

Colorado Department of the Treasury SMART Act Hearing



Joint Finance Committee
Monday, January 22, 2024



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Treasury Mission & Vision

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

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

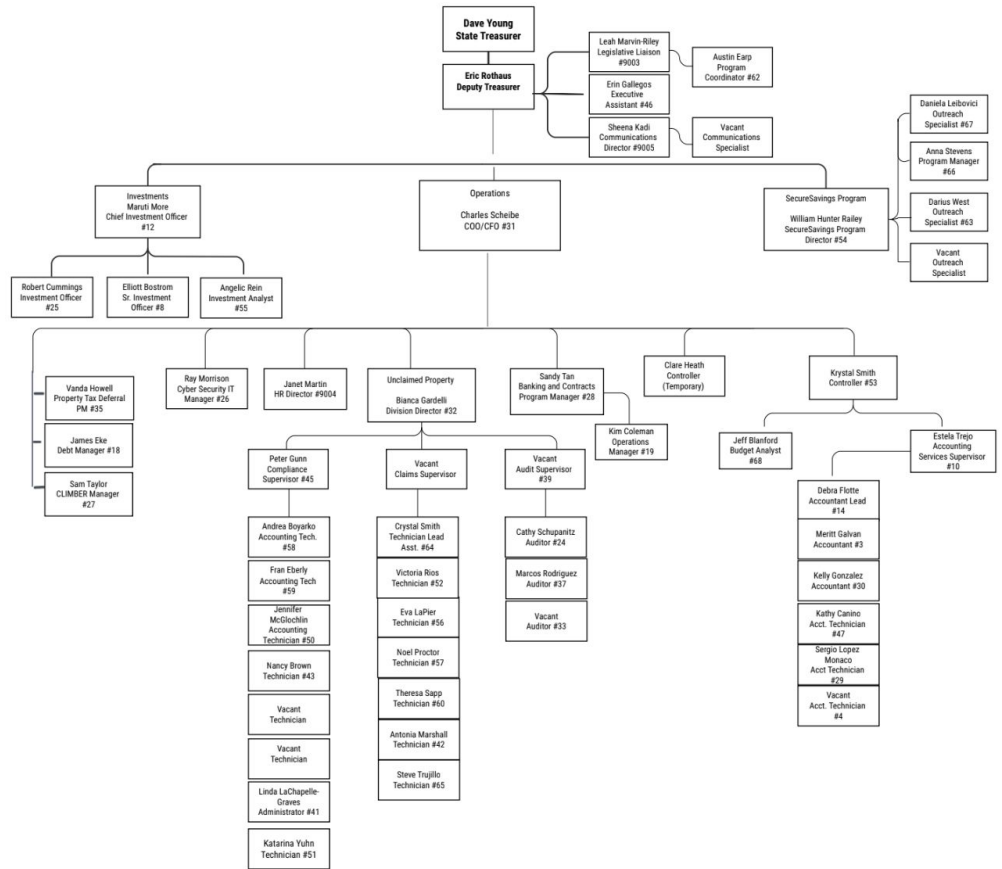


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Treasury Organizational Chart



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Performance Evaluation

Performance Indicators:

- Completed ✓
- In progress ✓
- Not started ✓



Performance Evaluation: Accounting Unit

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

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

Performance Indicators:

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



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Performance Evaluation: CLIMBER Program

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

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

Performance Indicators:

Identify continued sources of funding. ✓

Identify continued banking support. ✓

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



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Performance Evaluation: Debt Management Unit

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

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

Performance Indicators:

Research sustainable investment frameworks. ✓

Modify official statements. ✓

Estimate financial impact to taxpayers for future financings. ✓



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Performance Evaluation: Investment Unit

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

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

The Investment Unit is working with leadership to identify the next set of performance indicators to meet their performance goal.

Performance Indicators:

Identify and survey 10-15 top state treasuries managing more than \$10 billion in fixed income assets. ✓

Develop data and complete the survey. ✓

Summarize pay plans for CIO, research analysts, traders, operations analysts. ✓

Propose recommendations. ✓



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Performance Evaluation: Property Tax Deferral Programs

The mission of the Colorado Property Tax Deferral Program is to provide loan assistance to Coloradans with the payment of real property taxes.

Performance Goal: Based upon the successes and lessons learned in the initial rollout, continue to develop and create a more efficient, user-friendly, and well-run operating program.

Performance Indicators:

Develop new outreach and marketing strategies. ✓

Update and streamline the user application processes. ✓

Implement a cost effective electronic recording system for the PTD Program. ✓

Work on statutory amendments updating how fees are currently interpreted, handled, and charged. ✓

Consider additional internal staff support to help with the internal administrative and accounting support. ✓



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Performance Evaluation: SecureSavings Program

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

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

Performance Indicators:

- Regular tracking of the number of enrollees in funded accounts. ✓
- Outreach for additional state partnerships. ✓
- Marketing and Outreach Strategy implementation. ✓
- Direct engagement with 1099 and self-employed populations. ✓
- Compliance with Colorado Department of Labor and Employment (CDLE). ✓



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Performance Evaluation: Unclaimed Property Division

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

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

Performance Indicators:

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

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

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

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

Authorize 40 new third party audits. ✓



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Treasury Base Budget

\$781.5 million Base Funds

- \$6.6 million General Fund
- \$2.3 million Cash Fund
- \$ 772.6 million Special Project
Funding: Pass-Through Funds

55 Full Time Employees (FTEs)



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Budget Request

The Department made several budget requests for FY 2024-2025, including:

+ \$511,345 General Fund
+ \$977,591 Cash Funds
= **\$1,488,936 TOTAL**

6.5 Full Time Employees

1. **Administration Division:** 4.5 FTE - Property Tax Deferral Program, accounting, HR, and administrative assistant. Conferences, travel, and training.
2. **Unclaimed Property Division:** 2 FTE - a deputy director and a fraud analyst. Travel and training. Four technology applications.
3. **Administrative Technology:** Cybersecurity testing and analysis. Essential application software - HR timekeeping, training modules with new LMS, performance evaluations to align us with state systems.
4. **Unclaimed Property Technology:** Costs tied to Fast Track claims volume, as Department has seen claims grow, contract has grown as well.



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Legislative Agenda

The Department is implementing several bills from previous legislative sessions.

- Colorado SecureSavings Program – established in **SB20-200**
- Property Tax Deferral Program – established in **SB22-220**
- CLIMBER Small Business Loan Program – established in **HB22-1328**
- Colorado Household Financial Recovery Pilot Program – established in **HB22-1359**

Looking towards 2024 Legislative Session

- BUILD Authority: creative funding solutions for statewide infrastructure projects
- Follow up legislation to SB22-025 (Security Token): using blockchain technology in debt financing
- CLIMBER moving to OEDIT: Extend the CLIMBER program and transfer to OEDIT for the long term
- Impact Investing PSPF
- BEST: expanding financing capacity



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Regulatory Rules

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

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

The Treasury is working with stakeholders to prepare for an update to the rules regarding public finance, anticipating a rules hearing in FY 24-25.

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



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Regulatory Agenda

Ref #	Div	Anticipated Hearing or Adoption Date	Rule Number	Rule Title	New rule, revision, or repeal?	Statutory or other basis for adoption or change to rule	Purpose of Proposed Rule	Stakeholders
1	Admin	July 2024	8 CCR 1508-2	State Public Finance Policy	Review	§24-36-121, CRS	To provide guidance related to state public financing	State Agencies, Financial Advisors, Financial Community, Underwriters



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Equity, Diversity, and Inclusion

In accordance with the Governor's Executive Order 2020 175, the Department is executing its plan to improve equity, diversity, and inclusion, including:

- A dedicated intranet page to equity, diversity, and inclusion.
- Working to launch a survey to gauge the Department's progress and opportunities and further the efforts regarding equity, diversity, and inclusion.
- Training hiring managers to ensure organizational diversity for positions being filled.
- Skills-based hiring is promoted for various positions within the Department.
- Working with the State Equity Office to develop compliance training for the Treasury staff.



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