

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2011-12**

**DEPARTMENT OF THE TREASURY**

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

**Prepared By:  
David Meng, JBC Staff  
January 11, 2012**

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

**DEPARTMENT OF THE TREASURY  
FY 2011-12 SUPPLEMENTAL RECOMMENDATIONS  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**TABLE OF CONTENTS**

	<b>Narrative Page</b>	<b>Numbers Page</b>
<b>Prioritized Supplementals in Department-Assigned Order</b>		
Supplemental #1 - Database Software Support	1	5
<b>Non-prioritized Supplementals</b>		
Statewide Common Policy Supplemental Requests	4	6
Totals for All Supplementals	N.A.	

**DEPARTMENT OF THE TREASURY  
 FY 2011-12 SUPPLEMENTAL RECOMMENDATIONS  
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**Prioritized Supplementals**

**Supplemental Request, Department Priority #1  
 Unclaimed Property Database Software Support**

	Request	Recommendation
Total	<u>\$9,625</u>	<u>\$1,500</u>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	9,625	1,500

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES In Part</b>
<i>JBC staff and the Department do not agree that the JBC's supplemental criteria have been met. The Department states that this request is the result of new data resulting in substantial changes in funding needs but JBC staff believes that the Department has had opportunity to present this request through the annual budget submission process. JBC Staff does agree that the portion of the increase that occurred in FY 2011-12 does meet the criteria. For more information, please see the narrative.</i>	

**Department Request:** The Department requests an increase of \$9,625 cash funds in its FY 2011-12 appropriation from the Unclaimed Property Trust Fund to Operating Expenses in the Unclaimed Property Program to fund an increase in the cost of software support for its unclaimed property database program. The Department states that it spent all but \$455 of its FY 2010-11 appropriation and can no longer manage the increase in software support costs.

**Staff Recommendation:** Staff recommends that the Committee approve an increase of \$1,500 cash funds for FY 2011-12 from the Unclaimed Property Trust Fund to the Unclaimed Property Program, Operating Expenses.

**Staff Analysis:** The database program that the Department uses to support the Unclaimed Property Program is provided by Wagers and Associates, a company that specializes in supporting unclaimed property programs around the country and is installed in 36 states. The company has extensive knowledge of the unclaimed property laws. The Department states that the company has been very responsive and continuously improves the product by incorporating the ideas of the states for enhancements to the system.

The state purchases the lowest level (bronze) of support consistent with maintaining the system's functionality. This level of support provides unlimited telephone access, scheduled updates, the

**DEPARTMENT OF THE TREASURY  
 FY 2011-12 SUPPLEMENTAL RECOMMENDATIONS  
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

ability to download pertinent software files from the internet as needed, additional hours of system customization, and new report generation.

The Department states that it has been absorbing the increased costs of software support over the last several years, but that it can no longer do so. Over the last five years, the number of citizen inquiries to the program has more than doubled, which has increased postage costs by more than 75 percent over that time period. When the Unclaimed Property program moved to its current location in 2006, that location could accommodate the state-supported telephone system. The state-supported telephone system reduced costs and the Department could absorb the increased costs of both the increased costs of support and the increased costs of postage.

The largest expenses in the Operating Expenses line includes database software support, postage, purchase of phone services, printing and reproduction services, and office supplies. Taken together, these five lines represent about 90 percent of the expenditures in this line item. The four-year history of this line is detailed in the table below:

<b>Department of the Treasury Unclaimed Property Program - Operating Expenses Detail</b>					
	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Four Year Increase/ (Decrease)</b>
Postage	\$33,323	\$41,453	\$44,835	\$46,661	\$13,338
Other ADP Billings - Purchase Services	29,531	37,969	37,500	39,188	9,657
Communications Services from Div of Telecom	5,146	12,283	12,394	10,850	5,704
Printing/Reproduction Services	4,270	3,379	6,903	6,314	2,044
Office Supplies	8,559	9,085	4,026	10,278	1,719
All Other Object Codes	<u>10,522</u>	<u>11,983</u>	<u>3,187</u>	<u>8,123</u>	<u>(2,399)</u>
<b>Total</b>	<b>\$91,351</b>	<b>\$116,152</b>	<b>\$108,845</b>	<b>\$121,414</b>	<b>\$30,063</b>
Appropriation	116,417	120,611	121,588	121,869	
Reversion/(Overexpenditure)	\$25,066	\$4,459	\$12,743	\$455	

Over the last four years, the cost of software support has increased from \$29,531 in FY 2007-08 to \$40,875 per year for FY 2011-12, even though the Department reduced the level of support from "Silver" to "Bronze" in 2008. The price increase for FY 2011-12 was \$1,500 or 3.8 percent. The

**DEPARTMENT OF THE TREASURY  
FY 2011-12 SUPPLEMENTAL RECOMMENDATIONS  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Department is notified of these price increases after the beginning of the State's fiscal year, so the Department was unable to include the current year increases in its budget request.

However, the increases for database support have been gradual after a large increase from FY 2007-08 to FY 2008-09, and the largest element of the Operating Expenses line item increase in FY 2010-11 was in office supplies. Staff believes that the Department has had ample opportunity to request increased appropriations through the regular budget request process.

The JBC criteria for consideration of a supplemental includes the following:

- An emergency.
- A technical error which has a substantial effect on the operation of the program.
- New data resulting in substantial changes in funding support.
- Unforeseen contingency such as a significant workload change.

The Department's position is that the request was because of "new data resulting in substantial changes in funding support." The Department was notified of the current year increase of \$1,500 after the fiscal year started, the remainder of the four year increase was known before the FY 2011-12 budget was submitted. It would have been reasonable for the department to assume an increase in software support at that time in deciding whether to request a decision item for FY 2011-12.

Staff does recommend that the JBC grant partial approval of the Department's request. The increase in software support in FY 2011-12 was not known to the Department until after the start of the current fiscal year, and therefore, that portion of the request does meet JBC supplemental criteria.

---

**DEPARTMENT OF THE TREASURY  
FY 2011-12 SUPPLEMENTAL RECOMMENDATIONS  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**Statewide Common Policy Supplemental Requests**

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

<b>Department's Portion of Statewide Supplemental Request</b>	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Operating Common Policy True-up (Capital Complex Leased Space)	\$1,780	\$1,780	\$0	\$0	\$0	0.0
Department's Total Statewide Supplemental Requests	1,780	1,780	0	0	0	0.0

**Staff Recommendation:** The staff recommendation for these requests is pending Committee approval of common policy supplementals. **Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves common policy supplementals.** If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

---

	FY 2010-11	FY 2011-12	Fiscal Year 2011-12 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>DEPARTMENT OF THE TREASURY</b>					
<b>State Treasurer - Walker Stapleton</b>					
<b>Supplemental #1 - Database Software Support</b>					
<i>(2) Unclaimed Property Program</i>					
Operating Expenses	<u>121,414</u>	<u>121,869</u>	<u>9,625</u>	<u>1,500</u>	<u>123,369</u>
Cash Funds	121,414	121,869	9,625	1,500	123,369
<b>Totals Excluding Pending Items</b>					
DEPARTMENT OF THE TREASURY					
Totals for ALL Departmental line items	349,191,994	366,424,619	9,625	1,500	366,426,119
FTE	<u>23.5</u>	<u>31.5</u>	<u>0.0</u>	<u>0.0</u>	<u>31.5</u>
General Fund	2,104,094	2,581,921	0	0	2,581,921
General Fund Exempt	0	5,321,079	0	0	5,321,079
Cash Funds	347,087,900	358,521,619	9,625	1,500	358,523,119
<b>Statewide Common Policy Supplementals</b>					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	<u>1,780</u>	<u>Pending</u>	<u>N.A.</u>
General Fund			1,780		
General Fund Exempt			0		
Cash Funds			0		

	FY 2010-11	FY 2011-12	Fiscal Year 2011-12 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Totals Including Pending Items</b>					
DEPARTMENT OF THE TREASURY					
Totals for ALL Departmental line items	349,191,994	366,424,619	11,405	1,500	366,426,119
FTE	<u>23.5</u>	<u>31.5</u>	<u>0.0</u>	<u>0.0</u>	<u>31.5</u>
General Fund	2,104,094	2,581,921	1,780	0	2,581,921
General Fund Exempt	0	5,321,079	0	0	5,321,079
Cash Funds	347,087,900	358,521,619	9,625	1,500	358,523,119

Key: N.A. = Not Applicable or Not Available