \$31,597 General Fund and \$18,998 cash funds.

Recommendation: Staff recommends an appropriation of \$57,620 total funds, including \$34,834 General Fund and \$22,786 cash funds, in accordance with Committee policy.

Administration, Salary Survey			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	0	0	0
TOTAL	\$0	\$0	\$0
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$0	\$0	\$0
Compensation-related Common Policy Adjustments	57,620	34,834	22,786
TOTAL	\$57,620	\$34,834	\$22,786
Increase/(Decrease)	\$57,620	\$34,834	\$22,786
Percentage Change	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:			
Request Above/(Below) Recommendation	(\$7,025)	(\$3,237)	(\$3,788)

Merit Pay

This line item provides funding to pay for performance-based pay increases related to employee performance and evaluations.

Request: The Department requests an appropriation of \$36,012 total funds, including \$21,771 General Fund and \$14,241 cash funds.

Recommendation: Staff recommends an appropriation of \$34,197 total funds, including \$19,956 General Fund and \$14,241 cash funds, in accordance with Committee policy.

Administration, Merit Pay			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	0	0	0
TOTAL	\$0	\$0	\$0
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$0	\$0	\$0
Compensation-related Common Policy Adjustments	34,197	19,956	14,241
TOTAL	\$34,197	\$19,956	\$14,241
Increase/(Decrease)	\$34,197	\$19,956	\$14,241
Percentage Change	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:			
Request Above/(Below) Recommendation	\$1,815	\$1,815	\$0

Workers' Compensation and Payment to Risk Management and Property Funds

This line item provides funding the Department's share of the statewide costs for workers' compensation and risk management and property programs.

Request: The Department requests an appropriation \$2,290 General Fund, which includes a proposed Department of Personnel common policy adjustment increase of \$352 and a proposed employee engagement survey adjustment increase of \$31.

Recommendation: Staff will reflect Committee common policy in the appropriation for this line item.

Administration, Workers' Compensation and Payment to Risk Management and Property Funds	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	1,907
SB 13-106 (Supplemental)	360
TOTAL	\$2,267
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$2,267
NPI-2: Employee Engagement Survey Adjustment	31
Operating Common Policy Adjustments	352
Prior Year Annualizations	(360)
TOTAL	\$2,290
Increase/(Decrease)	\$23
Percentage Change	1.0%
FY 2013-14 Executive Request:	\$2,290
Request Above/(Below) Recommendation	\$0

Operating Expenses

This line item provides funding for supplies and materials for the Administration Division, as well as for certain services that are not covered by other line items such as capital outlay¹, utilities, custodial services, equipment rental, storage, dues and subscriptions, and printing. The most significant expenditure funded through this appropriation is for the Department's investing tools, which include leasing three Bloomberg terminals, BondEdge Fixed Income Software System, and a subscription to the Standard & Poor Credit Wire Service. The operating line also funds traditional operating expenses such as telephone, copying, postage, and office supplies. Also included are professional development and job enhancement activities, such as books, dues and membership to organizations and registration fees for seminars.

Request: The Department requests an appropriation of \$176,231 General Fund, which includes an \$800 annualization adjustment for NAST membership dues.

Recommendation: Staff recommends an appropriation of \$176,231 General Fund.

¹ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

Administration, Operating Expenses	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	175,431
TOTAL	\$175,431
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$175,431
Prior Year Annualizations	800
TOTAL	\$176,231
Increase/(Decrease)	\$800
Percentage Change	0.5%
FY 2013-14 Executive Request:	\$176,231
Request Above/(Below) Recommendation	\$0

Information Technology Asset Maintenance

This line item provides funding to replace information technology equipment consistent with standard replacement cycles (e.g., four years for desktop and laptop computers, and five years for printers).

Request: The Department requests a continuation appropriation of \$12,568 total funds, including \$6,284 General Fund and \$6,284 cash funds from the Unclaimed Property Trust Fund.

Recommendation: Staff recommends a continuation appropriation of \$12,568 total funds, including \$6,284 General Fund and \$6,284 cash funds from the Unclaimed Property Trust Fund.

Legal Services for 575 hours

This line item provides funding for the Department to purchase legal services from the Department of Law. A Long Bill head note authorizes agencies to spend up to 10 percent of this appropriation for operating expenses, contractual services, and tuition for employee training.

Request: The Department requests a continuation appropriation of 575 hours of legal services with a corresponding appropriation of \$44,420 total funds, including \$22,210 General Fund and \$22,210 cash funds.

Recommendation: Staff recommends an appropriation for the purchase of a continuation level of 575 hours of legal services. The rate for legal services is pending the approval of Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

Purchase of Services from Computer Center

This item provides funding for the Department's share of statewide computer services provided by the Governor's Office of Information Technology (OIT).

Request: The Department requests \$52,059 General Fund for computer services provided by the General Government Computer Center. This appropriation reflects a proposed OIT common policy adjustment increase of \$41,386.

Recommendation: Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

Administration, Purchase of Services from Computer Center	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	10,673
TOTAL	\$10,673
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$10,673
OIT Common Policy Adjustments	41,386
TOTAL	\$52,059
Increase/(Decrease)	\$41,386
Percentage Change	387.8%
FY 2013-14 Executive Request:	
Request Above/(Below) Recommendation	\$0

Multiuse Network Payments

Funds in this line are used to reimburse OIT for the Department's share of the statewide multi-use network.

Request: The Department requests an appropriation of \$8,021 General fund, which includes a proposed OIT common policy adjustment increase of \$6,872.

Recommendation: Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

Administration, Multiuse Network Payments	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	1,149
TOTAL	\$1,149
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$1,149
OIT Common Policy Adjustments	6,872
TOTAL	\$8,021
Increase/(Decrease)	\$6,872
Percentage Change	598.1%
FY 2013-14 Executive Request:	
Request Above/(Below) Recommendation	\$0

Capitol Complex Leased Space

This line item is used to pay the Department of Personnel for the costs of maintaining state buildings that are part of the capitol complex.

Request: The Department requests an appropriation of \$68,136 General Fund for 4,379 square feet of space it occupies in the State Capitol Building. The request reflects a proposed common policy increase of \$13,301, which includes a common policy base adjustment of \$9,273 and a capitol complex building upgrade and repair common policy request item of \$4,028.

Recommendation: Staff recommends an appropriation for the purchase of a continuation level of square footage in the State Capitol Building. The rate for capitol complex leased space is pending Committee approval of common policy. Staff will reflect Committee common policy in the appropriation for this line item.

Administration, Capitol Complex Leased Space	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	54,835
TOTAL	\$54,835
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$54,835
NPI-1: Capitol Complex Building Upgrade, Repair, and Replacement	4,028
Operating Common Policy Adjustments	9,273
TOTAL	\$68,136
Increase/(Decrease)	\$13,301
Percentage Change	24.3%
FY 2013-14 Executive Request:	
Request Above/(Below) Recommendation	\$0

COFRS Modernization

This line item funds a project to replace the statewide accounting system (COFRS) used by the State Controller to record all state revenues and expenditures.

Request: The Department requests a continuation appropriation of \$101,116, including \$45,502 General Fund and \$55,614 cash funds.

Recommendation: Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

Charter School Facilities Financing Services

The Treasurer has several duties associated with charter school facility financing:

- A charter school may request that the Treasurer make direct payments of principal and interest on bonds issued on behalf of the school for the purpose of enhancing the ability of the school to obtain favorable financing terms pursuant to Section 22-30.5-406, C.R.S. The Treasurer is authorized to withhold, from the amount paid to the chartering district² for the state share of the district's total program funding, the amount of any direct payments made on behalf of the charter school plus any administrative costs associated with making such payments. Any administrative costs withheld are deposited into the Charter School Financing Administrative Cash Fund. Moneys in this fund are continuously appropriated.

- Under the provisions of H.B. 03-1021, the Colorado Educational and Cultural Facilities Authority may issue bonds on behalf of qualified charter schools. Participating charter schools are required to annually pay \$1 per \$1,000 of the principal amount of the bonds outstanding to the State Treasurer for deposit in the State Charter School Interest Savings Account (within the State Charter School Debt Reserve). The Treasurer is authorized to charge participating schools a fee to defray related direct and indirect costs. Such moneys are also to be deposited in the State Charter School Interest Savings Account within the State Charter School Debt Reserve Fund pursuant to Section 22-30.5-407 (3), C.R.S. Moneys in the State Charter School Debt Reserve Fund, including fees collected from schools, are continuously appropriated to the State Treasurer pursuant to Sections 22-30.5-407 (4) (a) and (a.5), C.R.S.

The Treasury's Administration Division performs several tasks to carry out the above duties.

Request: The Department request reflects an informational appropriation of \$5,000 cash funds from the Charter School Financing Administrative Cash Fund.

Recommendation: Staff recommends reflecting an appropriation of \$5,000 cash funds from the Charter School Financing Administrative Cash Fund.

Discretionary Fund

Pursuant to Section 24-9-105, C.R.S., five elected state officials receive annual appropriation for *expenditure in pursuance of official business as each elected official sees fit*. Subject to annual appropriation by the General Assembly, the Treasurer is to receive \$5,000 from the General Fund annually for this purpose.

Request: The Department requests a continuation appropriation of \$5,000 General Fund.

Recommendation: Staff recommends a continuation appropriation of \$5,000 General Fund.

² Or, in the case of an institute charter school, the amount is withheld from the amount paid to the State Charter School Institute.

(2) Unclaimed Property Program

Background Information: The Department administers the State's unclaimed property program, as set forth in Article 13 of Title 38, C.R.S. (The "Unclaimed Property Act"). Under this program, the state takes possession of dormant or abandoned properties from a wide range of business and public institutions and tries to return the properties to their rightful owners. Generally, property is subject to the custody of the State as unclaimed property if the last-known address of the property owner (or the person entitled to the property) is in Colorado.

While the program originally targeted properties held by banks, savings and loans, and credit unions, it has been expanded to include properties held by insurance companies, public institutions, government agencies, public corporations or authorities, non-profit entities, hospitals, utilities, estates, trusts, or any other legal or commercial entity. Recovered items include un-cashed checks and money orders, unclaimed stocks and securities, abandoned safety deposit box contents, dormant bank accounts, unclaimed utility deposits, unclaimed insurance benefits, unclaimed gift cards, un-cashed tax refunds, and intangible properties held by the courts, government agencies, and businesses.

Pursuant to Section 38-13-116.5, C.R.S., moneys collected pursuant to the Unclaimed Property Program and any associated interest earnings are deposited in the Unclaimed Property Trust Fund. Moneys in the Trust Fund that are not used or held in reserve to pay claims are used (subject to appropriation) to pay the direct and indirect costs of administering the program pursuant to Section 38-13-116.5 (2), C.R.S.

In addition, pursuant to S.B. 04-256, the Treasury sells securities that have been held as unclaimed property for more than one year and deposits the proceeds in the Unclaimed Property Tourism Promotion Trust Fund. The principal in this fund may only be used to pay claims, but the interest earnings are to be credited to the Colorado Travel and Tourism Promotion Fund, which is administered in the Department of Agriculture.

Prior to FY 2001-02, the administration of the program was supported through General Fund appropriations. Pursuant to H.B. 02-1392, program expenses are now supported by the principal in the Unclaimed Property Trust Fund. Section 38-13-116.5 (2) (d), C.R.S., provides that any moneys appropriated to the Department of the Treasury for the expenses of administering the program shall count as fiscal year spending under Section 6 or Article X (TABOR) of the State Constitution. Prior to FY 2004-05, net cash generated by the Unclaimed Property program was counted as state revenue under the Taxpayer's Bill of Rights (TABOR). Pursuant to S.B. 04-211, beginning in FY 2004-05, net cash generated by the program is no longer counted as state revenue under TABOR rules unless it is appropriated to cover the direct and indirect costs of administering the Unclaimed Property Program or expended from the Colorado Travel and Tourism Promotion Fund.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Unclaimed Property Program		
	Cash Funds	FTE
FY 2012-13 Appropriation:		
HB 12-1335 (Long Bill)	1,969,115	15.5
TOTAL	\$1,969,115	15.5
FY 2013-14 Recommended Appropriation:		
FY 2012-13 Appropriation	\$1,969,115	15.5
Prior Year Annualizations	1,733	0.0
TOTAL	\$1,970,848	15.5
Increase/(Decrease)	\$1,733	0.0
Percentage Change	0.1%	0.0%
FY 2013-14 Executive Request:		
Request Above/(Below) Recommendation	\$0	0.0

Issue Descriptions

Prior Year Annualizations: The recommendation includes an adjustment for the annualization of leased space for the Program.

LINE ITEM DETAIL – UNCLAIMED PROPERTY PROGRAM

Personal Services

This line item provides funding for employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association and the state share of federal Medicare contributions. This line item also provides funding for certain professional and temporary services.

Request: The Department requests a continuation appropriation of \$781,790 cash funds from the Unclaimed Property Trust Fund and 15.5 FTE.

Recommendation: Staff recommends a continuation appropriation of \$781,790 cash funds from the Unclaimed Property Trust Fund and 15.5 FTE.

Operating Expenses

This line item provides funding for supplies and materials, as well as capital outlay³, utilities, custodial services, equipment rental, storage, dues and subscriptions, and printing.

³ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

Request: The Department requests a continuation appropriation of \$131,869 cash funds from the Unclaimed Property Trust Fund.

Recommendation: Staff recommends a continuation appropriation of \$131,869 cash funds from the Unclaimed Property Trust Fund.

Promotion and Correspondence

This line item was first included as a separate line item in the FY 2006-07 Long Bill. The Department's promotional efforts are designed to notify owners of lost and forgotten assets held in trust by the State. Pursuant to Section 38-13-111 (7), C.R.S., the Administrator of the Unclaimed Property program may spend up to 2.0 percent of the previous year's paid claims for the publication and necessary correspondence (e.g., sending a notice to the last known address of each person who appears to be entitled to property valued at \$50 or more). Based on claims paid in FY 2011-12 of \$29.5 million the appropriation could be set as high as \$590,000. The Department is requesting a continuation appropriation of \$200,000 cash funds.

Request: The Department requests a continuation appropriation of \$200,000 cash funds from the Unclaimed Property Trust Fund.

Recommendation: Staff recommends a continuation appropriation of \$200,000 cash funds from the Unclaimed Property Trust Fund.

Leased Space

This line item provides funding for the lease of 3,466 square feet of space at 1580 Logan Street for the Unclaimed Property program.

Request: The Department requests an appropriation of \$57,189 cash funds from the Unclaimed Property Trust Fund, which includes an increase of \$1,733 for annualization of the Department's lease.

Recommendation: Staff recommends an appropriation of \$57,189 cash funds from the Unclaimed Property Trust Fund.

Contract Auditor Services

The Treasury Department contracts with auditing firms that examine the records of businesses located in other states in an effort to find unclaimed property belonging to Colorado citizens. The costs associated with these services are essentially paid on a contingency fee basis, with the State paying 12.0 percent of the value of any Colorado property identified. Pursuant to Section 38-13-116.5 (2) (b), C.R.S., moneys in the Unclaimed Property Trust Fund are continuously appropriated for the payment of services to contract auditors.

Request: The Department is reflecting funding for this line of \$800,000.

Recommendation: Staff recommends reflecting an appropriation of \$800,000 cash funds from the Unclaimed Property Trust Fund.

(3) Special Purpose

This section of the Long Bill reflects various disbursements and transfers the Treasurer is required to make, including the following: (1) reimbursements to local governments for property tax revenues foregone due to the senior citizen and disabled veteran property tax exemption; (2) transmittals from the Unclaimed Property Trust Fund to CoverColorado; (3) transfers to the Fire and Police Pension Association for *old hire* fire and police pension plans (suspended, per S.B. 09-227, for FY 2009-10, FY 2009-10, and FY 2010-11); and (4) allocations of HUTF revenues to local governments. The General Fund and General Fund Exempt appropriations for the senior citizen property tax exemption and FPPA are not subject to the statutory restrictions on General Fund appropriations. The sources of cash funds are the Highway Users Tax Fund and the Unclaimed Property Trust Fund.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Special Purpose			
	Total Funds	General Fund	Cash Funds
FY 2012-13 Appropriation:			
HB 12-1335 (Long Bill)	474,931,851	108,500,000	366,431,851
TOTAL	\$474,931,851	\$108,500,000	\$366,431,851
FY 2013-14 Recommended Appropriation:			
FY 2012-13 Appropriation	\$474,931,851	\$108,500,000	\$366,431,851
Fire and Police Pension Association - Old Hire Plans - SB 11-221 Annualization	15,321,079	15,321,079	0
Staff Recommended Additional Payment to FPPA	5,000,000	5,000,000	0
Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment	7,700,000	7,700,000	0
Highway Users Tax Fund Adjustment	3,886,256		3,886,256
CoverColorado Projection Adjustment	(9,488,306)		(9,488,306)
TOTAL	\$497,350,880	\$136,521,079	\$360,829,801
Increase/(Decrease)	\$22,419,029	\$28,021,079	(\$5,602,050)
Percentage Change	4.7%	25.8%	(1.5%)
FY 2013-14 Executive Request:			
Request Above/(Below) Recommendation	(\$6,111,694)	(\$8,600,000)	\$2,488,306

Issue Descriptions

Fire and Police Pension Association - Old Hire Plans - SB 11-221 Annualization: The recommendation includes a \$15.3 million increase in General Fund for payment to the FPPA – Old Hire Plans, pursuant to S.B. 11-221.

Staff Recommended Additional Payment to FPPA: The recommendation includes a \$5.0 million increase in General Fund representing an additional payment to the FPPA for FY 2013-14.

Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment: The recommendation includes a \$7.7 million increase in General Fund for reimbursement to local governments for lost property tax revenues based on Legislative Council Staff's December 2012 Economic Forecast.

Highway Users Tax Fund Adjustment: The recommendation shows for informational purposes a \$3.9 million increase in cash funds for distribution to counties and municipalities of HUTF revenues based on the Department's estimated distributions.

CoverColorado Projection Adjustment: The recommendation includes a \$9.5 million decrease in cash funds from the Unclaimed Property Trust Fund for CoverColorado.

LINE ITEM DETAIL – SPECIAL PURPOSE

Senior Citizen and Disabled Veteran Property Tax Exemption

This line item provides funding to reimburse local governments for property taxes foregone as a result of the Senior Citizen and Disabled Veteran Property Tax Exemption. The original exemption, authorized in Section 3.5 of Article X of the State Constitution, approved by the voters in 2000, and implemented in Sections 39-3-201 through 208, C.R.S., grants a property tax exemption to qualifying senior citizens⁴ equal to 50.0 percent of the first \$200,000 of residential property value. The State Treasurer is required to reimburse local governments for the resulting lost property tax revenues. Such payments are made from the General Fund, but are not subject to the statutory limit on General Fund appropriations pursuant to Article X, Section 3.5 (3) of the State Constitution:

...Payments made from the state general fund to compensate local government entities for property tax revenues lost as a result of the property tax exemption provided for in this section shall not be subject to any statutory limitation on

⁴ Qualifications include: (a) the residential property must be owner-occupied and used as the primary residence; (b) the owner-occupier must be sixty-five years of age or older as of the assessment date; and (c) the owner-occupier must have owned and occupied the property as his or her primary residence for the ten years immediately preceding the assessment date (or be the spouse or surviving spouse of an owner-occupier who previously qualified for a property tax exemption for the same residential real property).

general fund appropriations because the enactment of this section by the people of Colorado constitutes voter approval of a weakening of any such limitation.

Please note that similar to the state contribution for local fire and police pension plans, the costs associated with the exemption are treated outside the statutory limits on state spending and are not built into the funding base used to calculate the limit for subsequent fiscal years.

The original constitutional provision also specified that voter approval of the measure constituted a voter-approved revenue change, thereby allowing the TABOR limit for FY 2001-02 to increase by \$44.1 million and that such an amount should be included for the purpose of calculating subsequent fiscal year spending limits. However, by the time the State was required to pay the first year reimbursement in April 2003, state revenues no longer exceeded the TABOR limit. Thus, this measure never increased the State's TABOR limit.

In the 2006 session, the General Assembly adopted S.C.R. 06-001 that referred a measure to the voters to extend the homestead exemption to veterans who are 100 percent permanently disabled due to a service-connected disability. The measure was passed by the voters and the General Assembly adopted H.B. 07-1251 during the 2007 session to implement this constitutional change. The expansion of the homestead exemption took effect for property tax years commencing on or after January 1, 2007.

The Constitution authorizes the General Assembly to raise or lower the maximum amount of actual value that is exempt from taxation. For tax year 2002, the first year this exemption was made available, the exemption was limited to the first \$200,000 of actual residence value. The General Assembly lowered this amount from \$200,000 to \$0 for property tax years 2003, 2004, and 2005, thus eliminating the associated state expenditures for fiscal years 2003-04, 2004-05, and 2005-06. State payments resumed in FY 2006-07.

In the 2009 session, the General Assembly again reduced the exemption for senior citizens to \$0, thus reducing state payments for FY 2009-10 to \$1.3 million for the disabled veterans exemption from a total of \$85.6 million in FY 2008-09. In the 2010 session, the General Assembly extended the suspension of the senior citizen exemption for two additional years, reducing state payments in FY 2010-11 and FY 2011-12.

Estimated expenditures are included in the Department of the Treasury's budget for informational purposes and are based on the estimates contained in Legislative Council Staff's Economic Forecasts.

Request: The Department's request reflects \$102.6 million General Fund for this line item based on the September 2012 forecast.

Recommendation: Staff recommends reflecting an appropriation of \$106.2 million General Fund based on Legislative Council Staff's December 2012 Economic Forecast. This informational appropriation is not subject to statutory limits on General Fund appropriations. Staff also requests permission to update, if necessary, the appropriation based on Legislative Council Staff's March 2012 Economic Forecast.

Special Purpose, Senior Citizen and Disabled Veteran Property Tax Exemption	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	98,500,000
TOTAL	\$98,500,000
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$98,500,000
Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment	7,700,000
TOTAL	\$106,200,000
Increase/(Decrease)	\$7,700,000
Percentage Change	7.8%
FY 2013-14 Executive Request:	\$102,600,000
Request Above/(Below) Recommendation	(\$3,600,000)

Fire and Police Pension Association – Old Hire Plans

Background Information: Section 31-30.5-307, C.R.S., requires the State to pay part of the unfunded liability of retirement plans that cover police officers and fire fighters who were hired before April 1978. This was part of a plan approved by the General Assembly to address unfunded local pension plans for police officers and fire fighters. Senate Bill 79-079 included the following language in the legislative declaration:

*...The general assembly further declares that state moneys provided to municipalities and fire protections districts **do not constitute a continuing obligation of the state** to participate in the ongoing normal costs of pension plan benefits, except for state funding of death and disability benefits [as specified in this bill], but are provided in recognition that said local governments are currently burdened with financial obligations relating to pensions in excess of their present financial capacities. It is the intent of the general assembly in providing state moneys to assist said local governments that state participation decrease annually, terminating at the earliest possible date. (**emphasis added**)*

Since 1980, the State has contributed a total of \$515 million to 110 local police and fire agencies. The state contribution for old hire pension plans is determined by statute and consists of General Fund revenues related to insurance company premium taxes. The amount of the annual state contribution to the FPPA is reflected as a General Fund appropriation in the Treasury section of the annual Long Bill for informational purposes as required by Section 31-30.5-307 (3), C.R.S. For FY 2005-06 through FY 2007-08, this amount has been reflected as coming from the General Fund Exempt Account. Such moneys are transferred pursuant to Section 31-30.5-307 (2), C.R.S., and are not deemed to be an appropriation subject to the statutory limit on General

Fund appropriations. The Treasury Department annually transfers the required amount from the General Fund to the FPPA, which distributes the moneys to eligible old-hire pension plans.⁵

Three times since 1980, the General Assembly has suspended the state contribution to the old-hire pension plans. The first year that the annual state contribution was eliminated was in 1987. In 1995, the state contribution was increased to cover the 1987 payment plus accrued interest. In addition, S.B. 95-228 increased the annual state contribution from \$18.7 million to \$25.3 million. The legislation provided that state support would end when the local old hire pension plans became fully funded or in FY 2010-11, whichever came first. Prior to the passage of S.B. 95-228, it was anticipated that state funding would continue through 2024. The earlier end-date was intended to coincide with the date at which all *old-hire* participants were expected to have retired.

The General Assembly again suspended the state contribution for old-hire pension plans (through S.B. 03-263) for FY 2003-04 and FY 2004-05 and extended state payments by two years to FY 2011-12. The legislation required the state to pay the amount of unfunded liability that accrued as a result of the suspension of the state contribution. This additional payment was to have been made by April 30, 2012.

Due to the General Fund revenue shortfall that became apparent by the 2009 session, the General Assembly passed S.B. 09-227, which again suspended state contributions for FY 2008-09 through FY 2010-11. Senate Bill 11-221 reinstated the payments, but at a reduced rate for two years. The bill requires payments of \$5.3 million in FY 2011-12 and \$10.0 million in FY 2012-13. Full payments of \$25.3 million resume in FY 2013-14 and payments are extended until FY 2018-19 when a payment of \$49.4 million is due. The following table shows the current schedule of required State payments and additional payment scenarios for FY 2013-14.

⁵ In addition, Sections 31-30-1112 and 1134, C.R.S., require the State to help pay for *volunteer* firefighter pensions and an accidental death and disability plan covering volunteer firefighters statewide. Pursuant to S.B. 04-198, payments associated with volunteer firefighters are now administered by the Department of Local Affairs.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Fire and Police Pension Association Payments for State-Assisted <i>Old-hire</i> Pension Plans					
	Payment Date	Contribution Required by S.B. 11-221	Additional \$5.0m Payment in FY 13-14	Additional \$10.0m Payment in FY 13-14	Pay-off Balance in FY13-14
FY12-13	April 2013	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FY13-14	April 2014	25,321,079	30,321,079	35,321,079	141,469,019
FY14-15	April 2015	25,321,079	25,321,079	25,321,079	-
FY15-16	April 2016	25,321,079	25,321,079	25,321,079	-
FY16-17	April 2017	25,321,079	25,321,079	25,321,079	-
FY17-18	April 2018	25,321,079	25,321,079	25,321,079	-
FY18-19	April 2019	49,443,768	37,813,593	30,635,446	-
Total Payments Remaining		\$186,049,163	\$179,418,988	\$177,240,841	\$151,469,019
Savings Relative to Current Schedule			\$6,630,175	\$8,808,322	\$34,580,144

The table suggests that an additional \$5.0 million payment in FY 2013-14 will yield a decrease in total payments remaining of \$6.6 million. An additional incremental \$5.0 million payment – or \$10.0 million total additional payment – yields an additional \$2.2 million decrease in payments remaining; i.e. the first \$5.0 million saves \$6.6 million, while the second \$5.0 million saves \$2.2 million. A payment of \$141.5 million – or an additional payment of \$116.1 million – would pay-off the balance of the state contribution, and yield a savings of \$34.6 million in total payments relative to the current schedule.

Request: The Department requests an appropriation of \$25,321,079 General Fund Exempt pursuant to the payment required for FY 2013-14 in S.B. 11-221.

Recommendation: Staff recommends an appropriation of \$30,321,079 General Fund Exempt, for FY 2013-14, which includes an additional \$5.0 million payment that is projected to decrease the total payments in the current schedule by \$6.6 million.

*JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision*

Special Purpose, Fire and Police Pension Association - Old Hire Plans	
General Fund	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	10,000,000
TOTAL	\$10,000,000
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$10,000,000
Fire and Police Pension Association - Old Hire Plans - SB 11-221 Annualization	15,321,079
Staff Recommended Additional Payment to FPPA	5,000,000
TOTAL	\$30,321,079
Increase/(Decrease)	\$20,321,079
Percentage Change	203.2%
FY 2013-14 Executive Request:	\$25,321,079
Request Above/(Below) Recommendation	(\$5,000,000)

CoverColorado

Background information: Colorado does not require insurance companies that offer individual health coverage to accept everyone who applies, regardless of their health status. The General Assembly created CoverColorado in 1990 to offer health insurance to those *high risk* individuals who are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Although CoverColorado premiums are currently set at 137 percent of the industry average, premium revenues cover less than 50 percent of the program's costs. Thus, the program requires a subsidy from one or more other sources of revenue. These other sources of revenue include contributions from insurance companies provided in exchange for a 100 percent premium tax credit (a maximum of \$5.0 million per year), interest and principal from the Unclaimed Property Trust Fund, and insurance carrier assessments.

The following table provides a summary of CoverColorado costs, premiums, and other sources of revenue for the current calendar year and for three additional years. Under provisions of the Federal Patient Protection and Affordable Care Act, in 2014, CoverColorado will no longer be needed as the insurance exchanges and subsidies provided for in the Patient Protection and Affordable Care Act will allow CoverColorado participants to obtain insurance through the exchanges.

*JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision*

CoverColorado: Projected Claims, Administrative Expenses, and Revenues				
Calendar Year	2010	2011	2012	2013
Membership	12,715	13,859	13,872	13,992
Growth Rate in Membership	21.8%	9.0%	0.1%	0.9%
Claims and Admin. Expenses	\$ 113,701,970	\$ 135,759,151	\$ 127,607,139	\$ 141,494,032
Revenue and Funding				
Member Premiums	53,830,295	65,854,692	74,321,742	74,925,596
Transfers from the UPTF	29,142,431	34,694,251	40,000,000	36,511,694
Fees Assessed to Insurers	28,794,604	34,694,251	40,000,000	0
Other Sources	<u>8,707,439</u>	<u>7,885,164</u>	<u>7,184,101</u>	<u>5,872,417</u>
Total Revenue and Funding	120,474,769	143,128,358	161,505,843	117,309,707
Net Change in Fund Balance	\$ 6,772,799	\$ 7,369,207	\$ 33,898,704	(\$ 24,184,325)

While CoverColorado is expecting to discontinue operations by the end of FY 2013-14, a bill for the wind down of operations and repeal of the program is in process, and the program may not require funding from the Unclaimed Property Trust Fund after December 2013, under current statute staff recommends an appropriation for the full fiscal year, with adjustments to the full fiscal year appropriation to be made later if necessary.

Request: The Department requests an appropriation of \$39.0 million cash funds for FY 2013-14 from the Unclaimed Property Trust Fund for transfer to CoverColorado.

Recommendation: Staff recommends an appropriation of \$36,511,694 cash funds for FY 2013-14 from the Unclaimed Property Trust Fund for transfer to CoverColorado.

Special Purpose, CoverColorado	
Cash Funds	
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	46,000,000
TOTAL	\$46,000,000
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$46,000,000
CoverColorado Projection Adjustment	(9,488,306)
TOTAL	\$36,511,694
Increase/(Decrease)	(\$9,488,306)
Percentage Change	(20.6%)
FY 2013-14 Executive Request:	
Request Above/(Below) Recommendation	\$2,488,306

Highway Users Tax Fund – County Payments

This line item provides an estimate of the amount that will be distributed to counties from the HUTF. Counties are required to use such funds for the construction, engineering, reconstruction, maintenance, repair, equipment, improvement, and administration⁶ of the county highway systems and any other public highways.

Request: The Treasurer's budget request included estimated distributions to counties totaling \$192,906,168 cash funds for FY 2013-14.

Recommendation: Staff recommends reflecting an appropriation of \$192,906,168 cash funds in the Long Bill for informational purposes.

Special Purpose, Highway Users Tax Fund - County Payments	
	Cash Funds
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	189,977,570
TOTAL	\$189,977,570
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$189,977,570
Highway Users Tax Fund Adjustment	2,928,598
TOTAL	\$192,906,168
Increase/(Decrease)	\$2,928,598
Percentage Change	1.5%
FY 2013-14 Executive Request:	
Request Above/(Below) Recommendation	\$0

Highway Users Tax Fund – Municipality Payments

This line item provides an estimate of the amount that will be distributed to municipalities from the HUTF. Cities and incorporated towns are required to use such funds for the construction, engineering, reconstruction, maintenance, repair, equipment, improvement, and administration⁶ of the system of municipal streets or any other public highways located in the municipality.

Request: The Treasurer's budget request included estimated distributions to municipalities totaling \$131,411,939 cash funds for FY 2013-14.

Recommendation: Staff recommends reflecting an appropriation of \$131,411,939 cash funds in the Long Bill for informational purposes.

⁶ Pursuant to Section 43-4-207 (1), C.R.S., this amount is limited to 5.0 percent of each county's share of the available funds.

Special Purpose, Highway Users Tax Fund - Municipality Payments	
	Cash Funds
FY 2012-13 Appropriation:	
HB 12-1335 (Long Bill)	130,454,281
TOTAL	\$130,454,281
FY 2013-14 Recommended Appropriation:	
FY 2012-13 Appropriation	\$130,454,281
Highway Users Tax Fund Adjustment	957,658
TOTAL	\$131,411,939
Increase/(Decrease)	\$957,658
Percentage Change	0.7%
FY 2013-14 Executive Request:	
Request Above/(Below) Recommendation	\$0

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

Staff recommends not including any footnotes for the Department of the Treasury.

LEGISLATIVE REQUESTS FOR INFORMATION

Staff recommends the following written request for information be **continued**:

1. Department of the Treasury, Administration – The State Treasurer is requested to submit an annual report to the Joint Budget Committee concerning the performance of the state's investments. The report should include comparisons to relevant benchmarks and a detailed discussion of the benchmarks. This report should be submitted as a part of the State Treasurer's annual budget request.

Staff recommends the following written request for information be **eliminated**:

2. Department of the Treasury, Special Purpose, CoverColorado – Pursuant to Section 10-8-530 (4) (c) (I), C.R.S., the Executive Director of CoverColorado is required to report annually to the Joint Budget Committee concerning actual program receipts and expenditures. In addition, the Department is requested to work with the Executive Director to provide reports to the Joint Budget Committee by October 1, 2012, and by February 1, 2013, that contain enrollment, revenue, expenditure, and assessment projections for the CoverColorado program for FY 2012-13 and FY 2013-14.

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

Numbers Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recomendation
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	-------------------------------------

DEPARTMENT OF THE TREASURY
Walker Stapleton, State Treasurer

(1) ADMINISTRATION

Provides accounting, cash management, and investment services for the State as well as administrative services for the Treasury Department. Cash are the Unclaimed Property Trust Fund, Treasury Transactions Fee revenue, and the Charter School Financing Administrative Cash Fund.

Personal Services	<u>1,208,310</u>	<u>1,228,479</u>	<u>1,294,244</u>	<u>1,294,244</u>	<u>1,294,244</u>
FTE	15.3	14.5	16.0	16.4	16.4
General Fund	232,500	275,680	322,777	341,288	341,288
Cash Funds	975,810	952,799	971,467	952,956	952,956
Health, Life, and Dental	<u>126,677</u>	<u>133,685</u>	<u>188,470</u>	<u>210,528</u>	<u>205,040</u>
General Fund	31,140	35,082	98,068	97,973	95,536
Cash Funds	95,537	98,603	90,402	112,555	109,504
Short-term Disability	<u>2,652</u>	<u>2,751</u>	<u>3,225</u>	<u>3,618</u>	<u>3,626</u>
General Fund	1,608	1,524	1,998	2,273	2,275
Cash Funds	1,044	1,227	1,227	1,345	1,351
S.B. 04-257 Amortization Equalization					
Disbursement	<u>37,711</u>	<u>43,873</u>	<u>59,209</u>	<u>68,554</u>	<u>68,330</u>
General Fund	21,560	24,461	36,737	43,040	42,694
Cash Funds	16,151	19,412	22,472	25,514	25,636
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>27,402</u>	<u>35,227</u>	<u>50,732</u>	<u>61,888</u>	<u>61,551</u>
General Fund	15,614	19,628	31,420	38,855	38,407
Cash Funds	11,788	15,599	19,312	23,033	23,144

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recomendation
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,595</u>	<u>57,620</u>
General Fund	0	0	0	31,597	34,834
Cash Funds	0	0	0	18,998	22,786
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,012</u>	<u>34,197</u>
General Fund	0	0	0	21,771	19,956
Cash Funds	0	0	0	14,241	14,241
Workers' Compensation and Payment to Risk Management and Property Funds	<u>1,452</u>	<u>1,769</u>	<u>2,267</u>	<u>2,290</u>	<u>2,290</u> *
General Fund	1,452	1,769	2,267	2,290	2,290
Operating Expenses	<u>148,441</u>	<u>169,322</u>	<u>175,431</u>	<u>176,231</u>	<u>176,231</u>
General Fund	148,441	169,322	175,431	176,231	176,231
Information Technology Asset Maintenance	<u>8,942</u>	<u>5,131</u>	<u>12,568</u>	<u>12,568</u>	<u>12,568</u>
General Fund	2,658	(1,153)	6,284	6,284	6,284
Cash Funds	6,284	6,284	6,284	6,284	6,284
Legal Services	<u>37,513</u>	<u>43,534</u>	<u>44,420</u>	<u>44,420</u>	<u>44,420</u>
General Fund	16,419	21,767	22,210	22,210	22,210
Cash Funds	21,094	21,767	22,210	22,210	22,210
Purchase of Services from Computer Center	<u>3,811</u>	<u>132,060</u>	<u>10,673</u>	<u>52,059</u>	<u>52,059</u>
General Fund	3,811	132,060	10,673	52,059	52,059
Multiuse Network Payments	<u>0</u>	<u>0</u>	<u>1,149</u>	<u>8,021</u>	<u>8,021</u>
General Fund	0	0	1,149	8,021	8,021

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recomendation
Capitol Complex Leased Space	<u>53,949</u>	<u>55,297</u>	<u>54,835</u>	<u>68,136</u>	<u>68,136</u> *
General Fund	53,949	55,297	54,835	68,136	68,136
COFRS Modernization	<u>0</u>	<u>0</u>	<u>101,116</u>	<u>101,116</u>	<u>101,116</u>
General Fund	0	0	45,502	45,502	45,502
Cash Funds	0	0	55,614	55,614	55,614
Charter School Facilities Financing Services	<u>3,009</u>	<u>3,209</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Cash Funds	3,009	3,209	5,000	5,000	5,000
Discretionary Fund	<u>362</u>	<u>1,559</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
General Fund	362	1,559	5,000	5,000	5,000
TOTAL - (1) Administration	1,660,231	1,855,896	2,008,339	2,200,280	2,199,449
<i>FTE</i>	<u>15.3</u>	<u>14.5</u>	<u>16.0</u>	<u>16.4</u>	<u>16.4</u>
General Fund	529,514	736,996	814,351	962,530	960,723
Cash Funds	1,130,717	1,118,900	1,193,988	1,237,750	1,238,726

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recomendation
--	----------------------	----------------------	-----------------------------	-----------------------	-----------------------------

(2) UNCLAIMED PROPERTY PROGRAM

This program collects unclaimed property and attempts to locate and return unclaimed properties to the legal owners or heirs. Funding source is the Unclaimed Property Trust Fund.

Personal Services	<u>676,887</u>	<u>686,392</u>	<u>781,790</u>	<u>781,790</u>	<u>781,790</u>
FTE	8.2	10.6	15.5	15.5	15.5
Cash Funds	676,887	686,392	781,790	781,790	781,790
Operating Expenses	<u>121,414</u>	<u>115,498</u>	<u>131,869</u>	<u>131,869</u>	<u>131,869</u>
Cash Funds	121,414	115,498	131,869	131,869	131,869
Promotion and Correspondence	<u>199,246</u>	<u>194,387</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	199,246	194,387	200,000	200,000	200,000
Leased Space	<u>47,527</u>	<u>46,059</u>	<u>55,456</u>	<u>57,189</u>	<u>57,189</u>
Cash Funds	47,527	46,059	55,456	57,189	57,189
Contract Auditor Services	<u>296,789</u>	<u>719,085</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Cash Funds	296,789	719,085	800,000	800,000	800,000
TOTAL - (2) Unclaimed Property Program	1,341,863	1,761,421	1,969,115	1,970,848	1,970,848
FTE	8.2	10.6	15.5	15.5	15.5
Cash Funds	1,341,863	1,761,421	1,969,115	1,970,848	1,970,848

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recomendation
--	----------------------	----------------------	-----------------------------	-----------------------	-----------------------------

(3) SPECIAL PURPOSE

The expenditures in this section are included in the Long Bill for informational purposes only - they reflect continuous appropriations required by constitutional provisions or State statutes. The line items: reimburse local governments for property taxes foregone due to the Senior Citizen and Disabled Veteran Property Tax Exemption; transfer money from the Unclaimed Property Trust Fund to CoverColorado; transfer General Fund to the Fire and Police Pension Association (FPPA) "old-hire" pension plans; and allocate a portion of the Highway Users Tax Fund (HUTF) to local governments. The General Fund appropriations are exempt from the statutory limits on General Fund appropriations. The appropriation for the Senior Citizen and Disabled Veteran Property Tax Exemption, the transfer to CoverColorado, and the appropriation for FPPA "old-hire" pension plans are not subject to the TABOR limitations.

Senior Citizen and Disabled Veteran Property Tax

Exemption	<u>1,574,580</u>	<u>1,752,486</u>	<u>98,500,000</u>	<u>102,600,000</u>	<u>106,200,000</u>
General Fund	1,574,580	1,752,486	98,500,000	102,600,000	106,200,000

Fire and Police Pension Association - Old Hire

Plans	<u>0</u>	<u>5,321,079</u>	<u>10,000,000</u>	<u>25,321,079</u>	<u>30,321,079</u>
General Fund Exempt	0	5,321,079	10,000,000	25,321,079	30,321,079

CoverColorado

Cash Funds	<u>31,918,341</u>	<u>37,347,125</u>	<u>46,000,000</u>	<u>39,000,000</u>	<u>36,511,694</u>
	31,918,341	37,347,125	46,000,000	39,000,000	36,511,694

Highway Users Tax Fund - County Payments

Cash Funds	<u>185,391,721</u>	<u>187,067,783</u>	<u>189,977,570</u>	<u>192,906,168</u>	<u>192,906,168</u>
	185,391,721	187,067,783	189,977,570	192,906,168	192,906,168

Highway Users Tax Fund - Municipality Payments

Cash Funds	<u>127,305,258</u>	<u>127,434,702</u>	<u>130,454,281</u>	<u>131,411,939</u>	<u>131,411,939</u>
	127,305,258	127,434,702	130,454,281	131,411,939	131,411,939

TOTAL - (3) Special Purpose	346,189,900	358,923,175	474,931,851	491,239,186	497,350,880
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
General Fund	1,574,580	1,752,486	98,500,000	102,600,000	106,200,000
General Fund Exempt	0	5,321,079	10,000,000	25,321,079	30,321,079
Cash Funds	344,615,320	351,849,610	366,431,851	363,318,107	360,829,801

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recomendation
TOTAL - Department of the Treasury	349,191,994	362,540,492	478,909,305	495,410,314	501,521,177
<i>FTE</i>	<u>23.5</u>	<u>25.1</u>	<u>31.5</u>	<u>31.9</u>	<u>31.9</u>
General Fund	2,104,094	2,489,482	99,314,351	103,562,530	107,160,723
General Fund Exempt	0	5,321,079	10,000,000	25,321,079	30,321,079
Cash Funds	347,087,900	354,729,931	369,594,954	366,526,705	364,039,375

**Fire & Police Pension Association of Colorado
Funding for State Assisted Old Hire Plans**

Annual FPPA Payments	A	B	C	D	E	F	G	H	I	J	K
	Schedule per SB 2003-263	Schedule per SB 2009-227	Current Schedule per SB 2011-221	Increase 2013 Payment by \$5M	Increase 2013 Payment by \$10M	Increase 2013 Payment to \$25.3M	Total Payout in 2013	Increase 2014 Payment by \$5M	Increase 2014 Payment by \$10M	Double the 2014 Payment	Total Payout in 2014
Apr-06	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079	\$25,321,079
Apr-07	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141
Apr-08	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172
Apr-09	25,321,079	0	0	0	0	0	0	0	0	0	0
Apr-10	25,321,079	0	0	0	0	0	0	0	0	0	0
Apr-11	25,321,079	0	0	0	0	0	0	0	0	0	0
Apr-12	48,262,620	25,321,079	5,321,079	5,321,079	5,321,079	5,321,079	5,321,079	5,321,079	5,321,079	5,321,079	5,321,079
Apr-13	0	25,321,079	10,000,000	15,000,000	20,000,000	25,321,079	141,599,087	10,000,000	10,000,000	10,000,000	10,000,000
Apr-14	0	25,321,079	25,321,079	25,321,079	25,321,079	25,321,079	0	30,321,079	35,321,079	50,642,158	141,469,019
Apr-15	0	83,853,854	25,321,079	25,321,079	25,321,079	25,321,079	0	25,321,079	25,321,079	25,321,079	0
Apr-16	0	0	25,321,079	25,321,079	25,321,079	25,321,079	0	25,321,079	25,321,079	25,321,079	0
Apr-17	0	0	25,321,079	25,321,079	25,321,079	25,321,079	0	25,321,079	25,321,079	25,321,079	0
Apr-18	0	0	25,321,079	25,321,079	25,321,079	25,321,079	0	25,321,079	25,321,079	25,321,079	0
Apr-19	0	0	49,443,768	37,275,232	29,558,724	21,346,695	0	37,813,593	30,635,446	8,640,056	0
Total Paid	\$219,098,249	\$254,689,483	\$286,242,634	\$279,074,098	\$276,357,590	\$273,466,640	\$241,792,558	\$279,612,459	\$277,434,312	\$270,760,001	\$251,662,490

The original present value calculations were done using the following assumptions:

- 1) Colorado Revised Statutes 31-30.5-307 on State Contribution
- 2) 8% Interest
- 3) 1994 Group Annuity Mortality

Effective October 1, 2012, the Colorado FPPA Board adopted a 7.5% Interest Rate Assumption. Payments made in 2013 and after in Scenarios D through K are discounted using this 7.5% discount rate.

Appendix B: Indirect Cost Assessment Methodology

The Department is a central services agency and therefore its departmental indirect costs are included within the Statewide Indirect Cost Plan.