

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2021-22

DEPARTMENT OF THE TREASURY

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CONTENTS

Department Overview	1
Department Budget: Recent Appropriations	2
Department Budget: Graphic Overview	3
General Factors Driving the Budget.....	5
Summary: FY 2020-21 Appropriation & FY 2021-22 Request.....	6
Issue 1: 2020 Session Budget Balancing Actions.....	8
Summary.....	8
Discussion.....	8
Issue 2: Funding Requests For FY 2021-22	12
Summary.....	12
Discussion.....	12
Issue 3: HLD Decrease Restoration	14
Summary.....	14
Discussion.....	14
Issue 4: Property Tax Reimbursement for Property Destroyed by a Natural Cause.....	17
Summary.....	17
Discussion.....	17
Appendix A Numbers Pages (Digital Only).....	A-1
Appendix B Footnotes and Information Requests	B-1
Appendix C Department Annual Performance Report.....	C-1

ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2019 and 2020 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: <https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2020-21>

The online version of the briefing document, which includes the Numbers Pages, may be found by searching the budget documents on the General Assembly's website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

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 consists of three sections: Administration, Unclaimed Property Program, and Special Purpose unit, and is responsible for the following:

Primary Functions

- Ensures the safekeeping and management of public funds by depositing and investing all funds received by state agencies.
- Ensures sufficient funds are maintained in cash accounts to pay outstanding warrants.
- Administers the Unclaimed Property Program.

School Districts and Charter Schools

- Provides short-term financing to school districts by issuing tax and revenue anticipation notes.
- Assists charter schools with long-term financing by making direct bond payments.

Other Distributions and Loans

- Distributes Highway Users Tax Fund revenues to counties and municipalities.
- Distributes federal mineral leasing funds received for the state's share of sales, bonuses, royalties, and rentals of public lands within Colorado.
- Disburses reimbursements to local governments for the Senior Citizen and Disabled Veteran Property Tax Exemption.
- Makes loans to elderly individuals and military personnel through the Property Tax Deferral Program.
- Provides property tax reimbursements for property destroyed by a natural cause.
- Transmits money from the Unclaimed Property Trust Fund to the Adult Dental Fund.
- Beginning in FY 2019-20 and for every year in which the unfunded liability remains, provides a direct distribution of \$225.0 million to the Public Employees' Retirement Association (PERA) pursuant to Section 24-51-414, C.R.S., as enacted in S.B. 18-200 (Eliminate Unfunded Liability in PERA).

ADMINISTRATION

In addition to overall management of the Department, the Administration section is responsible for accounting, cash management, and investments. The Department is responsible for ensuring the safekeeping and management of public funds by maintaining sufficient funds in cash accounts to meet the state's daily cash needs and depositing all funds received by state agencies in statutorily authorized investments. In addition, the Department ensures that sufficient funds are maintained in cash accounts to meet the state's daily cash needs. The income earned on these investments augments the state's revenues from taxes and fees. The Department's three investment offices manage five investment portfolios with short, intermediate, and long-term fixed income goals.

UNCLAIMED PROPERTY DIVISION

The Unclaimed Property Division is established to take custody of dormant or abandoned property and return the property to the rightful owners or heirs. The value of intangible property, excluding securities, is held in the Unclaimed Property Trust Fund (UPTF); and the value of securities is held in the Unclaimed Property Tourism Promotion Trust Fund (UPTPTF). Funds from the UPTF support the administration of the Unclaimed Property Program and a portion of the Administration division's personal services line item.

As outlined above, the UPTPTF is managed separately from the four remaining investment accounts, and pursuant to Section 38-13-116.7, C.R.S., distribution for earned interest of this fund is allocated as follows: 25.0 percent to the Colorado State Fair Authority Cash Fund, 65.0 percent to the Agriculture Management Fund, and 10.0 percent to the Colorado Travel and Tourism Promotion Fund.

SPECIAL PURPOSE DIVISION

The Special Purpose Division disburses money to local governments and other authorized recipients of state funds for the following programs:

- Reimbursements to local governments from the state General Fund for the Senior Citizen and Disabled Veteran Property Tax Exemption;
- Disbursements of Highway Users Tax Fund proceeds to counties and municipalities in the state;
- Reimbursement of property taxes paid for property that has been destroyed in a natural disaster or by another cause beyond the control of the property owner; and
- Direct distribution of \$225.0 million to the Public Employees' Retirement Association (PERA) pursuant to Section 24-51-414, C.R.S., as enacted in S.B. 18-200 (Eliminate Unfunded Liability in PERA).

These programs, which are created in the State Constitution or statute, are appropriated in the Department of the Treasury section of the Long Bill, but are pass-through programs in which the Treasury disburses or transfers money, but does not administer the programs.

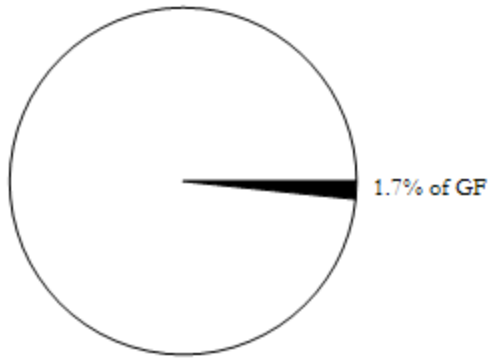
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 ¹
General Fund	\$400,353,177	\$322,775,495	\$179,288,912	\$360,656,814
Cash Funds	396,384,849	448,557,959	456,543,447	496,058,970
Reappropriated Funds	17,685,263	73,905,349	17,433,244	71,483,838
Federal Funds	0	0	0	0
TOTAL FUNDS	\$814,423,289	\$845,238,803	\$653,265,603	\$928,199,622
Full Time Equiv. Staff	32.9	32.9	37.9	41.4

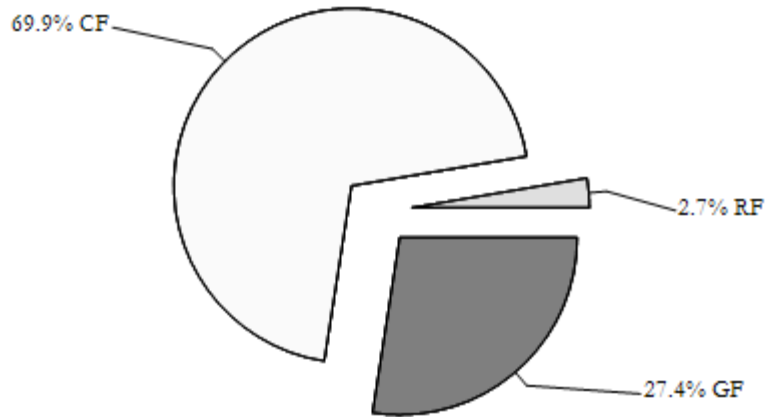
¹Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

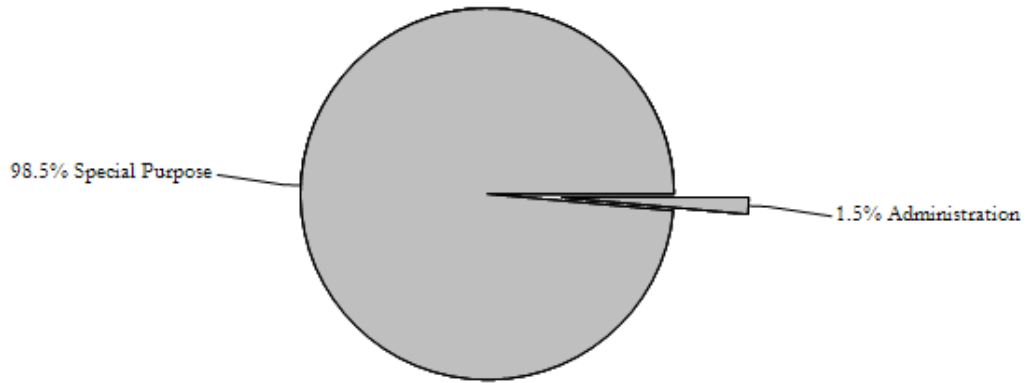


Department Funding Sources

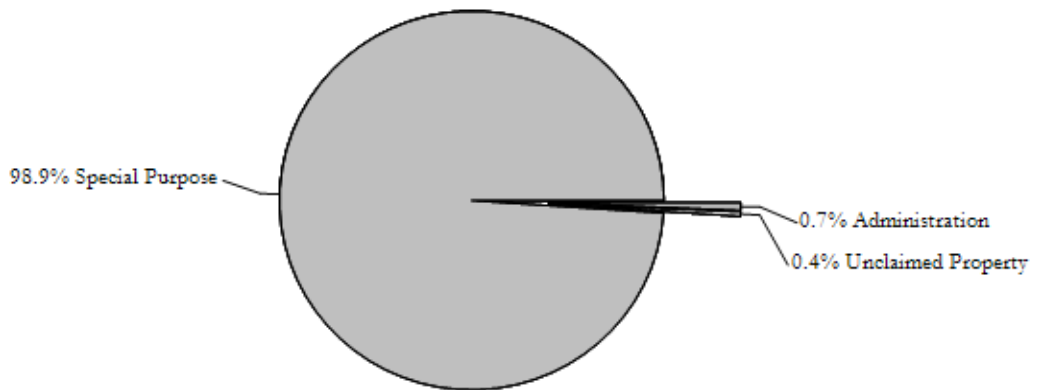


All charts are based on the FY 2020-21 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2020-21 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

The Department's funding for FY 2020-21 consists of 27.4 percent General Fund, 69.9 percent cash funds, and 2.7 percent reappropriated funds.

SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EXEMPTION

Section 3.5 of Article X of the Colorado Constitution grants a property tax exemption to qualifying senior citizens and disabled veterans. A senior citizen is eligible for the property tax exemption if the property owner-occupier is at least 65 years of age on the assessment date and has occupied the residence for at least ten years, or is the surviving spouse of a person who previously qualified for the exemption. An honorably discharged disabled veteran is eligible for the property tax exemption if the owner-occupier has a 100.0 percent service-connected disability on the assessment date. Property tax is exempted on 50.0 percent of the first \$200,000 of actual property value for qualifying homeowners. The State Treasurer is required to reimburse local governments for the resulting loss of property tax revenues. The Constitution grants the General Assembly the power to raise or lower the amount of residence value that is exempt from taxation.

HIGHWAY USERS TAX FUND DISBURSEMENTS

The Department distributes revenues from the Highway Users Tax Fund (HUTF) to counties and municipalities for use on local transportation projects pursuant to statutory formulas. The amounts anticipated to be distributed to counties and municipalities are reflected as cash funds appropriations within the Special Purpose section of the Long Bill for informational purposes.

TRANSFERS FROM THE UNCLAIMED PROPERTY TRUST FUND

The Unclaimed Property Program in the Department of the Treasury is established to take custody of dormant or abandoned property for return to the rightful owners or heirs and is held in trust on behalf of the owners in the Unclaimed Property Trust Fund (UPTF). Aside from the payment of claims to owners and heirs, the fund balance is used to cover the costs of administering the program.

DIRECT DISTRIBUTION TO PERA FOR THE UNFUNDED LIABILITY

Section 24-51-414, C.R.S., as enacted in S.B. 18-200 (Eliminate Unfunded Liability in PERA), requires the State Treasurer to issue a warrant equal to \$225.0 million to PERA as a direct distribution for the unfunded liability on July 1, 2018, and each July 1st thereafter as long as there remains an unfunded liability.

Beginning in FY 2019-20, statute requires that the direct distribution payment be included for informational purposes in the Long Bill. Statute further specifies that estimates be included for the amount of the distribution attributable to the state and attributable to public schools. This requirement is simply a reflection of the estimated amount of the direct distribution that will be provided to each of the PERA divisions. While statute excludes distributions to the Local Government Division, distributions to the State, Judicial, Public Schools, and Denver Public Schools divisions are distributed proportionate to the annual payroll of each division.

This payment was suspended for FY 2020-21 by HB 20-1379 as part of the budget balancing actions taken in the 2020 legislative session.

SUMMARY: FY 2020-21 APPROPRIATION & FY 2021-22 REQUEST

DEPARTMENT OF THE TREASURY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
HB 20-1360 (Long Bill)	877,117,998	361,072,642	444,561,518	71,483,838	0	32.9
Other Legislation	(223,852,395)	(181,783,730)	11,981,929	(54,050,594)	0	5.0
TOTAL	\$653,265,603	\$179,288,912	\$456,543,447	\$17,433,244	\$0	37.9
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$653,265,603	\$179,288,912	\$456,543,447	\$17,433,244	\$0	37.9
R1 Unclaimed property technology upgrades	21,000	0	21,000	0	0	0.0
R2 Department personnel costs	334,614	216,315	118,299	0	0	3.5
NP 1 Center for Organizational Effectiveness	510	255	255	0	0	0.0
NP 2 Budget request package	(12,340)	(6,170)	(6,170)	0	0	0.0
Annualize prior year legislation and budget actions	223,930,808	169,861,912	18,302	54,050,594	0	0.0
Revenue forecast adjustments	50,708,991	11,278,587	39,430,404	0	0	0.0
Centrally appropriated line items	(49,564)	17,003	(66,567)	0	0	0.0
TOTAL	\$928,199,622	\$360,656,814	\$496,058,970	\$71,483,838	\$0	41.4
INCREASE/(DECREASE)	\$274,934,019	\$181,367,902	\$39,515,523	\$54,050,594	\$0	3.5
Percentage Change	42.1%	101.2%	8.7%	310.0%	0.0%	9.2%

R1 UNCLAIMED PROPERTY TECHNOLOGY UPGRADES: The request includes an increase of \$21,000 cash funds from the Unclaimed Property Trust Fund for FY 2021-22 and \$15,000 ongoing. The request includes: \$1,000 for security cameras and \$5,000 for the installation of a client services phone system; and \$15,000 ongoing for maintenance and upkeep of the phone system. These technology upgrades will allow for better management of claims made for unclaimed property and better security for the vault that holds tangible unclaimed property. This request is one that the Committee approved last year prior to balancing actions.

R2 DEPARTMENT PERSONNEL COSTS: The request includes an increase of \$334,614 total funds, including \$216,315 General Fund and \$118,299 cash funds to support 3.5 FTE. The request includes four items: a Junior Investment Officer for the Investment Division; an additional 1.0 FTE for Unclaimed Property claims; an additional 0.5 FTE for Unclaimed Property tangible assets; and a Policy Director/Legislative Liaison for the Administration Division. The Department describes this as a workload true-up request related to increased responsibilities added in legislation over the last 15 years which the Department accepted within existing appropriations. This request adds one FTE to last year's request, which the Committee approved prior to budget balancing actions.

NP 1 CENTER FOR ORGANIZATIONAL EFFECTIVENESS: This request is to move the funding source for the Center for Organizational Effectiveness (COE) to a common policy beginning in FY 2021-22. This is a request from the Department of Personnel & Administration's first decision item request.

NP 2 BUDGET REQUEST PACKAGE: This request is part of the Office of Informational Technology's budget request which included a total of nine operating reduction requests.

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS: The request includes a net increase of \$223.9 million total funds, including an increase of \$169.8 million General Fund, to annualize prior year legislation and budget actions.

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
HB 20-1379 suspend DD to PERA	\$225,049,947	\$170,981,282	\$18,071	\$54,050,594	0.0
FY20-21 GF HLD reduction	77,812	77,812	0	0	0.0
SB18-200 PERA unfunded liability	601	370	231	0	0.0
SB 20-200 implementation of CO secure savings program	(1,197,552)	(1,197,552)	0	0	0.0
TOTAL	\$223,930,808	\$169,861,912	\$18,302	\$54,050,594	0.0

REVENUE FORECAST ADJUSTMENTS: This revenue adjustment that resulted from OSPB's September revenue forecast increased total funds to the Department by \$50.7 million including an \$11.2 million increase in General Fund.

REVENUE FORECAST ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Senior Citizen and Disabled Veteran Property Tax Exemption	\$11,278,587	\$11,278,587	\$0	\$0	0.0
Highway Users Tax Fund - County Payments	18,837,849	0	18,837,849	0	0.0
Highway Users Tax Fund - Municipality Payments	20,592,555	0	20,592,555	0	0.0
TOTAL	\$50,708,991	\$11,278,587	\$39,430,404	\$0	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes a decrease of \$49,564 total funds with an increase of \$17,003 General Fund for adjustments to centrally appropriated line items including the following: payments to OIT adjustments; Capitol Complex leased space adjustment; supplemental state contributions to the Public Employees' Retirement Association (PERA); workers' compensation; health, life, and dental; legal services; CORE operations; and short-term disability.

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Payments to OIT	\$120,054	\$60,027	\$60,027	\$0	0.0
Capitol Complex leased space	5,521	5,521	0	0	0.0
PERA Direct Distribution	5,392	2,175	3,217	0	0.0
Workers' compensation	5,226	5,226	0	0	0.0
Health, life, and dental	808	11,561	(10,753)	0	0.0
Legal services	(88,342)	(15,906)	(72,436)	0	0.0
CORE	(86,037)	(38,716)	(47,321)	0	0.0
AED	(5,970)	(6,324)	354	0	0.0
SAED	(5,970)	(6,324)	354	0	0.0
Short-term disability	(246)	(237)	(9)	0	0.0
TOTAL	(\$49,564)	\$17,003	(\$66,567)	\$0	0.0

ISSUE 1: 2020 SESSION BUDGET BALANCING ACTIONS

In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of the Treasury by \$15.7 million. Fiscal year 2020-21 appropriations to the Department were further reduced by \$192 million. The General Assembly's actions made an additional \$43 million available for balancing purposes through cash fund transfers. These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21.

SUMMARY

FY 2019-20 Budget

- During the 2020 Session, the General Assembly reduced FY 2019-20 General Fund appropriations to the Department of the Treasury by \$16.5 million based on anticipated reversions from SB 17-267 – the Collateralization Lease Purchase Payments program.

FY 2020-21 Budget

- For FY 2020-21, the General Assembly's actions included \$143 million in General Fund reductions in the Department of the Treasury, although increases in cash funds appropriations offset \$8 million of that decrease primarily as a result of HB 20-1376 – Modify Transportation Funding Mechanisms. This bill shifted payment of \$12 million from the General Fund to the State Highway Fund.
- The FY 2020-21 balancing actions also included \$43 million in cash funds transfers that made revenues from the Unclaimed Property Trust Fund available for budget balancing outside of the Department via HB 20-1381.

DISCUSSION

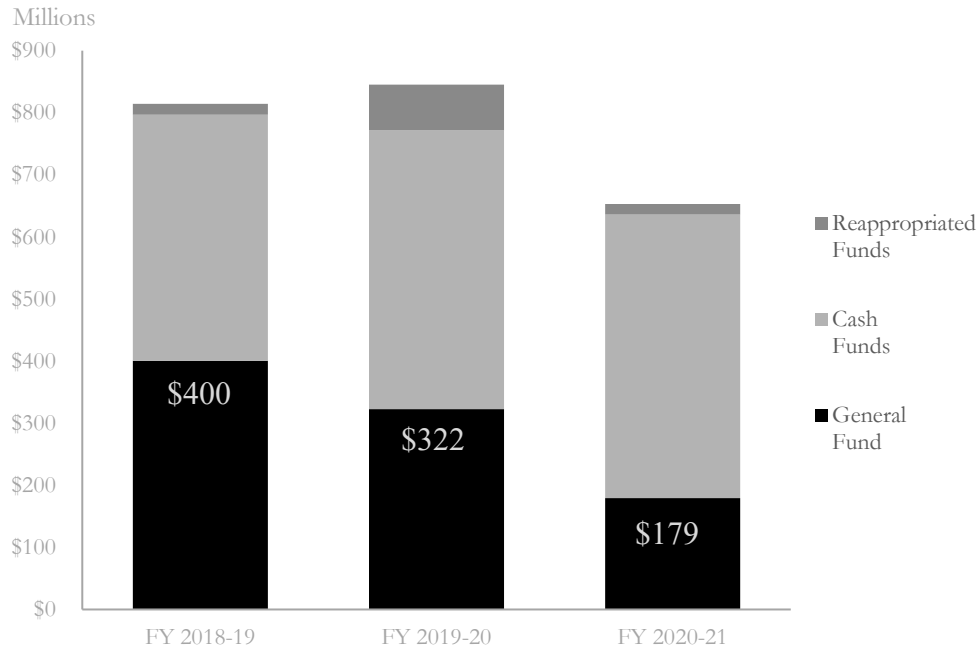
Confronting the budget challenges of the 2020 legislative session, the Committee and the General Assembly took a variety of budget balancing actions in the Department of the Treasury for both FY 2019-20 and FY 2020-21.

FY 2018-19 to FY 2019-20: Appropriations to the Department increased by \$30.8 million total funds from FY 2018-19 to FY 2019-20, including a decrease of \$77.6 million General Fund. Part of this decrease in General Fund was a \$16.5 million reduction in HB 20-1360 (Long Bill) in anticipation of reversions from SB 17-267 (Collateralization Lease Purchase Payments). Cash funds and reappropriated funds accounted for the majority of the increase in total funding for FY 2019-20.

FY 2019-20 to FY 2020-21: Facing revenue challenges for FY 2020-21, the General Assembly took a variety of actions to both reduce the Department's General Fund appropriations and to make other revenues available for balancing purposes. While the Department's *total* budget decreased by \$192 million from FY 2019-20 to FY 2020-21, the General Fund appropriation decreased by \$143 million (representing a decrease of \$221 million below FY 2018-19 levels).

The following graph shows the Department’s annual appropriations for FY 2018-19 through FY 2020-21. A table with appropriations detail by major fund source follows the graph. Please note that the FY 2019-20 appropriations include the adjustments and reductions made during the 2020 session.

Recent Department of the Treasury Appropriations



DEPARTMENT OF THE TREASURY APPROPRIATIONS FY 2019-20 THROUGH FY 2020-21						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Final	\$814,423,289	\$400,353,177	\$396,384,849	\$17,685,263	\$0	32.9
FY 2019-20 Adjusted	845,238,803	322,775,495	448,557,959	73,905,349	0	32.9
FY 2020-21	653,265,603	179,288,912	456,543,447	17,433,244	0	37.9
Change from FY 2019-20 to FY 2020-21	(\$191,973,200)	(\$143,486,583)	\$7,985,488	(\$56,472,105)	\$0	5.0
Percent change FY 2019-20 to FY 2020-21	(22.7%)	(44.5%)	1.8%	(76.4%)	n/a	15.2%

SUMMARY OF 2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES

The following table summarizes the budget balancing actions that impacted appropriations to the Department of the Treasury for both FY 2019-20 and FY 2020-21, including actions taken through the Long Bill and other legislation. Please note:

- Unless otherwise indicated, JBC Staff assumes that the FY 2020-21 adjustments are ongoing for FY 2021-22. Staff has noted where the Committee (or the General Assembly) specifically designated actions as one-time in nature. Staff has also noted whether the Department’s budget request proposes to continue the reduction in FY 2021-22 or restore the funding.

- The table only reflects balancing actions that specifically changed appropriations. The cash fund reductions in the table below that do not have an associated GF reduction were part of actions to make additional resources available for budget balancing purposes outside of the Department of the Treasury.
- Actions to increase available revenues (such as transfers from cash funds to the General Fund) are not included in this table and are discussed in a separate section.

2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES - DEPARTMENT OF THE TREASURY ^a						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION BALANCING ITEMS:						
HB 20-1360	(\$16,500,000)	(\$16,500,000)	\$0	\$0	\$0	0.0
TOTAL	(\$16,500,000)	(\$16,500,000)	\$0	\$0	\$0	0.0
FY 2020-21 APPROPRIATION BALANCING ITEMS:						
Appropriation Reductions						
PERA direct distribution (HB 20-1379) ^b	(\$225,049,947)	(\$170,981,282)	(\$18,071)	(\$54,050,594)	\$0	0.0
HLD decrease/personal services base reduction	(77,812)	(77,812)	0	0	0	0.0
Subtotal - Appropriation Reductions	(\$225,127,759)	(\$171,059,094)	(\$18,071)	(\$54,050,594)	\$0	0.0
Fund Source Adjustments						
HB 20-1376	0	(12,000,000)	12,000,000	0	0	0.0
Subtotal - Fund Source Adjustments	\$0	(\$12,000,000)	\$12,000,000	\$0	\$0	0.0
TOTAL	(\$225,127,759)	(\$183,059,094)	\$11,981,929	(\$54,050,594)	\$0	0.0
BALANCING ITEMS AS PERCENTAGE OF TOTAL APPROPRIATION:						
FY 2019-20 Appropriation	\$845,238,803	\$322,775,495	\$448,557,959	\$73,905,349	\$0	32.9
FY 2020-21 Appropriation	\$653,265,603	\$179,288,912	\$456,543,447	\$17,433,244	\$0	37.9
FY 2020-21 Actions as Percentage of FY 2019-20 Appropriation	(26.6%)	(56.7%)	2.7%	(73.1%)	n/a	0.0%

^a Unless otherwise indicated, actions were reflected in the Long Bill (H.B. 20-1360)

^b House Bill 20-1379 eliminated PERA Direct Distribution appropriations for all departments.

FY 2019-20 APPROPRIATION – MID-YEAR ADJUSTMENTS

REVERSIONS FOR SB 17-267: HB 20-1360 modifies FY 2019-20 appropriations to decrease General Fund appropriations by \$16.5 million General Fund for anticipated reversions from SB 17-267 (Collateralization Lease Purchase Payments) for FY 2019-20, for budget balancing purposes.

FY 2020-21 APPROPRIATION – APPROPRIATION REDUCTIONS

PERA DIRECT DISTRIBUTION (HB 20-1379): House Bill 20-1379 eliminated PERA Direct Distribution appropriations for all departments. For this department, this resulted in a reduction of \$49,947 total funds, including \$31,876 General Fund and \$18,071 cash funds. Furthermore, Section 24-51-414, C.R.S., as enacted in SB 18-200, requires the State Treasurer to make a \$225 million payment to PERA as a direct distribution for the unfunded liability on each July 1st as long as there remains an unfunded liability. The suspension of the Direct Distribution payment for FY 2020-21 pursuant to HB 20-1379 resulted in a decrease of an additional \$225 million total funds including \$170,949,406 General Fund and \$54,050,594 reappropriated funds. The Department's FY 2021-22 request proposes to restore this funding.

HLD DECREASE/PERSONAL SERVICES BASE REDUCTION: The appropriation reduced appropriations for health, life, and dental insurance by \$77,812 General Fund in lieu of a 5.0 percent personal services base reduction. The Department's FY 2021-22 request does not propose to restore this funding, but the Department anticipates that it will submit a supplemental request and budget amendment to address an issue with its HLD reduction.

FY 2020-21 APPROPRIATION – FUND SOURCE ADJUSTMENTS

MODIFY TRANSPORTATION FUNDING MECHANISMS: House Bill 20-1376 suspends for FY 2020-21 and FY 2021-22 an annual \$50.0 million transfer from General Fund to the Colorado Department of Transportation (CDOT) required by SB 18-001, and also changes the source of funds used to pay these lease obligations. The bill increases the State Highway Fund obligation – paid by the Department of the Treasury – by \$12 million per year in order to decrease the obligation of the General Fund by \$12 million. This resulted in General Fund savings of \$62.0 million in FY 2020-21 and FY 2021-22. The Department's FY 2021-22 request does not address this, as the funding source is set to revert to the original in FY 2022-23.

ACTIONS TO INCREASE AVAILABLE REVENUES

The General Assembly made one transfer totaling \$43.0 million from Department of the Treasury cash funds to the General Fund to increase available General Fund. The following change was made via H.B. 20-1381. This item is assumed to be one-time.

- \$43,000,000 transfer from the Unclaimed Property Trust Fund to the General Fund.

ISSUE 2: FUNDING REQUESTS FOR FY 2021-22

The Department of the Treasury is requesting an increase of \$355,614 total funds for FY 2021-22, including \$216,315 General Fund and \$139,299 cash funds, to support technology upgrades for the Unclaimed Property Division and 3.5 FTE to support the Department's mission.

SUMMARY

- The Department is asking for needed technology upgrades for the Unclaimed Property Division to better facilitate working from home and to increase security and monitoring of the vault and inventory areas.
- The Department is also asking for FTE that will enable the Department to work more efficiently and effectively toward its mission in all three divisions.
- Much of the funding in these requests was approved last budget cycle but then rescinded due to balancing actions that eliminated all or most new requested spending for General Fund and other fund sources.

DISCUSSION

DEPARTMENT REQUEST

The Department is requesting \$355,614 total funds including \$216,315 General Fund and \$139,299 cash funding from the Unclaimed Property Trust Fund. Of this, \$6,000 would be one-time cash funds for purchase and installation of technology upgrades. The rest would be ongoing funding to support technology upkeep and the addition of 3.5 FTE. The two components of the Department's request are outlined below.

REQUEST 1: UNCLAIMED PROPERTY TECHNOLOGY UPGRADES

The Department's first request is for basic technology upgrades that would enhance the Unclaimed Property Division's ability to carry out its statutory responsibilities. This request includes \$6,000 one-time cash funds and \$15,000 ongoing cash funds from the Unclaimed Property Trust Fund to install a client service phone system and vault security cameras. The phone system would assist both the Division in proactively reaching out to potential unclaimed property claimants and Coloradans who wish to file a claim for property. This phone service would be especially beneficial to those who either have no access to the internet or have access but struggle using it – namely low-income and elderly populations who communicate with the Division primarily by phone.

Another reason that the Division is interested in a dedicated phone service is because the Department has decided to move the Unclaimed Property Division to remote work permanently. As a result of this move, the Division feels that it is important to install safeguards against revealing personal contact information to the public. The client service phone system is primary among these safeguards.

The final note regarding the requested technology upgrades is that they would be funded entirely from the Unclaimed Property Trust Fund. At the end of FY 2019-20, net assets in the fund totaled \$234 million, which means that this request represents approximately 0.009 percent of the fund's balance. Further, the Unclaimed Property Program received \$2,481,967 cash funds appropriations in FY2020-21. An increase of \$21,000 for technology upgrades represents a program increase of 0.8 percent.

REQUEST 2: DEPARTMENT PERSONNEL COSTS

The Department's second request is for \$334,614 total funds including \$216,315 General Fund and \$118,299 cash funds for 3.5 FTE to support the Department's mission. It is important to note that 2.5 of these FTE were originally approved by the Committee in last year's budget cycle prior to budget balancing actions. This year's request will go toward four new employees: a junior investment officer to assist in the management of the Treasury Pool, an additional employee to assist with managing unclaimed property claims, an additional 0.5 FTE to make an existing position that manages unclaimed property tangible assets full-time, and one new position that was not requested in last year's budget cycle. This new position would be in the Administration Division and would be the Policy Director and Legislative Liaison. The duties of this position are currently carried out by the Public Information Officer. Treasury is the only department where PIO and Policy Director/Legislative Liaison are not at least two separate positions.

The Department has indicated that in order to carry out its mission, these positions are essential to reliably and securely manage both its investment portfolio and unclaimed property. In 2001, the Investment Division managed roughly \$5 billion in assets with a staff of four investment officers. Since then, the amount of assets that the Division manages has grown to roughly \$13 billion while the number of investment officers on staff has shrunk to three. The amount of money managed per investment officer has risen from \$1.25 billion to \$4.3 billion. This, coupled with the more hands-on approach that the Department has taken by moving to active management as opposed to 'buy-and-hold' has further increased the workload of each investment officer. Further, the added FTE for the Unclaimed Property Division would help the Department manage its inventory, increase efficiency, and strengthen its internal auditing controls.

ISSUE 3: HLD DECREASE RESTORATION

The statewide compensation policies' budget balancing action for a Health, Life, and Dental (HLD) decrease in lieu of a 5.0 percent General Fund base salary reduction was calculated on standard compensation templates used to calculate the correct appropriation of centrally appropriated employee benefits. However, the Department reflects cash fund revenue from its cash management transaction fee as General Fund in its template. As a result, the HLD General Fund appropriation was reduced by \$77,812, but should have been reduced by \$29,428.

SUMMARY

- The Department's standard practice is to revert revenue earned from the cash management transaction fee back to the General Fund. This revenue is reflected on the standard compensation templates used to calculate centrally appropriated employee benefits as General Fund.
- The Department's methodology for determining the split between cash funds and General Fund for salaries and benefits gives the appearance that the General Fund supports a greater share of the appropriation than it should.
- The Department's HLD reductions were \$77,812 – reflecting the amount of General Fund prior to the Department's allocation of personnel costs between the General Fund and cash funds. Based on the actual General Fund appropriation, the General Fund reduction should have been \$29,428. The Department's HLD reductions were more than double of what they should have been.

DISCUSSION

BACKGROUND

The cash management transaction fee, as set forth in C.R.S. 24-36-120, grants the Treasurer the authority to assess a fee for each eligible transaction performed by the Treasurer on behalf of state departments and agencies. The amount of the fee is determined annually by dividing the total amount appropriated to the Department of the Treasury for administration in the current fiscal year by the total number of eligible transactions performed in the immediately preceding fiscal year.

This cash management transaction fee essentially helps to offset the amount of General Fund that the Department uses each year. Over the past five years, the Department has collected an average of \$1,034,130 from this fee. Any unspent revenue from the fee reverts back to the General Fund.

It has been common practice for the Department in reporting their annual salaries for the purpose of determining benefits to report the entirety of salaries coming from General Fund appropriations. Following this, the Department splits the actual amount for salaries between the General Fund and the collection from the cash management transaction fee in a way that uses their cash funds exclusively for compensation rather than proportionately on employee benefits. Any remaining cash funds collected from the cash management transaction fee are reverted back to the General Fund (\$230,861 last cycle).

HEALTH, LIFE, DENTAL REDUCTIONS

In the process of applying the five percent reductions to the HLD lines for budget balancing purposes last session, JBC staff used sources that showed the whole of the Department's salaries coming from the General Fund, rather than sources that depicted the fund splits that Treasury performs after benefits are determined. Because of this methodology, Treasury's General Fund appropriation was overstated, so when the Committee took action last session to balance the budget by reducing the Health, Life, Dental line item by five percent across the board, the Department experienced more than double the reduction than it actually should have. Specifically, its HLD line was reduced by \$77,812 when it should have been reduced by \$29,428.

The Department anticipates asking for the difference between these – \$48,384 – in a supplemental request this budget cycle to correct the mistake that was made during budget balancing. While this true-up would greatly benefit the Department, as there is very little unspent money in its budget, there is a further point that staff would like to address here.

In the past, the Department has been exempt from small across-the-board decreases. The reason for this, as relayed to me by the Department, is that they have no vacancy savings because their budget is so tight. The Department has been firm that even the much smaller \$29,428 reduction to their appropriation would necessitate additional furloughs for staff. The way that the Department sees this is that because of its method of using cash funds from the cash management transaction fee to compensate its employees and then reverting all excess back to the General Fund, it has been complying with the five percent base reduction and more for many years and without being asked. This past year alone – when it reverted nearly \$231,000 back to the General Fund – would pay for its actual reduction of \$29,873 nearly 8 times over. For these reasons, the Department believes that it will be justified in asking for a full exemption from the five percent Health, Life, Dental base reduction from last cycle's budget balancing actions.

This is not to say that the Department should always be exempt from common policy decreases. In FY 2019-20, the Department spent almost their entire appropriation, with only \$4,304 remaining in the personal services line. Because the Department spent nearly their entire appropriation, a \$29,428 reduction would be difficult for it to manage. This being said, the Department has generally had slightly more room to maneuver. Since FY2015-16, the Department has transferred an average of \$43,738 from its personal services line item to the State Employee Reserve Fund, and an average of \$37,038 from its operating expenses line item to the same fund. This is essentially money that was appropriated but remains unspent. Had this amount continued to be available in FY 2019-20 and FY 2020-21, the Department could have managed the common policy reduction.

CASH MANAGEMENT TRANSACTION FEE CASH FUND

A final issue related to the cash management transaction fee that staff would like to highlight is the potential for creating a cash fund in statute for the excess from these fees. Typically, the Department uses the supplemental process to true-up the amount that it collected with its appropriation depending on how much the cash management transaction fee collected that year.

If it instead had a cash fund in statute to hold any excess from the cash management transaction fees rather than reverting them to the General Fund, it would provide the Department with a more stable and sustainable source of funds over time. This would allow the Department to build up a reserve of

funds that it could manage and draw from when necessary instead of relying on the supplemental process.

Staff and the Department believe that the creation of a cash fund to hold excess cash management transaction fees would benefit both the Department by providing them with a stable and sustainable fund source and also the Committee by eliminating one relatively periodic supplemental request from its docket.

Staff has also been made aware of the possibility that the Department could include in their supplemental, along with a request for a cash fund, a request to change the nature of their fees. The Department has indicated that it is researching different approaches to collecting fees that might better capture the value of the services that it provides to other departments.

ISSUE 4: PROPERTY TAX REIMBURSEMENT FOR PROPERTY DESTROYED BY A NATURAL CAUSE

Last budget cycle, the Committee decreased the annual General Fund appropriation to the Department of the Treasury for Property Tax Reimbursement for Property Destroyed by a Natural Cause from \$2,221,828 to \$25,000. The Committee opted to fund the appropriation as necessary in any given year rather than create a reserve fund for this purpose. This issue will provide a summary update on how that change is being implemented with regard to the wildfires this summer.

SUMMARY

- Last session, the Committee decreased the annual General Fund appropriation from \$2,221,828 to \$25,000 due to a history of non-use or minimal use in most years.
- Due to the wildfires in 2020, it is expected that payments for this purpose will exceed \$25,000. The schedule for this process includes notification of the State Treasurer by December 15th each year, and additional General Fund will likely be requested through the supplemental or budget amendment process.
- The Treasurer has indicated that the main goal of the Department is to reimburse counties as quickly as possible.

DISCUSSION

BACKGROUND

Section 39-1-123, C.R.S., added in H.B. 14-1001, Tax Credit for Property Destroyed by a Natural Cause, established a state reimbursement for certain property taxes owed or paid for real property and business personal property that has been destroyed in a natural disaster or by other cause beyond the control of the property owner.

In FY 2014-15, when the legislation creating this tax credit passed, the Legislative Council Staff Fiscal Note identified a cost of \$2.2 million and rightly noted that it was impossible to predict the cost in future years. As a result, the Department included this item at the same amount in each year's budget request prior to the request for FY 2020-21. Actual expenditures from this appropriation have averaged \$230,092 annually since FY 2014-15.

CURRENT STATUS

Last session, the Committee chose to reduce the annual appropriation for this reimbursement to \$25,000 and then use the supplemental appropriation process to provide the necessary funding for the Department to reimburse lost property taxes.

Since then, Colorado has seen one of its most active and destructive wildfire seasons. As of October 23, according to an article in the Colorado Sun, there have been 1,019 wildfires reported in Colorado this year which have burned 665,454 acres.

Per Section 39-1-123, C.R.S., the assessor of each county is required to submit a report to the county treasurer by December 15th of the real or business personal property in the county that was destroyed by a natural cause through November of the year. For any further taxable real or business personal property found to have been destroyed during the applicable property tax year that was not included in the report, the county assessor is to submit a supplemental report with the additional taxable real or business personal property that was destroyed. This supplemental report is to be submitted on or before July 1st of the following year. Once the county treasurer has verified the amount of property tax eligible for reimbursement (which is to happen not more than 30 days after the assessor's report has been submitted), they are to submit a report to the State Treasurer "as soon as practicable."

THE FUTURE OF THE PROGRAM

Keeping in mind the deadlines for the reporting of destroyed property outlined above, the Department is currently in the process of determining when they will be able to begin disbursement of funds to the impacted counties. This will depend heavily on when reports from the county treasurers are submitted, which can't happen before December 15th. It is also unclear how quickly county assessors will be able to submit reports to county treasurers, especially in the counties that were most severely impacted. From the statutory language, staff expects that most initial reports will be submitted to the Treasurer before the end of the year, and that the majority of reports will be submitted by January 15th.

Once a report has been submitted to the Treasurer, there is no statutory timeline for when the Treasurer is required to issue reimbursement to the county, but the Department has indicated that in the past, reimbursements have been paid individually as the Department has received them in as quick a fashion as possible. This year, however, will be different considering last cycle's appropriation changes together with the damage caused by the wildfires. Instead of a statutory timeline for the Treasurer to reimburse counties, statute indicates that reimbursements are "subject to appropriation."

The most likely result of all this is that the Department will submit either a supplemental request or a budget amendment once they either know the amount of the required reimbursement or have a reasonable estimate thereof. Alternately, the Department could submit both a supplemental and an amendment so that funding to counties who submitted their reports to the State Treasurer early would be included in a supplemental and funding to counties who submitted their reports later would be included in a budget amendment. The main goal of the Department is to reimburse counties as quickly as possible for the revenue lost as a result of the tax credit.

APPENDIX A
NUMBERS PAGES
(DIGITAL ONLY)

Appendix A details actual expenditures for the last two fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source. *Appendix A is only available in the online version of this document.*

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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DEPARTMENT OF THE TREASURY

Dave Young, State Treasurer

(1) ADMINISTRATION

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

Personal Services	<u>1,443,924</u>	<u>1,492,923</u>	<u>1,550,415</u>	<u>1,726,051</u> *
FTE	16.5	16.4	17.4	24.4
General Fund	490,968	539,967	597,459	773,095
Cash Funds	952,956	952,956	952,956	952,956
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Health, Life, and Dental	<u>266,230</u>	<u>271,078</u>	<u>231,319</u>	<u>350,107</u> *
General Fund	157,800	149,648	84,889	194,346
Cash Funds	108,430	121,430	146,430	155,761
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Short-term Disability	<u>2,996</u>	<u>3,108</u>	<u>3,742</u>	<u>3,890</u> *
General Fund	1,904	1,923	2,388	2,416
Cash Funds	1,092	1,185	1,354	1,474
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

*This line item includes a decision item.

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>97,772</u>	<u>105,399</u>	<u>115,812</u>	<u>121,442</u>	*
General Fund	62,183	66,622	73,911	75,387	
Cash Funds	35,589	38,777	41,901	46,055	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>97,772</u>	<u>105,399</u>	<u>115,812</u>	<u>121,442</u>	*
General Fund	62,183	66,622	73,911	75,387	
Cash Funds	35,589	38,777	41,901	46,055	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
PERA Direct Distribution	<u>0</u>	<u>52,281</u>	<u>0</u>	<u>55,339</u>	
General Fund	0	33,006	0	34,051	
Cash Funds	0	19,275	0	21,288	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Workers' Compensation and Payment to Risk Management and Property Funds	<u>5,890</u>	<u>10,373</u>	<u>9,596</u>	<u>14,822</u>	
General Fund	5,890	10,373	9,596	14,822	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Operating Expenses	<u>135,334</u>	<u>547,505</u>	<u>180,481</u>	<u>185,581</u>	*
General Fund	135,334	547,505	180,481	185,581	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Information Technology Asset Maintenance	<u>11,201</u>	<u>11,836</u>	<u>12,568</u>	<u>12,568</u>	
General Fund	6,261	6,284	6,284	6,284	
Cash Funds	4,940	5,552	6,284	6,284	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Legal Services	<u>41,210</u>	<u>335,039</u>	<u>450,728</u>	<u>298,426</u>	
General Fund	20,605	67,008	133,599	53,733	
Cash Funds	20,605	268,031	317,129	244,693	
Capitol Complex Leased Space	<u>61,657</u>	<u>53,992</u>	<u>59,544</u>	<u>65,065</u>	
General Fund	61,657	53,992	59,544	65,065	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Payments to OIT	<u>58,582</u>	<u>77,592</u>	<u>81,405</u>	<u>189,119</u>	*
General Fund	56,284	38,796	40,703	94,560	
Cash Funds	2,298	38,796	40,702	94,559	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Statewide training	<u>0</u>	<u>0</u>	<u>0</u>	<u>510</u> *	
General Fund	0	0	0	255	
Cash Funds	0	0	0	255	
CORE Operations	<u>188,575</u>	<u>257,646</u>	<u>442,523</u>	<u>356,486</u>	
General Fund	84,859	115,941	199,135	160,419	
Cash Funds	103,716	141,705	243,388	196,067	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Charter School Facilities Financing Services	<u>6,980</u>	<u>7,609</u>	<u>7,500</u>	<u>7,500</u>	
General Fund	0	0	0	0	
Cash Funds	6,980	7,609	7,500	7,500	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Discretionary Fund	<u>1,874</u>	<u>920</u>	<u>5,000</u>	<u>5,000</u>	
General Fund	1,874	920	5,000	5,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Colorado Secure Savings Program	<u>0</u>	<u>0</u>	<u>1,133,592</u>	<u>0</u>	
FTE	0.0	0.0	5.0	0.0	
General Fund	0	0	1,133,592	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Salary Survey	<u>65,893</u>	<u>70,166</u>	0	0	
General Fund	38,503	44,298	0	0	
Cash Funds	27,390	25,868	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
TOTAL - (1) Administration	2,485,890	3,402,866	4,400,037	3,513,348	(20.2%)
<i>FTE</i>	<u>16.5</u>	<u>16.4</u>	<u>22.4</u>	<u>24.4</u>	<u>8.9%</u>
General Fund	1,186,305	1,742,905	2,600,492	1,740,401	(33.1%)
Cash Funds	1,299,585	1,659,961	1,799,545	1,772,947	(1.5%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(2) UNCLAIMED PROPERTY PROGRAM

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

Personal Services	<u>823,597</u>	<u>864,638</u>	<u>949,702</u>	<u>1,035,319</u> *
FTE	13.8	14.0	15.5	17.0
General Fund	0	0	0	0
Cash Funds	823,597	864,638	949,702	1,035,319
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Operating Expenses	<u>367,208</u>	<u>349,795</u>	<u>470,119</u>	<u>496,219</u> *
General Fund	0	0	0	0
Cash Funds	367,208	349,795	470,119	496,219
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Promotion and Correspondence	<u>4,227</u>	<u>6,105</u>	<u>200,000</u>	<u>200,000</u>
General Fund	0	0	0	0
Cash Funds	4,227	6,105	200,000	200,000
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Leased Space	<u>56,524</u>	<u>58,591</u>	<u>62,146</u>	<u>62,146</u>
General Fund	0	0	0	0
Cash Funds	56,524	58,591	62,146	62,146
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Contract Auditor Services	<u>744,352</u>	<u>408,224</u>	<u>800,000</u>	<u>800,000</u>	
General Fund	0	0	0	0	
Cash Funds	744,352	408,224	800,000	800,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
TOTAL - (2) Unclaimed Property Program	1,995,908	1,687,353	2,481,967	2,593,684	4.5%
<i>FTE</i>	<u>13.8</u>	<u>14.0</u>	<u>15.5</u>	<u>17.0</u>	<u>9.7%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	1,995,908	1,687,353	2,481,967	2,593,684	4.5%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(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; allocate a portion of the Highway Users Tax Fund (HUTF) to local governments; and reimburse certain property taxes owed or paid for real and business personal property destroyed in a natural disaster. The General Fund appropriation for the Senior Citizen and Disabled Veteran Property Tax Exemption is exempt from the statutory limits on General Fund appropriations.

Senior Citizen and Disabled Veteran Property Tax

Exemption	<u>123,298,376</u>	<u>10,387,968</u>	<u>163,663,420</u>	<u>174,942,007</u>
General Fund	123,298,376	10,387,968	163,663,420	174,942,007
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Highway Users Tax Fund - County Payments

	<u>252,418,099</u>	<u>237,707,219</u>	<u>230,392,465</u>	<u>249,230,314</u>
General Fund	0	0	0	0
Cash Funds	252,418,099	237,707,219	230,392,465	249,230,314
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Highway Users Tax Fund - Municipality Payments

	<u>184,872,357</u>	<u>170,439,786</u>	<u>158,109,470</u>	<u>178,702,025</u>
General Fund	0	0	0	0
Cash Funds	184,872,357	170,439,786	158,109,470	178,702,025
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Property Tax Reimbursement for Property Destroyed by

Natural Cause	<u>27,736</u>	<u>4,477</u>	<u>25,000</u>	<u>25,000</u>
General Fund	27,736	4,477	25,000	25,000

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102, C.R.S.	<u>17,685,263</u>	<u>17,434,250</u>	<u>17,433,244</u>	<u>17,433,244</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	17,685,263	17,434,250	17,433,244	17,433,244	
Federal Funds	0	0	0	0	
Public School Fund Investment Board Pursuant to Section 22-41-102.5 C.R.S.	<u>428,146</u>	<u>534,279</u>	<u>1,760,000</u>	<u>1,760,000</u>	
General Fund	0	0	0	0	
Cash Funds	428,146	534,279	1,760,000	1,760,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
S.B. 17-267 Collateralization Lease Purchase Payments	<u>37,495,170</u>	<u>37,499,855</u>	<u>75,000,000</u>	<u>75,000,000</u>	
General Fund	8,998,802	8,999,912	13,000,000	13,000,000	
Cash Funds	28,496,368	28,499,943	62,000,000	62,000,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Direct Distribution for Unfunded Actuarial Accrued PERA Liability	<u>225,000,000</u>	<u>225,000,000</u>	<u>0</u>	<u>225,000,000</u>	
General Fund	225,000,000	168,528,901	0	170,949,406	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	56,471,099	0	54,050,594	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
TOTAL - (3) Special Purpose	841,225,147	699,007,834	646,383,599	922,092,590	42.7%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	357,324,914	187,921,258	176,688,420	358,916,413	103.1%
Cash Funds	466,214,970	437,181,227	452,261,935	491,692,339	8.7%
Reappropriated Funds	17,685,263	73,905,349	17,433,244	71,483,838	310.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - Department of the Treasury	845,706,945	704,098,053	653,265,603	928,199,622	42.1%
<i>FTE</i>	<u>30.3</u>	<u>30.4</u>	<u>37.9</u>	<u>41.4</u>	<u>9.2%</u>
General Fund	358,511,219	189,664,163	179,288,912	360,656,814	101.2%
Cash Funds	469,510,463	440,528,541	456,543,447	496,058,970	8.7%
Reappropriated Funds	17,685,263	73,905,349	17,433,244	71,483,838	310.0%
Federal Funds	0	0	0	0	0.0%

APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2020 Long Bill (H.B. 20-1360) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB20-1360>. The Long Bill footnotes relevant to this document are listed below.

- 116 Department of Treasury, Administration, Health, Life, and Dental -- The General Fund appropriation includes a decrease of \$77,812 that is equal to 5.0 percent of the General Fund portion of estimated base salary for the Department. The reduction in this General Fund appropriation is in lieu of a 5.0 percent personal services base reduction and provides the Department with increased flexibility to absorb the reduction and engage in more considered targeted reductions across all department divisions and programs. This reduction is not intended to reduce the Health, Life, and Dental benefit provided to state employees. It is the General Assembly's intent that Health, Life, and Dental costs for employees, as approved in budget actions, be fully paid within personal services appropriations augmented by Department allocations from central benefits appropriations.

COMMENT: This footnote expresses legislative intent. The Department's efforts to comply and the resulting problem were discussed in Issue 3.

UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, the Chief Justice, and other elected officials. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as Appendix L of the annual Appropriations Report. The requests for information relevant to this document are listed below.

- 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.

COMMENT: The Department submitted its response as requested as part of its FY2021-22 budget request.

APPENDIX C

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of the Treasury is required to publish an **Annual Performance Report** for the *previous fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2021-22 budget request, the FY 2019-20 Annual Performance Report and the FY 2020-21 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/department-performance-plans>