COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2011-12 STAFF BUDGET BRIEFING

DEPARTMENT OF TREASURY

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

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FY 2011-12 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE

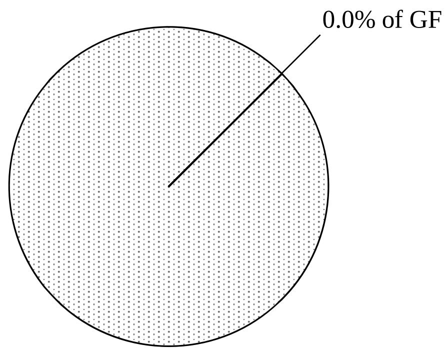
DEPARTMENT OF TREASURY

Table of Contents

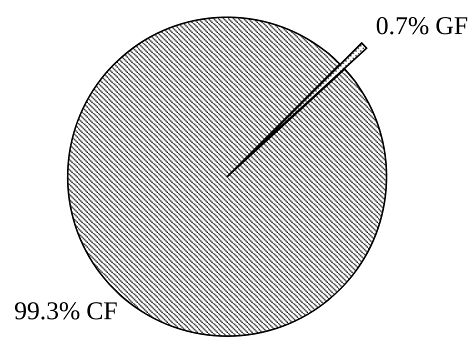
FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of the Treasury

GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

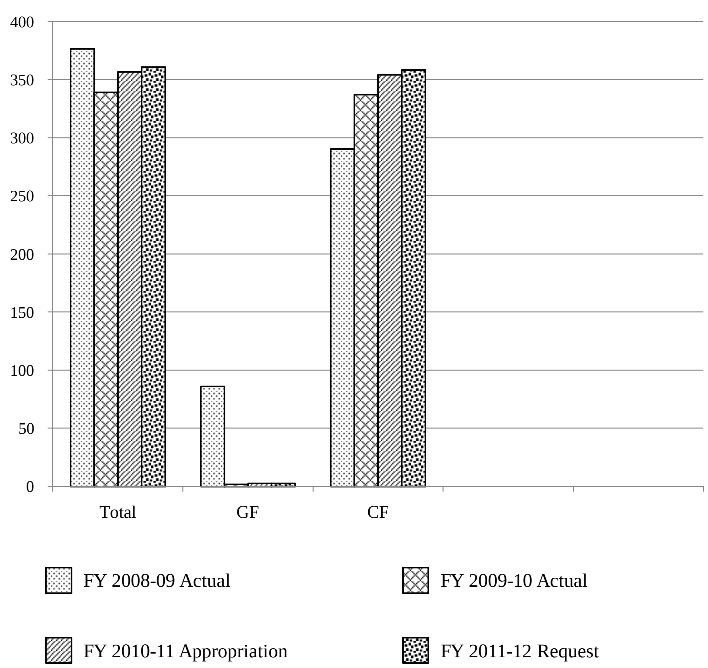


Department Funding Sources

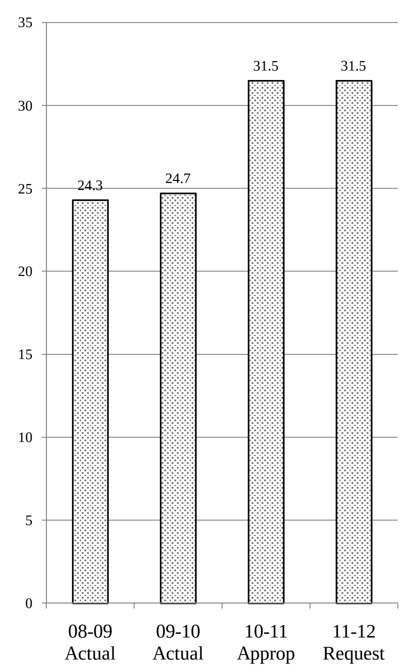


Budget History

(Millions of Dollars)

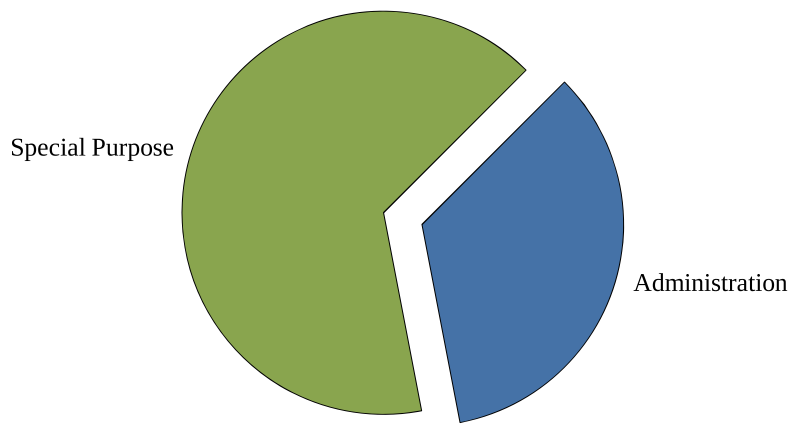


FTE History

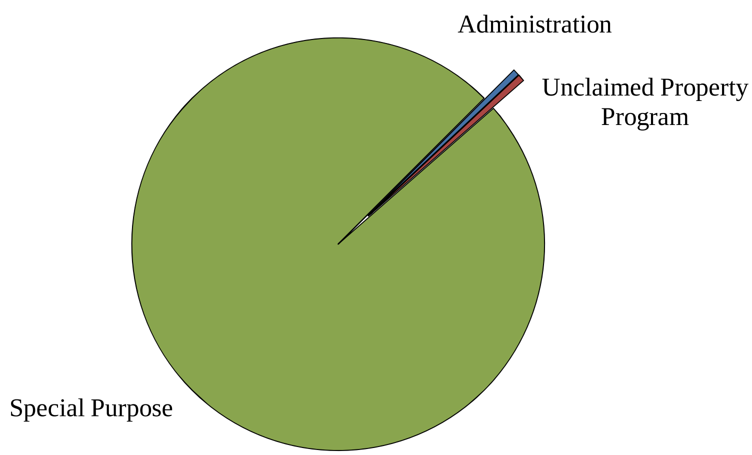


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

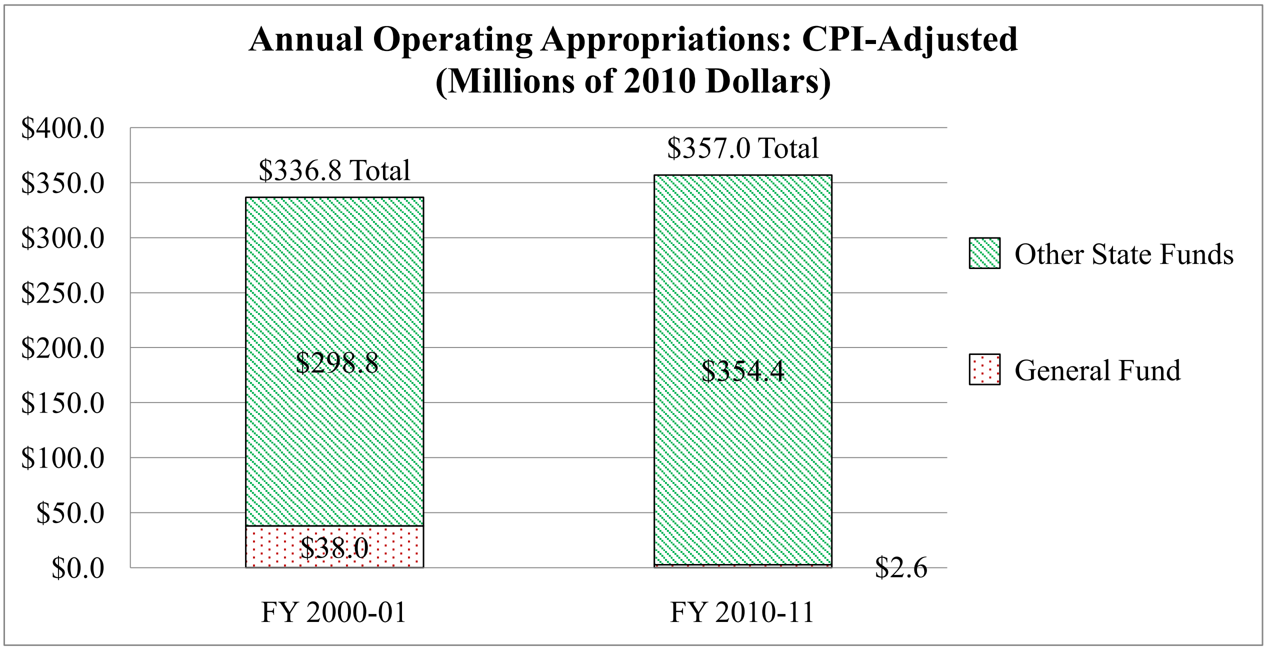
Distribution of General Fund by Division

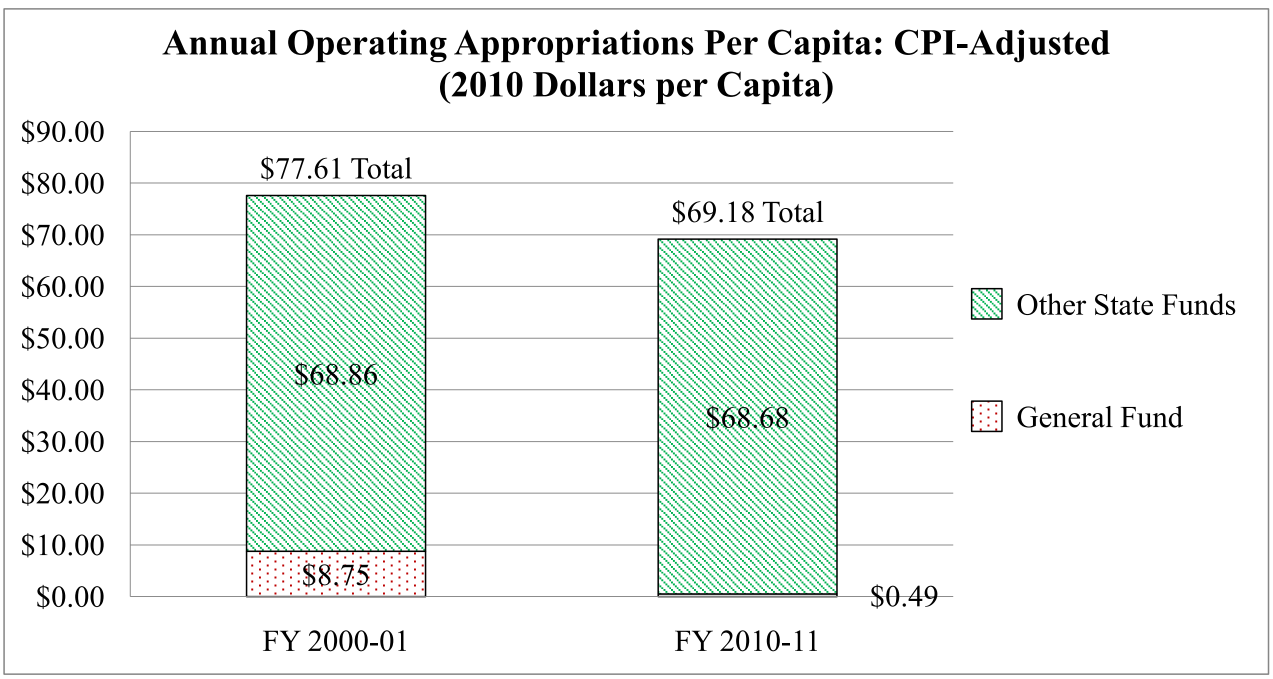


Distribution of Total Funds by Division



COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS

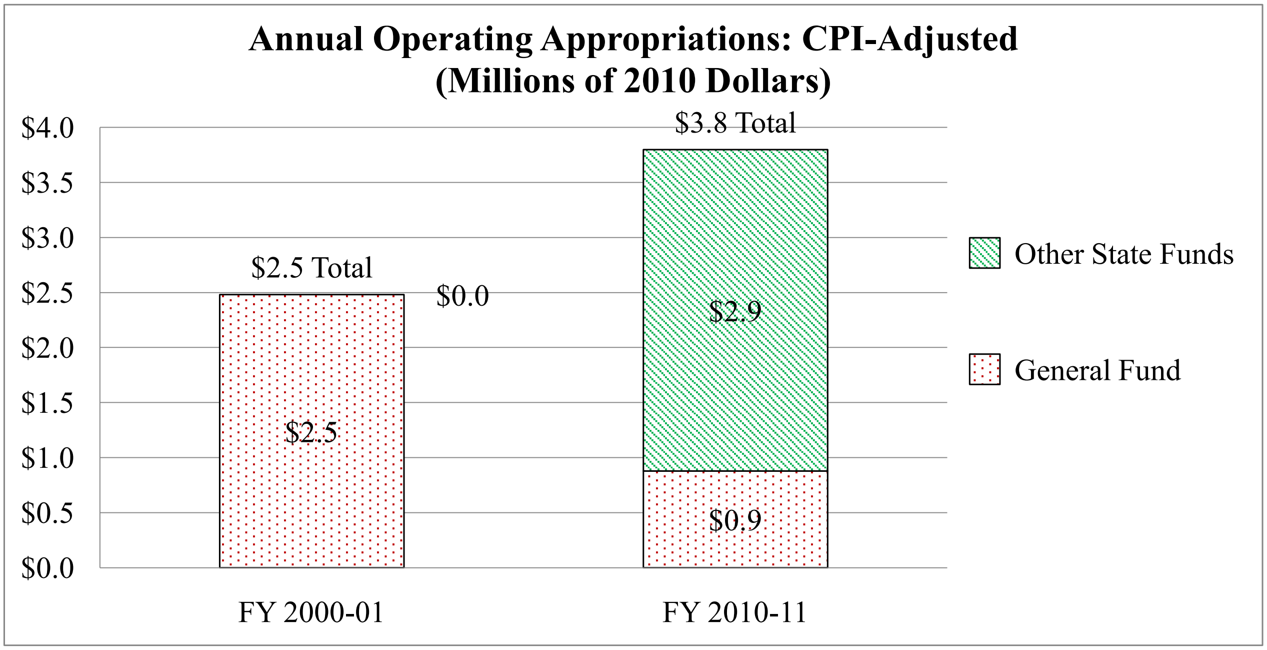


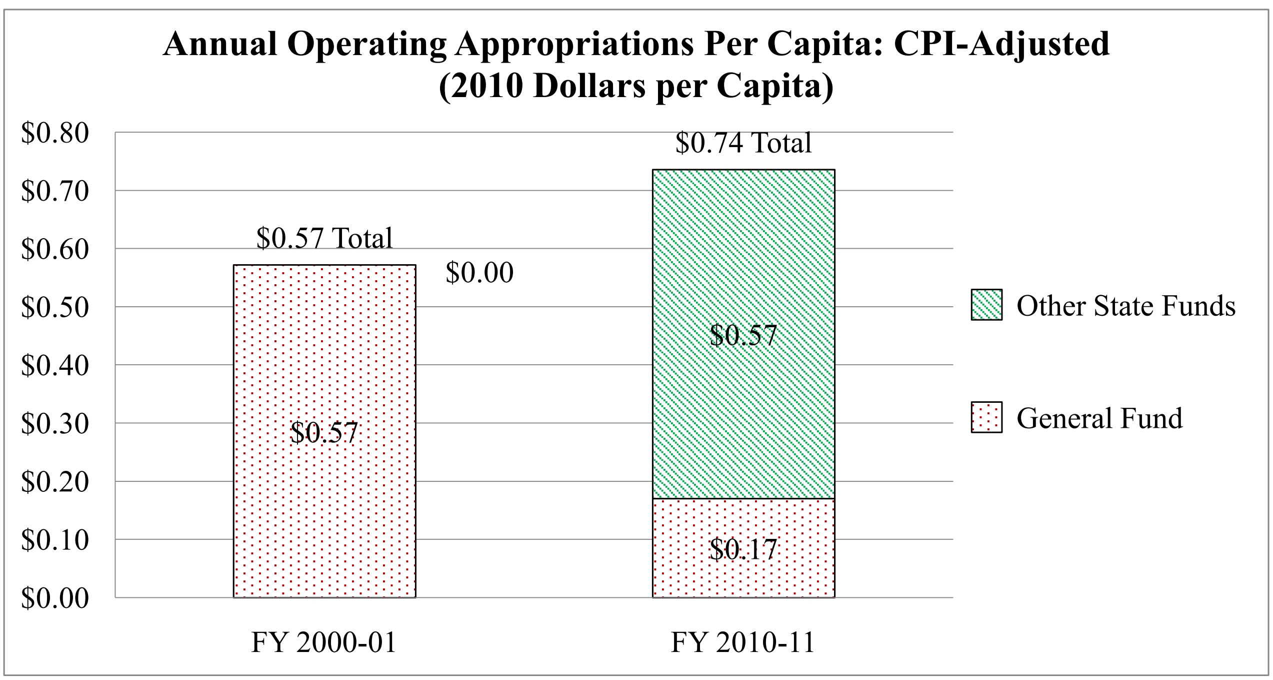


NOTES: (1) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(2) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS (CORRECTED)





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FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury

DEPARTMENT OVERVIEW

Key Responsibilities

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 Senior Citizen and Disabled Veteran Property Tax Exemption reimbursements to local governments
- Makes loans to elderly individuals and military personnel through the Property Tax Deferral Program
- Transfers moneys to the Fire and Police Pension Association for local "old hire" plans
- Transmits moneys from the Unclaimed Property Trust Fund to CoverColorado

Factors Driving the Budget

The State Treasurer provides banking and investment services for all funds deposited with the State Treasury. While maintaining sufficient funds in cash accounts to meet the State's daily cash needs, deposits are invested in statutorily authorized investments. The income earned on investments augments the State's revenues from taxes and fees to decrease the tax burden on Colorado citizens. The Treasury Department consists of three sections, Administration, the Unclaimed Property Division, and a Special Purpose unit.

In addition to overall management of the Department, the Administration section is responsible for accounting, cash management, and investments. The Investments section manages all the State's investment portfolios, including: The Treasurer's Pooled Funds; the Public School Permanent Fund; the Major Medical Insurance Fund; the Tobacco Settlement Trust Fund; the Colorado Prepaid

Tuition Fund; the Colorado State Education Fund; the Unclaimed Property Trust Fund; and the Unclaimed Property Tourism Promotion Trust Fund.

The Unclaimed Property Division is established to locate owners of dormant or abandoned property and the return the property to them. The program is funded through the Unclaimed Property Trust Fund and the Unclaimed Property Tourism Fund. In FY 2009-10, the Unclaimed Property Division returned $25.2 million to the rightful owners, and since the program's inception, it has returned more than $195 million.

The Special Purpose Section, transfers or disburses moneys to local governments and other authorized recipients of state funds for the following programs: The Senior Citizen and Disabled Veterans Property Tax Exemption from the General Fund; CoverColorado from the Unclaimed Property Trust Fund; State payments to the "Old Hire" fire and police pension plans from the General Fund (Exempt); and disbursements of Highway Users Tax Fund proceeds to the counties and municipalities in the State. The major programs are described below.

Senior Citizen and Disabled Veteran Property Tax Exemption

Article X, Section 3.5 of the Colorado Constitution, approved by voters in November 2000 and implemented by Sections 39-3-201 to 208, C.R.S., grants a property tax exemption to qualifying senior citizens and disabled veterans. This provision exempts 50 percent of the first $200,000 of actual home value. The State Treasurer is required to reimburse local governments for the resulting lost property tax revenues.

The exemption applies if (a) the property owner-occupier is sixty-five years of age or older (as of the assessment date) and has occupied the property as a primary residence for the past ten years; or (b) the owner-occupier is the spouse or surviving spouse of an owner-occupier who previously qualified for the exemption. Pursuant to the passage of Referendum E, beginning in tax year 2007, the exemption also applies if the property owner-occupier is a disabled veteran (100 percent permanent service-connected disability) as of the assessment date.

The constitution grants the General Assembly the power to raise or lower the maximum amount of residence 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 to $0 for tax years 2003, 2004, and 2005, and again for tax years 2009 (S.B. 09-276), 2010, and 2011 (S.B. 10-190), thereby eliminating the associated state expenditures for fiscal years 2003-04, 2004-05, 2005-06, and for fiscal years 2009-10, 2010-11, and 2011-12.

These payments are subject to the TABOR limitation on fiscal year spending[1], but are not subject to the statutory limit on General Fund appropriations. The costs associated with the exemption are treated outside of the statutory limit and are not built into the funding base used to calculate the limit for subsequent fiscal years. Estimated General Fund expenditures are included in the Department of Treasury's budget for informational purposes.

Senior Citizen and Disabled Veteran Property Tax Exemption

	FY 06-07 Actual	**FY 07-08 Actual.**	**FY 08-09 Actual**	**FY 09-10 Actual /a**	**FY 2010-11 Projected /b**	**FY 2011-12 Projected /b**
County Reimbursement for Tax Exemption	$74,231,509	$79,828,168	$85,586,694	$1,335,704	$1,670,802	$1,700,000
Number of Exemptions Granted	146,836	157,099	165,596	3,122	N/A	N/A
Average Property Tax Exempted	$506	$508	$517	$428	N/A	N/A
Percent of Residences Granted Exemption	8.5%	8.9%	9.3%	0.2%	N/A	N/A
Actual Value Exempted ($ millions)	$11,737.1	$13,018.4	$13,788.2	$211.2	N/A	N/A
Assessed Value Exempted ($ millions)	$934.3	$1,036.3	$1,097.5	$16.8	N/A	N/A

/a Pursuant to S.B. 09-276, the exemption for senior citizens was suspended for FY 2009-10. The figures for FY 2009-10 represent the exemptions taken by persons eligible due to their status as disabled veterans.

/b Pursuant to S.B. 10-190, the exemption for senior citizens was suspended for FY 2010-11 and FY 2011-12. The projections are based on the estimate included in the Legislative Council Staff September 2010 revenue forecast and is limited to those persons eligible for the exemption due to their status as disabled veterans.

CoverColorado

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 a program in 1990 (now called CoverColorado) to offer health insurance to those "high risk" individuals who are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

Until May 1, 2008, the program was funded from premiums, special fees assessed against insurers, gifts, grants, and donations, and with transfers from the Unclaimed Property Fund. Prior to the

[1] The provision 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.

passage of H.B. 08-1390, it was estimated that the increasing needs of the program would have depleted the Unclaimed Property Fund within five years.

In the 2008 session, the General Assembly passed House Bills 08-1309 and 08-1390 to address the deficits for CoverColorado. H.B. 08-1309 extended the state's authority to impose assessments against insurance carriers to help fund the program, which had been subject to sunset. H.B. 08-1390 changed the funding structure of the program to: 25 percent from the Unclaimed Property Fund; up to 25 percent from special fees assessed against insurers; and 50 percent from premiums, grants, donations, and other available funds.

In addition, the bills created a task force to develop a plan to fund CoverColorado for at least ten years, considering the following:

- The anticipated enrollment growth of the program;
- The long-term viability of using existing funding sources;
- Increasing the premium tax credit for donations to the program;
- Revising the methods, administration, and collection of the assessment;
- Creating an all-payer system; and
- Reducing claims cost to the program.

The task force submitted its plan to the General Assembly on March 31, 2009.

In the 2010 session, the General Assembly passed S.B. 10-020, which allows the CoverColorado Board of Directors to establish a fee schedule for covered services. The fees must be set to exceed the reimbursements generally paid by Medicare.

In addition, the federal health care legislation (Patient Protection and Affordable Care Act) enacted this year established a high-risk pool similar to CoverColorado, with important caveats. Some of the most important caveats are that the State must maintain its existing efforts for high-risk individuals and that the new program is only available to those who have been without health insurance for six months. Existing members of CoverColorado would have to drop out of the program for six months to be eligible for the new high-risk program.

Discussion of how these pieces of legislation affect CoverColorado is the subject of a briefing issue later in this document.

State Contributions for Local Fire and Police Pension Plans

Section 31-30.5-307 C.R.S., requires the State to pay part of the unfunded liability of retirement plans that cover police and firefighters who were hired before 1978 ("old hire" pension plans). The Department annually transfers the required amount from the General Fund to the Fire and Police Pension Association (FPPA), which administers these plans. For FY 2005-06 through FY 2008-09, this appropriation is reflected as coming from the General Fund Exempt Account. The annual General Fund transfer is included in the Long Bill for informational purposes; this appropriation is not subject to the statutory limit on General Fund appropriations.

Senate Bill 09-227 suspended the State's annual contribution to FPPA for FY 2008-09, FY 2009-10, and FY 2010-11. Under this bill, payments of $25.3 million will resume starting April 30, 2012, and were extended until April 30, 2015, or until the unfunded liability of the pension plans is eliminated. The bill also requires the unfunded liability to be eliminated by the April 2015 payment. Appendix D details the distribution of state funding among old hire plans since 1980. Since 1980, the State has contributed almost $540 million to the FPPA to eliminate the unfunded liability of the "old-hire" pension plans.

The following table provides a summary of remaining state contributions to "old hire" pension plans required by current law. The amount of the final contribution in April 2015 is based on market conditions that existed in January 2009.

Fire and Police Pension Association State-Assisted "Old Hire" Pension Plans	
Payment Date	**Annual State Contribution Required Under Current Law**
April 2010	$0
April 2011	0
April 2012	25,321,079
April 2013	25,321,079
April 2014	25,321,079
April 2015 (estimate)	$83,853,854

Estimate provided by Gabriel, Roeder, Smith, the FPPA actuary, dated January, 2009.

State payments to the FPPA "old-hire" pension plan is the subject of two briefing issues later in this document.

Highway Users Tax Fund Disbursements

The Department of Treasury distributes revenues from the Highway Users Tax Fund (HUTF) to counties and municipalities for use on local transportation projects pursuant to statutory formulas in Sections 43-4-207 and 208, C.R.S. The amounts anticipated to be distributed to counties and municipalities are reflected as cash fund appropriations within the Treasury section of the Long Bill for informational purposes. The following table details recent distributions of HUTF revenues, as well as projected distributions, for FY 2010-11 and FY 2011-12.

Highway Users Tax Fund (HUTF) Actual Revenues and Distributions					
				Projections	
	FY 07-08	**FY 08-09**	**FY 09-10**	**FY 10-11**	**FY 2011-12**
Total Revenues	$804,072,143	$803,803,213	$919,900,000	$927,000,000	$938,700,000
Annual Percent Change	3.0%	0.0%	12.6%	0.8%	1.2%
Treasury Distributions					
Counties	$163,703,451	$155,403,560	$182,937,213	$186,811,000	$186,797,920
Municipalities	106,687,933	101,133,396	125,023,791	130,720,000	127,662,293

Source Legislative Council Staff Economic Forecast dated September 2010

DECISION ITEM PRIORITY LIST

Base Reduction	GF	CF	RF	FF	Total	FTE
1	($25,321,079)	$0	$0	$0	($25,321,079)	0.0
Suspend FPPA payment for FY 2011-12 and FY 2012-13						
Administration. Proposal would suspend for an additional two years the state payments to the Fire and Police Pension Association "Old-hire" pension plan. *Statutory authority: Requires statutory change to Section 31-30.5-307, C.R.S.*						
2	$0	$1,733	$0	$0	$1,733	0.0
Funding for Unclaimed Property Leased Office Space						
Unclaimed Property Program. Request is for additional funds to renew lease for a three-year term for the Unclaimed Property Program. Terms of current lease require a payment of and additional $1,733 each year to renew lease. *Statutory authority: Section 38-13-116.5 (2), C.R.S.*						
3	(129,999)	129,999	0	0	$0	0.0
Change in Funding Mix (Cash Management Transaction Fees)						
Administration. Request is to refinance General Fund in the personal services line item with funding from Treasury transaction fees. *Statutory Authority: Section 24-36-120 (1), C.R.S.*						
Non Prioritized	102,408	58	0	0	$102,466	0.0
Non-prioritized Statewide Common Policy Adjustments						
Administration and Unclaimed Property Program. Various common policy adjustments.						
Total	**($25,348,670)**	**$131,790**	**$0**	**$0**	**($25,216,880)**	**0.0**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. The GFE (General Fund Exempt) column is included here to reflect payments made to the FPPA "old hire" police and fire pension plans. These payments are included in the General Fund category and are shown for informational purposes. If legislation is not passed suspending the payments for at least another year, the GFE column would show a payment of $25.3 million in FY 2011-12.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	GFE	FTE
FY 2010-11 Appropriation	$2.6	$354.4	$0.0	$0.0	$357.0	$0.0	31.5
FY 2011-12 Request	2.6	358.5	0.0	0.0	361.1	0.0	31.5
Increase / (Decrease)	$0.0	$4.1	$0.0	$0.0	$4.1	$0.0	0.0
Percentage Change	0.0%	1.2%	n/a	n/a	1.1%	n/a	0.0%

The following table highlights the individual changes contained in the Department's FY 2009-10 budget request, as compared with the FY 2008-09 appropriation. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2010-11 to FY 2011-12

Category	GF	CF	RF	FF	Total	FTE
Administration						
General Government Computer Center Base Adjustment	97,822	0	0	0	97,822	0.0
Reversal of FY 2010-11 2.5% PERA contribution shift	28,946	0	0	0	28,946	0.0
Total Compensation Policy adjustments	5,961	14,333	0	0	20,294	0.0
Capitol Complex Leased Space adjustment	3,791	0	0	0	3,791	0.0
Common policy adjustments per DPA	772	37	0	0	809	0.0
Annualize increase in NAST membership dues (FY 2009-10 decision item)	800	0	0	0	800	0.0

Category	GF	CF	RF	FF	Total	FTE
Statewide printing services adjustment	60	0	0	0	60	0.0
Change in Funding Mix from General Fund to Treasury Transaction Fees	(129,999)	129,999	0	0	0	0.0
Subtotal	**$8,153**	**$144,369**	**$0**	**$0**	**$152,522**	**0.0**
Unclaimed Property Program						
Reversal of FY 2010-11 2.5% PERA contribution shift	0	16,824	0	0	16,824	0.0
Increase for Leased Space	0	1,733	0	0	1,733	0.0
Statewide printing services adjustment	0	58	0	0	58	0.0
Subtotal	**$0**	**$18,615**	**$0**	**$0**	**$18,615**	**0.0**
Special Purpose						
Adjustment per CoverColorado projections	$0	$7,000,000	$0	$0	$7,000,000	0.0
Adjustment per Legislative Council September 2010 forecast for Disabled Veteran Property Tax Exemption	29,198	0	0	0	29,198	0.0
Adjustment per Legislative Council September 2010 forecast for distributions of HUTF to counties and municipalities	0	(3,070,787)	0	0	(3,070,787)	0.0
Subtotal	**$29,198**	**$3,929,213**	**$0**	**$0**	**$3,958,411**	**0.0**
Net Change	**$37,351**	**$4,092,197**	**$0**	**$0**	**$4,129,548**	**0.0**

The Treasurer's request does not include several budget balancing initiatives from the Governor, including the proposed continuation of the PERA contribution shift and the two percent personal services reduction.

FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of The Treasury

BRIEFING ISSUE

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of The Treasury have decreased since FY 2007-08 due to primarily to the suspension of the Senior Citizen Property Tax Exemption and suspension of payments for the Fire and Police Pension Association (FPPA) "Old-hire" pension plans. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of The Treasury decreased by $111.6 million (97.8 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- ❏ The General Assembly, pursuant to S.B. 09-276, suspended the Senior Citizen Homestead Property Tax Exemption for FY 2009-10, and pursuant to S.B. 10-190 suspended the exemption for FY 2010-11 and FY 2011-12.

- ❏ The General Assembly reduced payments to the FPPA "old-hire" pension plan.

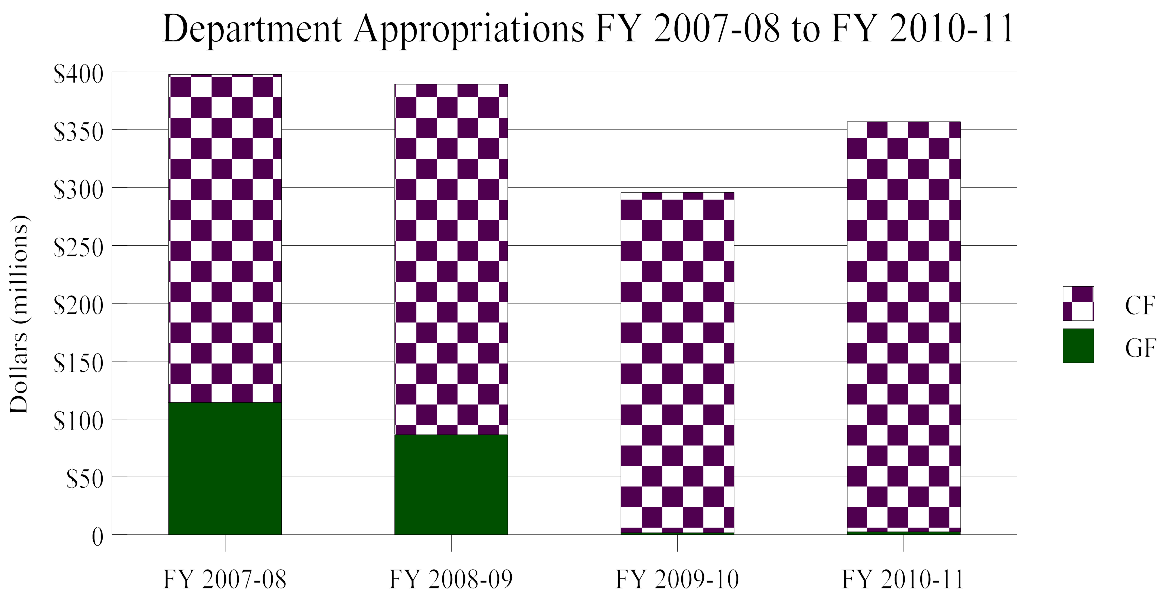
- ❏ The General Assembly, pursuant to S.B. 09-227, suspended state payments to the FPPA for three fiscal years (FY 2008-09 through FY 2010-11).

- ❏ The General Assembly reduced funding for the Department's Operations.

DISCUSSION:

From FY 2007-08 to FY 2010-11, total appropriations to the Department of The Treasury decreased by approximately 10.3 percent (40.8 million). Most of this decrease was provided through the suspension of the Senior Citizen Homestead Property Tax Exemption and the suspension of payments to the FPPA "old-hire" pension plan. Together, these two suspensions reduced General Fund appropriations by $34.8 million in FY 2008-09, $125.2 million in FY 2009-10, and $126.5 million in FY 2010-11. These are offset by an increase in cash funds which is primarily the result of increases in the projected transfers of Highway Users Tax Fund (HUTF) moneys ($47.1) to counties and municipalities, and for an increase in the transfer to CoverColorado ($14.6 million) from the Unclaimed Property Trust Fund.

Appropriations to the Department of The Treasury for FY 2007-08 through FY 2010-11 are illustrated in the bar chart and detailed in the table below.



Department of The Treasury Appropriations FY 2007-08 to FY 2010-11					
	Total Funds	**General Fund**	**Cash Funds**	**Federal Funds**	**Reappropriated Funds**
FY 2007-08 /a	$397,833,647	$114,153,460	$283,680,187	$0	$0
FY 2008-09	389,434,258	86,966,576	302,467,682	0	0
FY 2009-10	295,616,667	1,680,359	293,936,308	0	0
FY 2010-11	356,999,817	2,550,137	354,449,680	0	0
Increase/(Decrease.) /b	($40,833,830)	($111,603,323)	$70,769,493	$0	$0
Percent Change /b	(10.3)%	(97.8)%	24.9%	n/a	n/a

a/ FY 2007-08 Appropriations have been adjusted to reflect the same "cash funds" and "reappropriated funds" format implemented in FY 2008-09. Source: Page 543 of the FY 2008-09 Appropriations Report, plus 2009 legislation affecting FY 2007-08 appropriations (S.B. 09-185).
b/ Increase/(Decrease) and Percent Change compare FY 2007-08 and FY 2010-11.

As illustrated in the bar chart above, appropriations to the Department were lowest in FY 2009-10 primarily due to the suspension of the Senior Citizen property tax exemption and state payments to the FPPA "old-hire" pension plans. These reductions were partially offset by an increase of $14.6 million cash funds in transfers from the Unclaimed Property Trust Fund to CoverColorado and increase of $55 million in HUTF receipts disbursed (primarily the result of the FASTER bill) to counties and municipalities.

Beginning in January of 2009 and continuing through the 2010 Session, the General Assembly has taken a number of actions to reduce General Fund expenditures to this department. These actions are discussed in more detail below.

1. The General Assembly suspended, for a total of three years, the Senior Citizen property tax exemption, reducing General Fund appropriations by $90.4 million in FY 2009-10, $91.7 million in FY 2010-11, and $96.4 million in FY 2011-12. These savings were accomplished through S.B. 09-276 for FY 2009-10, and through S.B. 10-190 for the other two fiscal years. The appropriation is to reimburse local governments for the tax revenue lost by those governments due to the exemption. The Disabled Veterans property tax exemption continues, requiring an appropriation of $1.7 million in FY 2010-11.

2. The General Assembly reduced the payment to the Fire and Police Pension Association (FPPA) "old-hire" pension plans to the statutory minimum of $25.3 million. This saved the state $9.5 million General Fund Exempt in additional payments that were being made in an attempt to retire the state's obligation earlier than required. The "extra" $9.5 million payments started in FY 2006-07 and were scheduled to continue until FY 2009-10. These payments would have left the State with only one additional payment, retiring the state's obligation early. The recent downturn and resulting General Fund shortfall necessitated reducing the payments to the required minimum.

3. The General Assembly enacted S.B. 09-227 that suspended, for three years, the payments to the FPPA "old-hire" pension plans. This suspension (for FY 2008-09, FY 2009-10, and FY 2010-11) extended the date by which the state must retire its obligation for an additional three years until FY 2014-15. At the time of that payment, the state would have been required to make a payment of $84 million General Fund Exempt.

4. The General Assembly reduced funding to the Department for FY 2009-10 by $67,000 General Fund by refinancing personal services to the Unclaimed Property Trust Fund, implementing furlough reductions, and reducing operating expenses. In FY 2010-11, funding was reduced by $46,000 (including $29,000 General Fund) as a result of the Public Employees Retirement Association (PERA) contribution shift.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury

BRIEFING ISSUE

ISSUE: "Old Hire" Fire and Police Pension Plans

Economic conditions, specifically the State's General Fund revenue shortfall, along with the recent decline in markets, significantly affect the State's obligations to fund contributions to the "old hire" fire and police pension plans.

SUMMARY:

- ❑ To assist in addressing the poor funding status of local pension plans for firefighters and police officers that existed in the late 1970s, the General Assembly has contributed $538 million General Fund to 110 local "old hire" pension plans since 1980.

- ❑ Prior to the 2009 General Assembly session, state law required continued state contributions of at least $25.3 million General Fund each fiscal year through FY 2011-12 unless the state fulfills its obligation ahead of that time, with an extra payment (if necessary) in FY 2011-12 to make up for state contributions that were deferred due to budget constraints during fiscal years 2002-03 through 2004-05.

- ❑ In 2009, the General Assembly passed S.B. 09-227, which suspended state payments to the FPPA for three fiscal years (Fiscal Years 2008-09, 2009-10, and 2010-11).

- ❑ Payments of $25.3 million are scheduled to resume in FY 2011-12 and continue for three additional years (FY 2014-15). The final payment is required to be sufficient to eliminate the state's portion of the unfunded liability. The amount of that payment is currently projected to be $83.9 million in April 2015.

DISCUSSION:

Background Information
Prior to 1978, each municipality or fire protection district with paid (rather than volunteer) police officers or firefighters administered its own employee pension plans. Although the General Assembly had provided some state funding for local pension plans and state statutes provided some structure for local plans, the plans' administration was largely a local responsibility. There was no state requirement that these plans be funded on an actuarially sound basis.

After learning in 1977 that these local pension plans had unfunded liabilities exceeding $500 million[2], the General Assembly enacted legislation in 1978 and 1979 to reform these local plans. The "Policemen's and Firemen's Pension Reform Law" (S.B. 78-46) included the following legislative declaration:

> "The general assembly finds and declares that the establishment of statewide actuarial standards regarding funded and unfunded liabilities of policemen's and firemen's pension funds ... is a matter of statewide concern affected with a public interest, and the provision of [this bill] are enacted in the exercise of the police powers of the state for the purpose of protecting the health, peace, safety, and general welfare of the people of this state."

The reform legislation limited membership in existing local pension plans to police officers and firefighters who were hired prior to April 8, 1978 (these plans are now referred to as "old hire" pension plans). In order to fund these programs on an actuarially sound basis, the General Assembly established a program to provide partial state funding for existing ("old hire") plans if local employers agreed to significant increases in employer contributions and minimum member contributions. With respect to newly hired police officers and firefighters, the General Assembly established a new statewide defined benefit plan and created the Fire and Police Pension Association (FPPA) to administer the newly created plan. The statewide plan is funded exclusively through member and employer contributions, and has been actuarially sound since its inception[3].

History of State Contributions for "Old Hire" Pension Plans

The legislation establishing a program to provide partial state funding for old hire pension plans clearly stated that the state's financial assistance was temporary. Specifically, S.B. 79-79 included the following language in the legislative declaration:

> "... The general assembly further declares that state moneys provided to municipalities and fire protection 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 obligation relating to pensions in excess of their present financial capacities. It is the intent of the general assembly in providing moneys to assist said local governments that state participation decrease annually, terminating at the earliest possible date." *(emphasis provided)*

[2] To put this figure in perspective, the total state General Fund operating budget in the FY 1978-79 Long Bill was just over $1.0 million. Thus the $500 million shortfall in local plans represented nearly half of the annual state General Fund budget. If the magnitude of this shortfall were adjusted for inflation, it would exceed $1.8 billion.

[3] The latest FPPA Comprehensive annual report dated December 31, 2009 indicates that the ratio of the actuarial value to the statewide defined benefit plan assets to the actuarial liability is 101.0 percent.

Since 1980, the state has contributed a total of $537.8 million to 110 local police and fire departments. [A history of state contributions and the allocation of state funding among local plans is provided in Appendix D.] 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 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 2008-09, this amount is 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 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[4].

Three times since 1980 (for a total of seven years), the General Assembly has temporarily suspended the state contribution to old hire 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 the General Assembly (through 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 2009-10, whichever came first. Prior to S.B. 95-228, it was anticipated that state funding would continue through 2024. The earlier end-date was intended to coincide with the point at which all "old hire" employees would be retired.

During the ensuing years, the State's contribution to the old hire plans equaled about 41 percent of the total combined contributions of the state, local governments and employees. These combined contributions, along with a robust stock market, reduced the unfunded liabilities of old hire pension plans to a low of $192.7 million in January 2001. The recession of the early 2000s and the stock market decline that began in March of 2000 reversed the trend of decreasing the unfunded liability.

Due to the General Fund shortfalls that occurred especially in 2002 and 2003, the General Assembly again suspended (through S.B. 03-263) the state contribution for old hire pension plans 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. That additional payment was to have been made at any time prior to April 30, 2012. Finally, S.B. 03-263 changed the date of the annual payment from September to April, which is more consistent with the State's General Fund cash flow. The annual required $25.3 million state contribution resumed in April 2006.

In the 2009 session, the General Assembly passed S.B. 09-227, which suspended contributions for fiscal years 2008-09, 2009-10 and 2010-011, and extended the date for repayment by three additional years until FY 2014-15. Payments of $25.3 million are scheduled to resume in FY 2011-12, with the

[4] In addition, Section 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.

final payment expected to be $83.9 million in FY 2014-15. Alternatively, the State could extend the payments of $25.3 million through FY 2016-17 and make a final payment of $16.9 million in FY 2017-18. The second alternative would require legislation prior to the final payment currently scheduled in FY 2014-15.

As of December 31, 2009, the plans have 39 active employees, 83 active employees participating in the Deferred Retirement Option Plan (DROP), 343 members terminated and vested, but not receiving benefits, and 6,168 retirees and beneficiaries receiving benefits. The following list shows the agencies that are still receiving assistance to bring their plans to full funding status.

- Denver Police
- Denver Fire
- Grand Junction Police
- Greeley Fire
- Pueblo Fire
- Lakewood Fire
- North Washington Fire

Future State Contributions for "Old Hire" Pension Plans

Prior to the General Assembly amending the law, the State was required to contribute $25.3 million per year through FY 2011-12 or until the plans are fully funded, whichever comes first, and an additional payment (if necessary) related to recent suspended contributions. Starting in FY 2006-07, the Joint Budget Committee voted to increase the appropriation by $9.5 million. The Committee's plan was based on a scenario which avoids the balloon payment otherwise required in April 2012, and the amount was based on increasing the appropriation for four years, consistent with the Referendum C "time-out" period, and then appropriating the remaining obligation in FY 2010-11 and FY 2011-12, as necessary.

Due to the State's fiscal problems in 2008 and 2009, the State suspended contributions to the plans that had been scheduled for April 30, 2009, April 30, 2010, and April 30, 2011, and extended payments for three years. Based on the value of the FPPA investment portfolio in January 2009, the FPPA's actuaries determined that the State would need to make payments of $25.3 million in FY 2011-12, FY 2012-13, and FY 2013-14, followed by a final payment of $83.9 million in FY 2014-15.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury

BRIEFING ISSUE

ISSUE: Request to Suspend Payment to the Fire and Police Pension Association "Old-hire" plans.

The current General Fund shortfall reduces the ability of the State to make the required payments to the Fire and Police Pension Association (FPPA) "old-hire" pension plans.

SUMMARY:

- ❏ As part of the Governor's balanced budget submission, the Department has requested that payments to the FPPA "old-hire" pension plans be suspended for an additional two years, which includes FY 2011-12 and FY 2012-13.

- ❏ Suspension of the payments will alleviate the current General Fund shortfall, but the cost to the state in the long run will ultimately be higher.

DISCUSSION:

Background Information
Please see the discussion in the previous issue for background on the state payments to the FPPA.

Budget Balancing Request
The Governor has requested, as part of his balanced budget submission, to suspend state payments to the FPPA "old-hire" pension plans for FY 2011-12 and FY 2012-13. This would reduce General Fund appropriations by $25.3 million during those two fiscal years, but require additional payments later to fulfill the state's obligations to the plans. Each year of delay in payments increases the ultimate cost to the state of its part of retiring the state's portion of the unfunded liability.

The table below details several scenarios for delaying payments by one or two years, along with various extensions of the time frame for paying off the obligation. The scenarios include: (1) extending the payback period by the same number of years as the payments are suspended or (2) extending the time frame by a sufficient numbers of years to minimize the difference between the final payment and the statutory minimum.

Fire and Police Pension Association Funding for State Assisted Old-Hire Plans *						
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Date of Payment	**Schedule prior to S.B. 09-227**	**Current S.B. 09-227 Schedule**	**Suspend additional year, extend additional year**	**Suspend additional year, extend additional 4 years**	**Suspend 2 years, extend additional 2 years**	**Suspend 2 years, extend additional 6 years**
April 2006	$25,321,079	$25,321,079	$25,321,079	$25,321,079	$25,321,079	$25,321,079
April 2007	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141	34,774,141
April 2008	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172	34,777,172
April 2009	25,321,079	0	0	0	0	0
April 2010	25,321,079	0	0	0	0	0
April 2011	25,321,079	0	0	0	0	0
April 2012	48,262,620	25,321,079	0	0	0	0
April 2013	0	25,321,079	25,321,079	25,321,079	0	0
April 2014	0	25,321,079	25,321,079	25,321,079	25,321,079	25,321,079
April 2015	0	83,853,854	25,321,079	25,321,079	25,321,079	25,321,079
April 2016	0	0	97,664,445	25,321,079	25,321,079	25,321,079
April 2017	0	0	0	25,321,079	112,579,884	25,321,079
April 2018	0	0	0	25,321,079	0	25,321,079
April 2019	0	0	0	34,250,534	0	25,321,079
April 2020	0	0	0	0	0	25,321,079
April 2021	0	0	0	0	0	29,936,102
Total Paid	$219,098,249	$254,689,483	$268,500,074	$281,049,400	$283,415,513	$302,056,047
Difference from S.B. 09-227	($35,591,234)	$0	$13,810,591	$26,359,917	$28,726,030	$47,366,564

* Data provided by FPPA's actuary, Gabriel, Roeder, Smith

The plan to suspend payments for two additional years requires statutory changes to Section 31-30.5-307, C.R.S.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury

BRIEFING ISSUE

ISSUE: CoverColorado

CoverColorado is the State's plan to provide medical insurance to citizens of the state who cannot obtain insurance in the markets. The program requires a State subsidy of $34.7 million from the Unclaimed Property Trust Fund for FY 2011-12, an increase of $11.9 million from FY 2010-11. Growth of the subsidy in coming years will deplete the Unclaimed Property Trust Fund, endangering the State subsidy.

SUMMARY:

- ❑ Transfers from the Unclaimed Property Trust Fund (UPTF) are required by statute to comprise one-quarter of the funding for CoverColorado. Projections show that the UPTF will be depleted and unable to supply its portion of funding for CoverColorado at some point in 2013. The depletion of the UPTF is likely even with the changes in various acts of the General Assembly that have slowed growth in the program.

- ❑ With the enactment of H.B. 08-1390, the funding provided by the Unclaimed Property Trust Fund (UPTF) was reduced in FY 2009-10, but due to increased enrollment, the amount of subsidy required from the UPTF increased again for FY 2010-11 and is projected to continue to increase as enrollment in CoverColorado grows.

- ❑ The CoverColorado Long-Term Funding Task Force made a number of recommendations for providing adequate funding.

- ❑ Senate Bill 10-020 authorizes the Board of Directors of CoverColorado to establish a reimbursement schedule for services provided that is lower than the currently negotiated rate but higher than the medicare reimbursement rate, providing savings to CoverColorado.

- ❑ When the provisions of the federal Patient Protection and Affordable Care Act are implemented in 2014, CoverColorado will no longer be needed as patients will be able to purchase insurance in an insurance exchange.

DISCUSSION:

Background Information

Colorado does not require health insurance providers to offer individual health to everyone who applies, regardless of their health status. Like many other states that do not require "guaranteed issue," Colorado created a risk pool to offer subsidized health insurance coverage to those "high risk" individuals who are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

House Bill 90-1305 created the "Colorado Uninsurable Health Insurance Plan (CUHIP)." The current term for the plan is the "Colorado High Risk Health Insurance Act," and the program created by the act is called "CoverColorado." CoverColorado is a nonprofit public entity that is governed by a seven-member board of directors, who are appointed by the governor. The board includes four insurance carrier representatives, two individuals who are insured or have been insured under CoverColorado, and one medical professional who specializes in chronic disease. For purposes of TABOR, CoverColorado is defined as a "special purpose authority" [Section 24-77-102 (15) (b) (XII), C.R.S.], and is thus not an agency of the State, is not subject to administrative direction by any department or agency of the State, and is not considered to be part of the State for the purposes of any spending limitations.

CoverColorado enrollees pay relatively high rates, which by statute (Section 10-8-512 (3) (a), C.R.S.) must be between 100 and 150 percent of the standard risk rate charged by the five largest carriers in Colorado with similar plans for health benefit plans. Currently, the rates charged by CoverColorado are set at 135 percent of the standard risk rate. For 2010, premiums paid by enrollees are projected to return 45.0 percent of CoverColorado's claims and administrative costs.

Certain individuals are not eligible to enroll in CoverColorado, including prison inmates and residents of public institutions, and individuals eligible for Medicaid. Those who are eligible for CoverColorado fall into one of two eligibility categories. First, of the State residents currently participating in the program, about 70 percent are "medically eligible" for the program because they have:

- applied for health insurance and been rejected because of a medical or health condition;
- applied for and been offered health insurance, but the premium rate exceeds the rate available through CoverColorado, or the coverage includes a reduction or exclusion for a preexisting medical or health condition for a period exceeding six months;
- had a health benefit plan involuntarily terminated by a Colorado insurance carrier for any reason other than nonpayment of premiums; or
- a medical or health condition that presumptively makes them eligible (e.g., diabetes, leukemia, lupus, multiple sclerosis, Parkinson's).

The remaining 30 percent of current CoverColorado participants are considered "federally" eligible for the program due to requirements of the federal Health Insurance Portabilility and Accountability Act of 1996 (HIPAA) and the federal Trade Adjustment Assistance Reform Act of 2002. The HIPAA group includes individuals who have lost group health insurance coverage and do not have coverage under another employer-sponsored program or through a spouse. The Trade Act group includes individuals participating the Trade Adjustment Assistance Program, as well as individuals aged 55 to 64 who receive pension benefits from the federal Pension Benefit Guarantee Corporation.

Program Funding Sources
Section 10-8-530 (1) (a) sets forth the following sources of income for the program:

- Moneys transferred from the Unclaimed Property Trust Fund (UPTF);
- premiums charged to the programs enrollees;
- special fees assessed against insurers; and
- gifts, grants, and donations (which include contributions received pursuant to the premium tax credit allocation provisions), and interest.

The following table provides a summary of CoverColorado costs, premiums, and other sources of revenues.

CoverColorado: Projected Claims, Administrative Expenses, and Revenues (Most Likely Scenario) <a>

Fiscal Year	Claims and Administrative Costs	Special Fees	Transfers from Unclaimed Property Trust Fund	Premiums	Other (Interest, Credits, Grants) <b>	Net Change in Fund Balance
2010	($113,701,970)	$28,794,604	$29,142,431	$53,830,295	$8,707,439	$6,772,799
2011	(140,039,611)	34,694,251	34,694,251	63,396,795	6,091,056	(1,163,258)
2012	(186,234,836)	46,558,709	46,558,709	87,032,532	6,084,886	0
2013	(242,866,952)	60,716,738	60,716,738	115,340,566	6,092,910	0

<a> Projections provided by CoverColorado and their actuary, Leif and Associates.
<b> Other sources of funding include: interest earned on the CoverColorado Cash Fund, federal funds, annual contributions from insurance carriers in exchange for a premium tax credit, interest earnings, and grants.

As can be seen from the table, projections show that the program's costs will double over the next four years, largely from an increase in members covered and medical inflation. Membership will increase from 9,809 average members in 2009 to 15,902, an increase of over 60 percent for those four years.

This increase in required transfers results in an unsustainable drain on the UPTF. CoverColorado has requested an additional $5 million for FY 2010-11 over FY 2009-10. Since 25 percent of the program is paid for with a transfer from the UPTF, the growth of the transfer will increase to $53.6

million annually by FY 2012-13. By the time the program ends[5] in December 2013, the UPTF will be very close to being unable to support the required level of funding from the UPTF. Staff projections as well as projections from CoverColorado both have the UPTF being unable to support continued transfers to CoverColorado starting in FY 2013-14.

Funding Projection for Unclaimed Property Trust Fund
($ Millions)

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 <a>
Beginning Balance	$99.6	$106.3	$108.0	$100.9	$80.8
Net Revenue (Remittances less claims)	33.0	33.0	33.0	33.0	16.5
Interest Income	2.4	2.6	2.6	2.4	1.9
Unclaimed Property Program Operating Expenses	(2.0)	(2.0)	(2.0)	(2.0)	(1.0)
Estimated Transfers to CoverColorado <b>	(26.7)	(31.9)	(40.6)	(53.6)	(30.4)
Required Reserve	(56.9)	(66.4)	(70.0)	(73.2)	(76.8)
Available Balance	$49.4	$41.6	$30.9	$7.6	($9.0)

<a> The amounts shown for FY 2013-14 are for one-half year only, as the provisions of PPACA start in 2014, half-way through FY 2013-14.

<b> Transfers to CoverColorado are based on projections from CoverColorado through FY 2013-14. Under the federal Patient Protection and Affordable Care Act, the need for CoverColorado and the transfers from the Unclaimed Property Fund expire. The projections for estimated transfers to CoverColorado are from the "most likely" scenario provided by the actuaries for CoverColorado.

As can be seen in the table, at the end of FY 2012-13, there is only $7.6 million available for CoverColorado and very early in FY 2013-14, the UPTF is unable to support the program's transfers. CoverColorado's actuaries project the shortfall to begin before the end of FY 2012-13, though staff believes that our numbers are a better measure of when the deficit begins. Either way, the difference is only by several months and both depend on the projections of the "most likely" scenario coming to pass. Depending on how good the projections are, the deficit could begin in FY 2012-13, or be delayed until 2014, when the provisions of the federal Patient Protection and Affordable Care Act for health care exchanges go into effect.

Recommendations of the CoverColorado Long-Term Fund Task Force

In its report to the Legislature, the Task Force had two short-term and five long-term recommendations to the General Assembly in order to provide fiscal stability for the CoverColorado program. These options are briefly outlined here, and are contained in the report given to the General Assembly on March 31, 2009.

[5] CoverColorado is now projected to end by January 2014, as a result of the Patient Protection and Affordable Care Act which, as it relates to CoverColorado, is discussed later in this briefing issue.

Short-Term Recommendations

1. Grant the CoverColorado Board of Directors statutory authority to establish provider rates based upon a multiplier of Medicare reimbursement rates, which would provide immediate cost savings for the program after implementation while ensuring that providers are paid reasonable rates.

2. Authorize the Board to adjust the collection periods for the program's carrier assessment so that payments can be collected on a quarterly or monthly basis instead of semi-annually.

Long-Term Recommendations

3. Provide a more equitable, broad, and sustainable source of funding than the current carrier assessment mechanism though implementing either a health facility fee surcharge in lieu of carrier assessments or by adding third party administrators on a per-covered-life basis to the assessment base.

4. Extend the insurance premium tax credit for ten more years, to 2024, consider raising the $5 million annual maximum, and build flexibility into the annual maximum amount by tying it to the Consumer Price Index to keep the limit current with the rate of inflation.

5. Work with the relevant State and Federal agencies to draw down federal matching dollars through the Upper Payment Limit to effectively double the amount of funding for CoverColorado from eligible sources or revenue streams.

The Task Force did discuss the issue of the Unclaimed Property Trust Fund, but declined to make any recommendations. The task force report states: "Because contributions from the UPF [Unclaimed Property Trust Fund] now are derived from the Fund's principal, instead of just the interest gained, the funding demand for CoverColorado stands to exhaust monies available to the program from the UPF withing the coming decade." In fact, by staff's calculation, the UPTF will be exhausted in FY 2014-15.

Senate Bill 10-020

Senate Bill 10-020 authorized the CoverColorado Board of Directors to establish provider rate (s) that are lower than the current provider rates but higher than medicare provider rates. This action, which is now being worked on, is expected to reduce expenses by 20 percent. CoverColorado officials, however, state that there are problems, especially in rural areas, where many providers have indicated that they will not accept any reduction in rates and will not see CoverColorado patients if the proposed rate schedules are adopted.

Federal Patient Protection and Affordable Care Act

The federal Patient Protection and Affordable Care Act (PPACA) which passed during the 2010 session of Congress, has a provision to address insurance for high-risk individuals until insurance exchanges are set up in 2014. The program (Getting US Covered) is for individuals unable to obtain health insurance in the private market. Colorado has been awarded $90 million for the period from the establishment of the program until 2014.

Eligibility for coverage under the program is set forth as follows:

- Citizen of the United States or lawfully present.
- Not have been covered under creditable coverage (as defined in Section 2701(c)(1) of the Public Health Service Act) for the previous six months before applying for coverage.
- Have a pre-existing condition, as determined in a manner consistent with guidance issued by the Secretary of Health and Human Services.

Premiums for the high risk pool will be affordable for participants, such that they:

- Equal a standard rate for a standard population (i.e., not exceed 100 percent of the standard non-group rate).
- Do not vary by age by more than 4 to 1.

Getting US Covered will not eliminate the need for additional funding for CoverColorado. The federal program requires individuals to be without insurance for at least six months to be eligible. Most people covered by CoverColorado transition to the State program when their eligibility for COBRA[6] expires, meaning that those people are not eligible for the federal high-risk pool, unless they decide to go without insurance coverage for six months. The second requirement for the federal program is that the state continue its existing program maintaining at least the existing level of funding.

Currently, about 600 people per month are applying to CoverColorado, and approximately 90 percent of those go into CoverColorado as opposed to the federal program. This is primarily because they are transferring from other insurance and because of health issues, do not want to go without insurance for the required six months before they are eligible for the federal program.

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[6] COBRA (Consolidated Omnibus Budget Reconciliation Act of 1986) coverage is insurance coverage required to be offered to most employees after their termination from employment, with the employee picking up the entire cost of the premium. The coverage generally lasts for 18 months, and a federal subsidy may be provided to help pay the premium, as currently offered under the American Recovery and Reinvestment Act.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	Change Requests
DEPARTMENT OF THE TREASURY					
State Treasurer: Cary Kennedy					
(1) ADMINISTRATION					
Provides accounting, cash management, and investment services for the State as well as administrative services for the Treasury Department. Cash funds sources are the Unclaimed Property Trust Fund, Treasury Transactions Fee revenue, and the Charter School Financing Administrative Cash Fund.					
Personal Services	1,219,169	1,242,508	1,269,689	1,298,635	DI #3
FTE	15.1	15.8	16.0	16.0	
General Fund	222,376	245,182	446,732	345,679	
Cash Funds a/	996,793	997,326	822,957	952,956	
Health, Life, and Dental	123,208	134,302	188,858	190,203	DPA Adj
General Fund	64,309	67,423	93,321	91,600	
Cash Funds	58,899	66,879	95,537	98,603	
Short-term Disability	2,119	2,360	2,838	3,311	DPA Adj
General Fund	1,417	1,596	1,794	1,948	
Cash Funds	702	764	1,044	1,363	
S.B. 04-257 Amortization Equalization Disbursement	26,027	31,855	43,939	52,376	DPA Adj
General Fund	15,808	20,588	27,788	30,815	
Cash Funds	10,219	11,267	16,151	21,561	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	12,052	19,137	32,049	42,088	DPA Adj
General Fund	7,509	11,632	20,261	24,762	
Cash Funds	4,543	7,505	11,788	17,326	
Salary Survey and Senior Executive Service	71,339	0	0	0	
General Fund	48,625	0	0	0	
Cash Funds	22,714	0	0	0	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	Change Requests
Performance-based Pay Awards	25,162	0	0	0	
General Fund	16,623	0	0	0	
Cash Funds	8,539	0	0	0	
Workers' Compensation and Payment to Risk Management and Property Funds - GF	2,377	2,208	1,452	2,187	DPA Adj
Operating Expense	148,884	146,629	197,849	198,709	DPA Adj
General Fund	148,884	140,420	197,849	198,709	
Cash Funds	0	6,209	0	0	
Information Technology Asset Maintenance	8,748	9,738	12,568	12,568	
General Fund	2,464	3,454	6,284	6,284	
Cash Funds	6,284	6,284	6,284	6,284	
Legal Services for 575 Hours	39,411	25,859	42,188	42,262	DPA Adj
General Fund	17,820	4,187	21,094	21,131	
Cash Funds	21,591	21,672	21,094	21,131	
Purchase of Services from Computer Center - GF	21,767	21,767	3,811	101,633	Base Adj
Capitol Complex Leased Space - GF	54,919	54,954	53,949	57,740	Base Adj
Charter Schools Facilities Financing Services - CF b/	2,579	2,803	5,000	5,000	
Discretionary Fund - GF	614	0	5,000	5,000	
					Request v. Appropriation
Subtotal - (1) Administration	1,758,375	1,694,120	1,859,190	2,011,712	8.2%
FTE	15.1	15.8	16.0	16.0	0.0%
General Fund	625,512	573,411	879,335	887,488	0.9%
Cash Funds	1,132,863	1,120,709	979,855	1,124,224	14.7%

a/ For purposes of this document, revenues received from the Treasury Transaction fees, pursuant to Section 24-36-120, C.R.S. are applied against the Personal Services line item for all fiscal years.

b/ This line is continuously appropriated from the Charter School Financing Administrative Cash Fund pursuant to Section 22-30.5-406 (1) (a), C.R.S.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	Change Requests
(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 Service - CF	692,158	708,306	764,966	781,790.0	
FTE	9.2	8.9	15.5	15.5	
Operating Expenses - CF	116,152	108,845	121,869	121,927	
Promotion and Correspondence - CF	150,010	140,130	200,000	200,000	
Leased Space - CF	45,534	43,521	51,990	53,723	DI #2
Contract Auditor Services - CF a/	671,736	530,633	800,000	800,000	
					Request v. Appropriation
Subtotal - (2) Unclaimed Property Program - Cash Funds	1,675,590	1,531,435	1,938,825	1,957,440	1.0%
FTE	9.2	8.9	15.5	15.5	0.0%

a/ This line is continuously appropriated from the Unclaimed Property Trust Fund pursuant to Section 38-13-116.5 (2) (b), C.R.S.

(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.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	Change Requests
Senior Citizen and Disabled Veteran Property Tax Exemption - GF	85,586,694	1,333,604	1,670,802	1,700,000	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	Change Requests
CoverColorado - Cash Funds	31,174,631	26,658,431	34,000,000	41,000,000	
Fire and Police Pension Association "Old-hire" Pension Plans - GFE	0	0	0	0	DI #1
Highway Users Tax Fund - County Payments - Cash Funds	155,403,560	182,937,213	186,811,000	186,797,920	
Highway Users Tax Fund - Municipality Payments - Cash Funds	101,133,396	125,023,791	130,720,000	127,662,293	
					Request v. Appropriation
Subtotal - (3) Special Purpose	373,298,281	335,953,039	353,201,802	357,160,213	1.1%
General Fund	85,586,694	1,333,604	1,670,802	1,700,000	1.7%
General Fund Exempt	0	0	0	0	N/A
Cash Funds	287,711,587	334,619,435	351,531,000	355,460,213	1.1%
					Request v. Appropriation
Department Total - Department of the Treasury	376,732,246	339,178,594	356,999,817	361,129,365	1.2%
FTE	24.3	24.7	31.5	31.5	0.0%
General Fund	86,212,206	1,907,015	2,550,137	2,587,488	1.5%
General Fund Exempt	0	0	0	0	N/A
Cash Funds	290,520,040	337,271,579	354,449,680	358,541,877	1.2%

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 10-020 (Boyd/Massey): CoverColorado Financial Viability.** The CoverColorado Board of Directors (board) is authorized to establish a schedule of fees for compensating health care providers for rendering services to CoverColorado participants. The fee schedule may take effect no earlier than January 1, 2011. The fee schedule may be based on the various reimbursement methodologies commonly used in the health insurance industry, but must be set at levels exceeding the reimbursement rates general paid by Medicare. The bill sets forth factors for the board to consider in developing the fee schedule. Requires any savings that result from the fee schedules to reduce total funding for the program obtained from participant premiums, insurer assessments, and money transferred from the Unclaimed Property Trust Fund. Authorizes the board to maintain enrollment in the program consistent with the program's financial resources, but requires the Board to notify the Joint Budget Committee (Committee) of its intent to limit new enrollment and refrain from implementing the limit until the Committee has had an opportunity to determine whether additional moneys are available to fund the program. Authorizes the board to apply for, accept, or expend any federal funds, grants or donations provided to the program from the implementation of the federal "Patient Protection and Affordable Care Act".

- ❑ **S.B. 10-190 (White & Keller/Riesberg): Suspend Senior Property Tax Exemption.** Suspends the property tax exemption for qualifying seniors for the 2010 and 2011 property tax years and declares the intent of the General Assembly that any General Fund savings be used to provide a portion of the state share of school districts' total program funding. Does not affect the exemption for disabled veterans. Decreases the General Fund appropriation for the program by $91.7 million.

- ❑ **H.B. 10-1016 (Waller/Tochtrop): FPPA Retired Board Member Term Extension.** Extends the term of the retired firefighter or police officer serving as a member of the Board of Directors of the Fire and Police Pension Association from four to six years.

APPENDIX C: UPDATE OF 2010 LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

1 All Departments, Totals - Every department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2008-09. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds, the duration of the grant, and a brief description of the program and its goals and objectives.-1023.

Comment: This footnote does not apply to the Department. It does not receive federal funding.

Requests for Information

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 State Treasurer included the requested report as part of the State Treasurer's annual budget request. The document includes data for a number of funds and portfolios, including: the Treasury Pool Combined as well as its constituent parts[7], the State Education Fund, the Major Medical Insurance Fund, the Public School Fund(often called the "permanent fund"), and the Unclaimed Property Trust Fund. The report contains information concerning the value of each fund/portfolio, asset allocation, monthly yield, average maturity, and graphs that compare monthly performance against identified benchmarks.

The performance of the various funds are summarized in the table below.

[7] The Treasury Pool is one portfolio that pools most agencies' cash for investment purposes, and earning are allocated out at a blended rate. Statutorily, this portfolio is invested for no longer than five years.

Investment Results for the State's Various Investment Funds Fiscal Year 2009-10				
Fund Name	Average Portfolio (000,000)	Income Realized (000,000)	Performance	Benchmark
Colorado Treasury Pool	$5,717.7	$139.0[a]	2.4%	0.4%
Colorado Treasury Cash	2,013.9	4.1	0.2%	0.1%
Colorado Treasury Pool Combined	3,703.9	134.9[a]	3.6%	0.9%
Colorado State Education Fund	365.7	10.2	2.8%	0.9%
Colorado Major Medical Insurance Fund	126.8	6.0[b]	4.7%	3.1%
Colorado Public School Permanent Fund	580.8	28.5	4.9%	2.4%
Unclaimed Property Tourism Fund	87.9	3.4[c]	3.9%	3.1%

a Does not include $5.5 million in losses on sale of investments in July 2009.
b Does not include $0.2 million in losses on sale of investments in July 2009.
c Does not include $0.2 million in losses on sale of investments in July 2009.

A copy of the reports for each of these funds is included at the back of this appendix.

2. **Department of the Treasury, Administration** -- The State Treasurer is requested to provide to the Joint Budget Committee, by November 1, 2010, information concerning expenditures related to the Department's bank services contract(s) which are paid through deductions from interest earned on bank account balances. The State Treasurer is requested to include actual expenditures for FY 2009-10 as well as projected expenditures for FY 2010-11. The requested report should be submitted as part of the State Treasurer's annual budget request.

Comment: The State Treasurer included the requested report as part of the State Treasurer's annual budget request. The report, including data from the previous two years, is summarized in the table below.

Bank Services Contract Expenditures					
Vendor	**Services Provided**	**FY 2007-08 Actual**	**FY 2008-09 Actual**	**FY 2009-10 Actual**	**FY 2010-11 Estimated**
Chase Bank	Bank account services	1,413,180	1,061,917	1,146,662	1,147,000
Wells Fargo	Bank account services	308,247	281,508	350,769	351,000
Key Bank	Lockbox Services	434,860	427,138	403,936	404,000
JP Morgan	Securities Safekeeping	132,275	91,432	92,193	92,000
JP Morgan	Investment Management Services	64,734	56,026	56,000	56,000
	Subtotal	$2,353,296	$1,918,021	$2,049,560	$2,050,000

Bank Services Contract Expenditures					
Vendor	Services Provided	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimated
	Credit for Overcharges	(40,136)	0	0	0
	Earning Allowances	(569,838)	(213,489)	(126,885)	(130,000)
	Total	**$1,743,322**	**$1,704,532**	**$1,922,675**	**$1,920,000**

A copy of this report is included at the back of this appendix.

3. **Department of the Treasury, Administration --** The State Treasurer is requested to provide to the Joint Budget Committee, by November 1, 210, information concerning state revenues and expenditures related to the issuance of tax and revenue anticipation notes for school districts pursuant to Section 29-15-112, C.R.S. The State Treasurer is requested to include actual data for FY 2009-10, as well as projected data for FY 2010-11. The requested information should be submitted as part of the State Treasurer's annual budget request.

Comment: The State Treasurer included the requested report as part of the State Treasurer's annual budget request.

Background Information. Since 1993, Section 22-54-110, C.R.S., has directed the Treasury Department to provide interest-free loans to school districts in order to alleviate short-term cash flow deficits. The interest-free school loan program was created when the General Assembly mandated that the fiscal year for all school districts be converted from a calendar year to a year ending June 30, consistent with the State's fiscal year. The State Treasurer pays each school district the State's share of the district's total program funding in twelve equal installments [see section 22-54-115 (3), C.R.S.]. As the district's share of total program funding primarily consists of property taxes, the local share of funding is largely not available until late in the fiscal year. Particularly for those districts with a relatively large local share of funding, the timing of property tax receipts creates the possibility of cash flow deficits during certain months of the year.

Prior to reforms enacted in 2003, the Treasurer used General Fund moneys to make interest-free cash flow loans to school districts. This resulted in a loss of interest earnings on the General Fund (e.g. $6.3 million in FY 1999-00). The General Assembly modified the school loan program in 2003[8] to alleviate the impact of the loan program on the State's cash flow and to better ensure that school districts do not default on their loans. Specifically, H.B. 03-1274 [see Section 22-54-110 and 29-15-112, C.R.S.] included the following provisions:

- Permits the State Treasurer to issue tax and revenue anticipation notes for the purpose of making interest-free loans to school districts to alleviate temporary cash flow

[8] Three bills concerning the school loan program passed in the 2003 Session: S.B. 03-158, H.B. 03-1032, and H.B. 03-1274.

deficits. Specifies that the proceeds of notes, along with any associated investment earnings, may be used to make loans, to pay note issuance costs and associated expenses, and to pay the principal and interest on the notes. Requires notes to mature on or before August 31 of the fiscal year immediately following the fiscal year in which the notes are issued.

- Requires a school district seeking a loan from the State Treasurer to submit any actual or projected financial or budgetary statements required by the State Treasurer to determine that the district will have a general fund cash deficit and that the district will be able to repay the loan by June 25 of the state fiscal year in which the loan is made. If a school district seeks to have notes issued on its behalf, requires the chief financial officer of the district and the district superintendent to request and obtain prior approval from the district board of education and to include specified need-related information in the request. Specifies that interest shall accrue on the loans if the loans are not repaid on or before the repayment date.

- Permits the State Treasurer to make a low-interest, emergency loan to a school district that has a cash flow deficit and that does not receive enough moneys from interest-free loans made from note proceeds. Establishes the interest rate for low-interest loans.

Under these reforms, the Treasury Department is now able to closely monitor the districts that borrow money and can reject a district's loan application if the district's ability to repay the loan is in question. In addition, by issuing tax and revenue anticipation notes and obtaining very clear information about participating district's cash flow needs, the Treasurer is able to issue the notes and invest the proceeds during the time that districts do not require the funding. This practice has significantly reduced the cost to the General Fund, and if the investment earnings exceed the interest paid on the notes and the cost of issuance, the State actually receives a net gain.

Current Participation. In FY 2009-10, the Treasury issued a total of $515 million in the tax and revenue anticipation notes. The program resulted in a net loss to the State General Fund of $1.6 million in FY 2009-10. The Districts' demand for loans to cover cash flow deficits is generally greatest in the months of December and January, with most occurring from October through April. The actual revenues and expenditures for FY 2007-08 through 2009-10 and estimate for FY 2010-11 are detailed in the table below.

School District Tax Revenue Anticipation Notes (TRAN) Revenues and Expenditures				
	FY 2007-08 Actual	**FY 2008-09 Actual**	**FY 2009-10 Actual**	**FY 2010-11 (Projected)**
Series A Principal	$150,000,000	$215,000,000	$255,000,000	$0
Net Interest Cost	3.76%	1.55%	0.58%	N/A
Series B Principal	$310,000,000	$300,000,000	$260,000,000	$0
Net Interest Cost	2.92%	0.97%	0.28%	N/A
Total Principal Issued	$460,000,000	$515,000,000	$515,000,000	$0
Revenues				
Premium	1,417,700	523,100	5,240,000	0
Interest Earned	9,716,963	3,039,827	648,183	0
Expenditures				
Issue Costs	(273,154)	(241,181)	(262,101)	0
Interest Due	(13,039,097)	(5,817,153)	(7,214,444)	0
General Fund Net Gain/ (Loss)	(2,177,588)	(2,495,407)	(1,588,362)	0

A copy of this report is included at the back of this appendix.

Due to the potential implications of Proposition 61, the Treasurer had not planned to issue TRAN notes for FY 2010-11. The Department of Education has a plan in place to offer assistance to those districts needing funding, however, this will be at a cost to the General Fund. Since Proposition 61 did not pass, the Treasurer is now planning to issue TRAN notes in FY 2010-11, however, the amounts, costs and interest rates are not yet available.

4. **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, 2010, and by February 1, 2011, that contain enrollment, revenue, expenditure, and assessment projections for the CoverColorado program for FY 2009-10 and FY 2010-11.

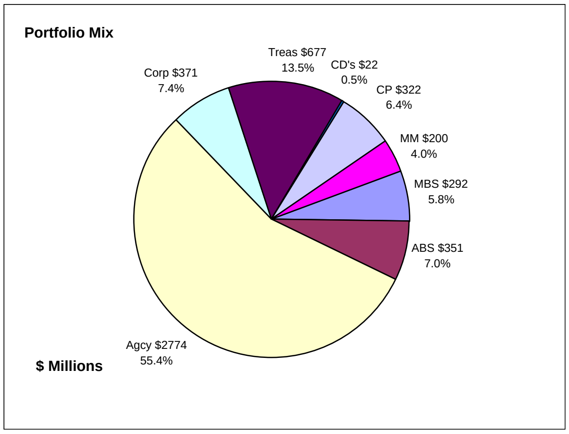
Comment: CoverColorado provided information regarding enrollment, revenue, expenditure and assessment projections for 2009 and 2010. This information is shown in the table below:

CoverColorado Program Costs and Funding Projections for 2010 through 2013 (Calendar Years)	2010 Projection	2011 Projection	2012 Projection	2013 Projection
Program Costs				
Incurred Claims	$108,485,570	$133,562,402	$178,465,798	$233,799,226
Administrative Expenses	5,216,400	6,477,208	7,769,038	9,067,725
Total	$113,701,970	$140,039,610	$186,234,836	$242,866,952
Program Funding				
Special Fees	28,794,604	34,694,251	46,558,709	60,716,738
Unclaimed Property Fund	29,142,431	34,694,251	46,558,709	60,716,738
Premiums	53,830,295	63,396,795	87,032,532	115,340,566
Premium Tax Credit	5,000,000	5,000,000	5,000,000	5,000,000
Interest	1,410,972	1,091,056	1,084,886	1,092,910
Grants	2,296,467	0	0	0
Total	$120,474,769	$138,876,353	$186,234,836	$242,866,952
Change in Fund Balance (Positive/(Negative)	$6,772,799	($1,163,257)	$0	$0

5. **Department of the Treasury, Special Purpose, Fire and Police Pension Association - Old Hire Plans** -- The Fire and Police Pension Association is requested to submit an annual report of operations and investments for state-supported programs to the Joint Budget Committee by October 1, 2010 This report shall include the following: (1) the amount of additional funding the State is required to transfer to the Association pursuant to Section 31-30.5-307 (5) (b), C.R.S., assuming such payment is made on April 30, 2015, along with a description of the actuarial assumptions used to calculate this amount; (2) the current estimated unfunded liability for each local plan still eligible to receive state assistance; and (3) the projected remaining funded period for each local plan still eligible to receive state assistance.

Comment: The Fire and Police Pension Association submitted the required report. The plan is further discussed in a briefing issue.

Colorado Treasury Pool Combined
September 30, 2010



Portfolio Value

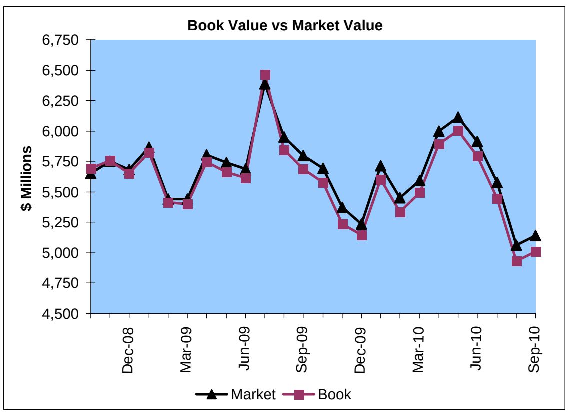
Market Value	$5,139.7	Million
Book Value	$5,008.6	Million

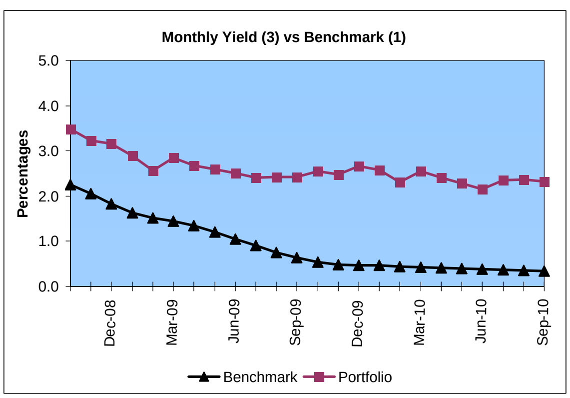
Yield and Average Maturity

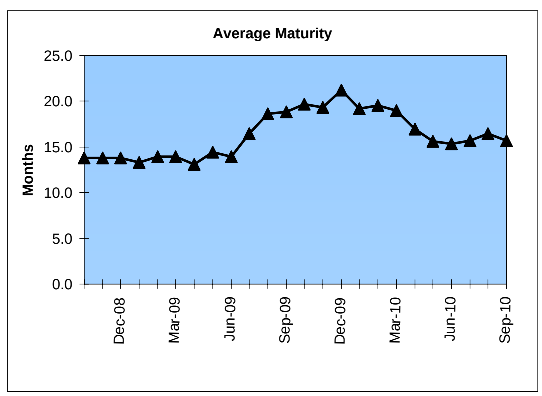
Portfolio Book Yield	2.4%	
Portfolio Average Maturity	15.7	Months

Portfolio Quality

	A1 / P1	AAA	AA	A	BBB	BB	B	Other	Portfolio Percent
Asset Backed		100.0%							7.0%
Corporates		1.1%	43.3%	41.4%	6.2%	4.0%	4.0%		7.4%
Mortgage Securities		100.0%							5.8%
Commercial Paper	100.0%								6.4%
Treasuries		100.0%							13.5%
Federal Agencies		100.0%							55.4%
Certificates of Deposit								100.0%	0.5%
Money Market Funds								100.0%	4.0%
Total Portfolio	6.4%	81.8%	3.2%	3.1%	0.5%	0.3%	0.3%	4.4%	100.0%







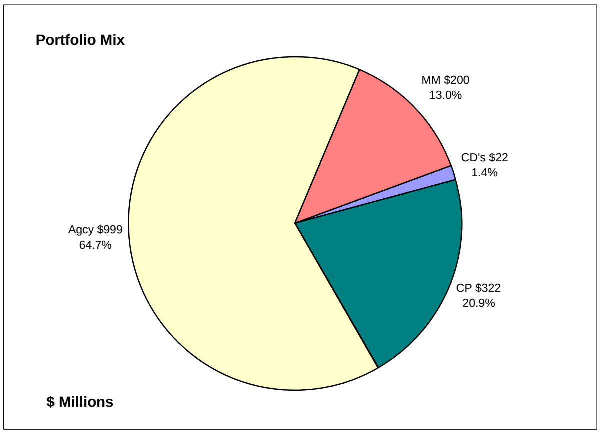
	$ Millions Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (2)
FY '11 YTD	5,272.1	30.9	2.4%	0.3%
Last 12 months	5,557.2	134.2	2.4%	0.3%
FY '10	5,717.7	139.0 [3]	2.4%	0.4%
FY '09	5,828.6	177.4	3.0%	1.1%
FY '08	5,835.7	249.9	4.3%	3.1%
FY '07	5,122.0	244.3	4.7%	5.0%
FY '06	4,550.8	182.4	4.0%	4.4%
Avg FY '06-10	5,411.0	198.6	3.7%	2.8%

(1) 12 month moving average of the constant maturity yield on the 1 year Treasury note
(2) 12 month moving average of the constant maturity yield on the 1 year Treasury note at end of period
(3) Excludes $5.5 million in losses on sale of investments in July 2009.

Colorado Treasury Cash

(0 - 1 year maturities)

September 30, 2010



Portfolio Value

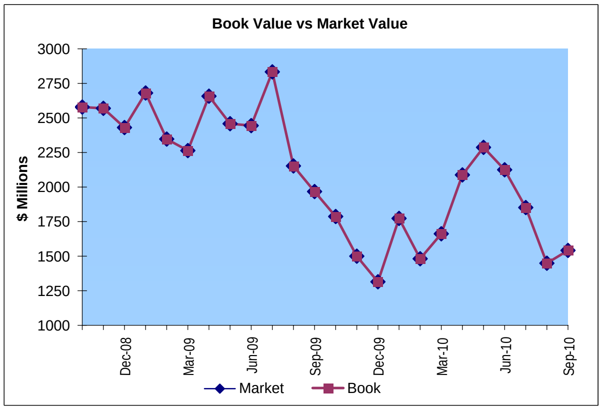
Market Value	$1,542.7	Million
Book Value	$1,542.7	Million

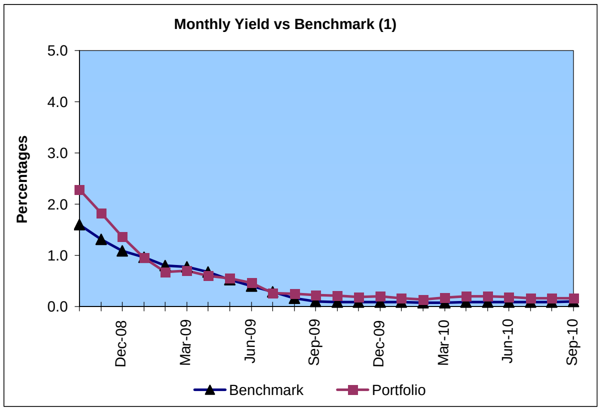
Yield and Average Maturity

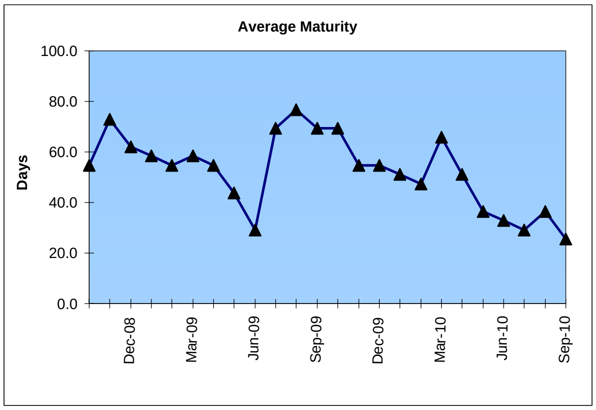
Portfolio Book Yield	0.2%	
Portfolio Average Maturity	26	Days

Portfolio Quality

	A1 / P1	AAA	Other	Portfolio Percent
Commercial Paper	100.0%			20.9%
Federal Agencies		100.0%		64.7%
Treasuries				0.0%
Certificates of Deposit			100.0%	1.4%
Money Market Funds			100.0%	13.0%
Total Portfolio	20.9%	64.7%	14.4%	100.0%







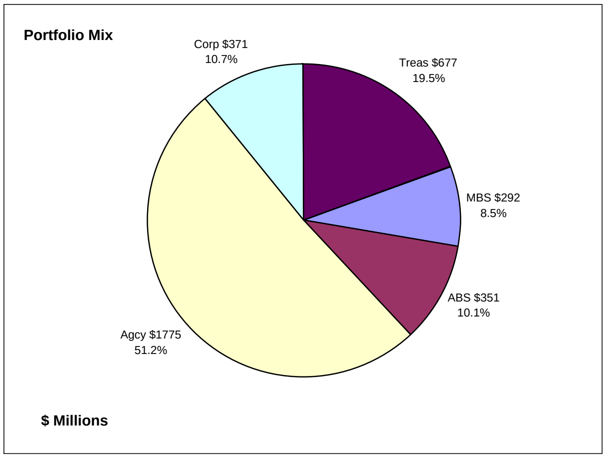
	$ Millions Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (2)
FY '11 YTD	1,739.1	0.7	0.2%	0.1%
Last 12 months	1,849.6	3.3	0.2%	0.1%
FY '10	2,013.9	4.1	0.2%	0.1%
FY '09	2,705.6	39.2	1.4%	0.4%
FY '08	2,895.9	114.9	4.0%	2.6%
FY '07	2,312.0	123.6	5.3%	4.8%
FY '06	1,911.2	79.9	4.2%	4.0%
Avg FY '06-'10	2,367.7	72.3	3.0%	2.4%

(1) 12 month moving average of the 30 day Treasury bill
(2) 12 month moving average of the 30 day Treasury bill at end of period

Colorado Treasury Pool

(1 - 5 year maturities)

September 30, 2010



Portfolio Value

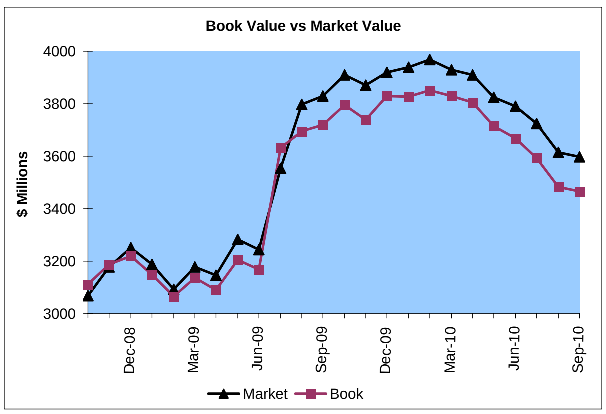
Market Value	$3,597.0	Million
Book Value	$3,465.9	Million

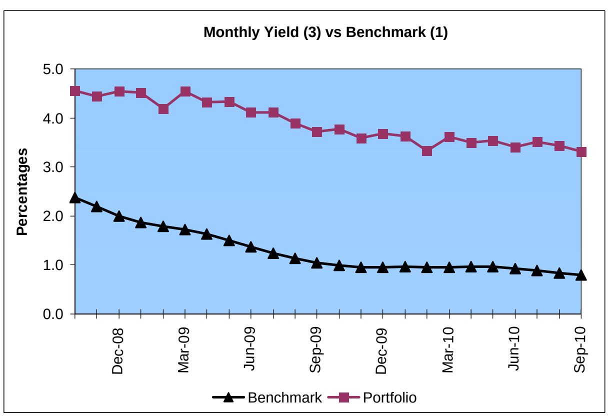
Yield and Average Maturity

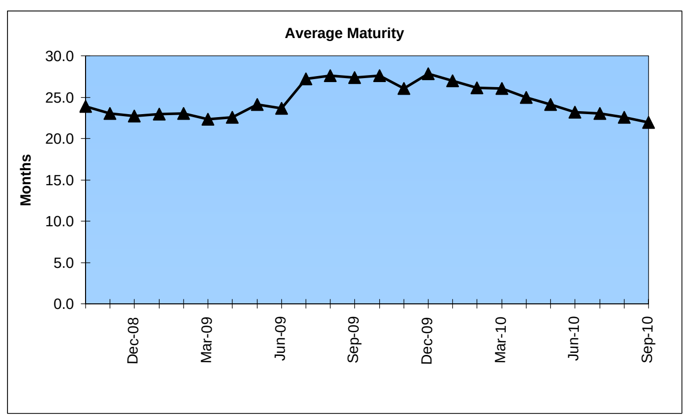
Portfolio Book Yield	3.4%	
Portfolio Average Maturity	22.0	Months

Portfolio Quality

	AAA	AA	A	BBB	BB	B	Other	Portfolio Percent
Asset Backed	100.0%							10.1%
Corporates	1.1%	43.3%	41.4%	6.2%	4.0%	4.0%		10.7%
Mortgage Securities	100.0%							8.5%
Treasuries	100.0%							19.5%
Federal Agencies	100.0%							51.2%
Total Portfolio	89.4%	4.7%	4.4%	0.7%	0.4%	0.4%		100.0%





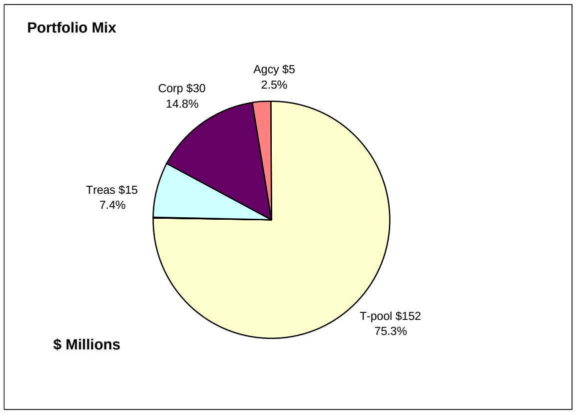


	$ Millions Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (2)
FY '11 YTD	3,533.0	30.2	3.4%	0.8%
Last 12 months	3,707.6	130.8	3.5%	0.8%
FY '10	3,703.9	134.9 [3]	3.6%	0.9%
FY '09	3,123.0	138.2	4.4%	1.4%
FY '08	2,939.8	134.9	4.6%	3.1%
FY '07	2,810.1	120.6	4.2%	4.8%
FY '06	2,639.7	102.6	3.8%	4.5%
Avg FY '06-'10	3,043.3	126.2	4.1%	2.9%

(1) 12 month moving average of the constant maturity yield on the 2 year Treasury note
(2) 12 month moving average of the constant maturity yield on the 2 year Treasury note at end of period
(3) Excludes $5.5 million in losses on sale of investments in July 2009.

Colorado State Education Fund

September 30, 2010



Portfolio Value

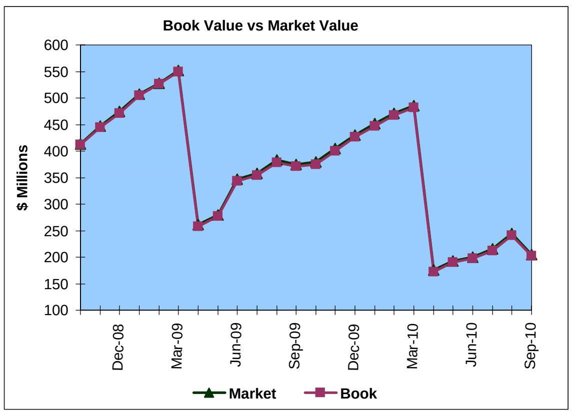
Market Value	$204.9	Million
Book Value	$201.9	Million

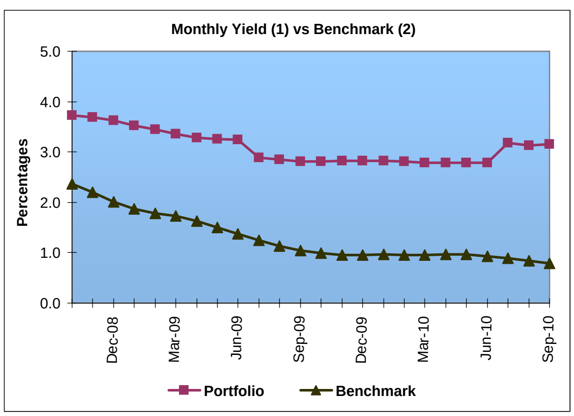
Yield and Average Maturity

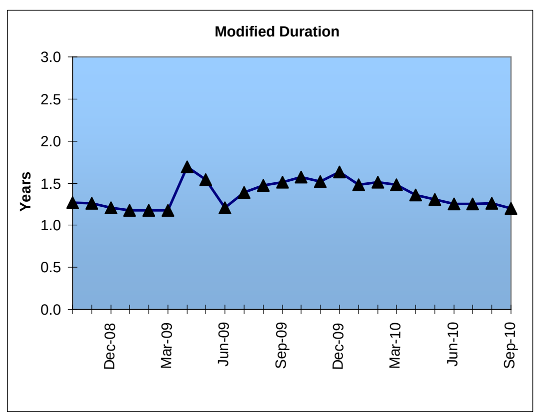
Portfolio Book Yield	3.2%	
Portfolio Average Duration	1.2	Yrs

Portfolio Quality

	A1 / P1	AAA	AA	A	BBB	BB	B	Other	Portfolio Percent
Corporates			50.0%	50.0%					14.8%
Treasuries		100.0%							7.4%
Federal Agencies		100.0%							2.5%
T-Pool Combined	6.4%	81.8%	3.2%	3.1%	0.5%	0.3%	0.3%	4.4%	75.3%
Total Portfolio	4.9%	71.4%	9.9%	9.7%	0.4%	0.2%	0.2%	3.3%	100.0%



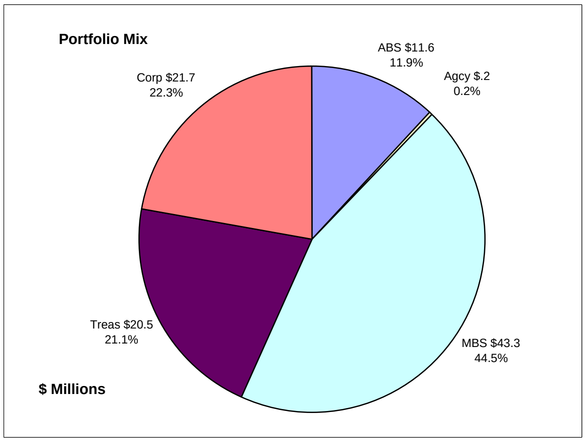




	$ Millions Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (3)
FY '11 YTD	195.9	1.6	3.2%	0.8%
Last 12 months	326.7	9.3	2.8%	0.8%
FY '10	365.7	10.2	2.8%	0.9%
FY '09	412.5	13.4	3.2%	1.4%
FY '08	383.2	16.7	4.3%	3.1%
FY '07	272.0	13.4	4.9%	4.8%
FY '06	209.3	9.3	4.5%	4.5%
Avg FY '06-'10	328.5	12.6	3.9%	2.9%

(1) Does not include State Treasury Pool balances in calculation.
(2) 12 month moving average of the constant maturity yield on the 2 year Treasury note
(3) 12 month moving average of the constant maturity yield on the 2 year Treasury note at end of period

Appendix C
Department Responses to Requests for Information
Colorado Major Medical Insurance Fund
September 30, 2010



Portfolio Value

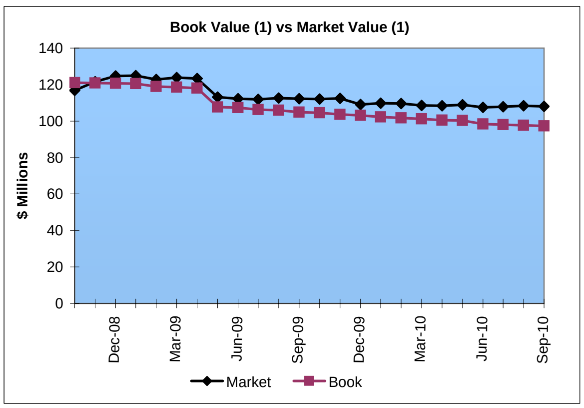
Market Value (1)	$108.0	Million
Book Value (1)	$97.3	Million

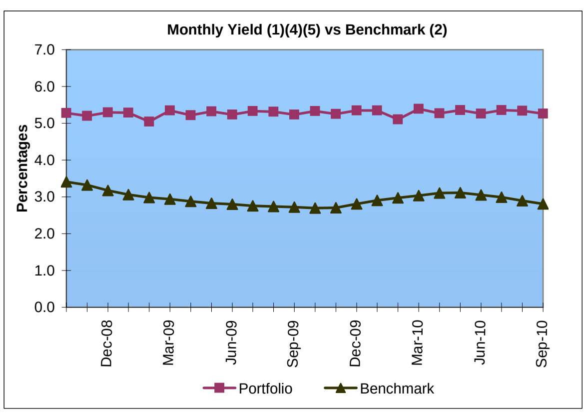
Yield and Duration

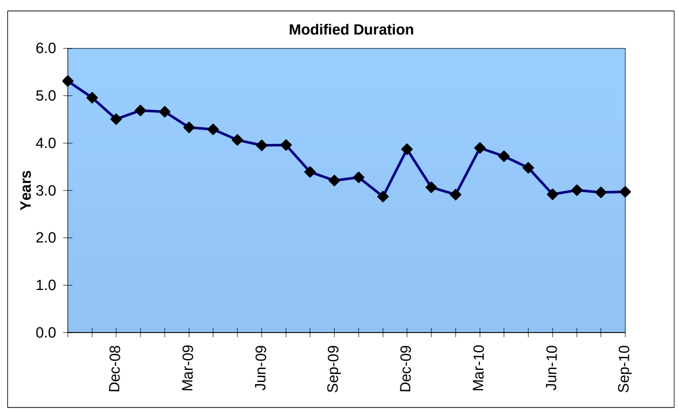
Portfolio Book Yield	4.7%	
Portfolio Modified Duration	3.0	Yrs

Portfolio Quality

	AAA	AA	A	BBB	BB	Portfolio Percent
Asset Backed	100.0%					11.9%
Corporates	9.2%	27.7%	58.5%	2.3%	2.3%	22.3%
Federal Agencies	100.0%					0.2%
Mortgage Securities	100.0%					44.5%
Treasuries	100.0%					21.1%
Total Portfolio	79.8%	6.2%	13.0%	0.5%	0.5%	100.0%





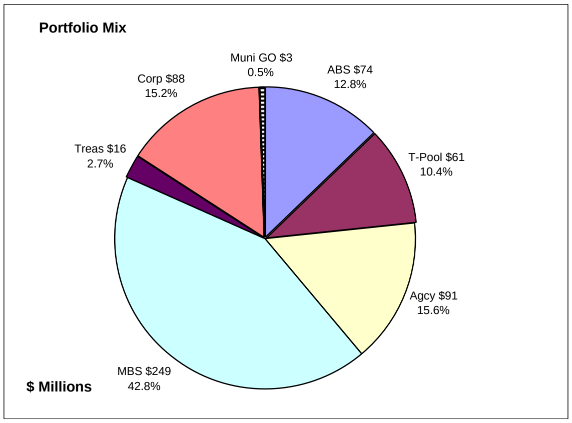


	$ Millions Average Portfolio	Realized Income		Book Yield	Performance Benchmarks (3)
FY '11 YTD	121.3	1.4		4.7%	2.8%
Last 12 months	125.3	5.9		4.7%	2.8%
FY '10	126.8	6.0	5	4.7%	3.1%
FY '09	163.0	7.4	4	4.6%	2.8%
FY '08	133.7	6.6		4.9%	3.8%
FY '07	76.2	3.8		5.0%	4.7%
FY '06	49.4	2.3		4.7%	4.5%
Avg FY '06-'10	109.8	5.2		4.8%	3.8%

(1) Does not include State Treasury Pool balances in calculation.
(2) 12 month moving average of the constant maturity yield on the 7 year Treasury note
(3) 12 month moving average of the constant maturity yield on the 7 year Treasury note at end of period
(4) Excludes $.4 million in gains on sale of investments in May 2009.
(5) Excludes $.2 million in losses on sale of investments in July 2009.

Colorado Public School Permanent Fund

September 30, 2010



Portfolio Value

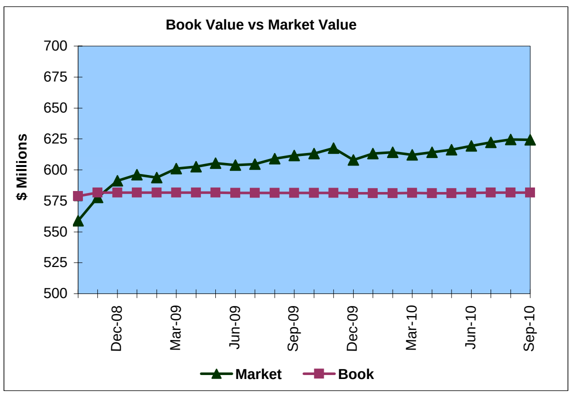
Market Value	$624.3	Million
Book Value	$581.7	Million

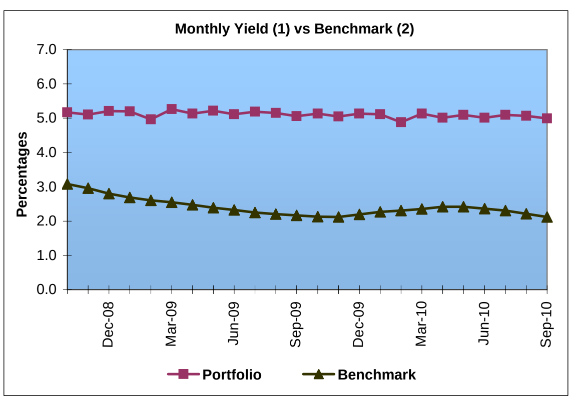
Yield and Average Maturity

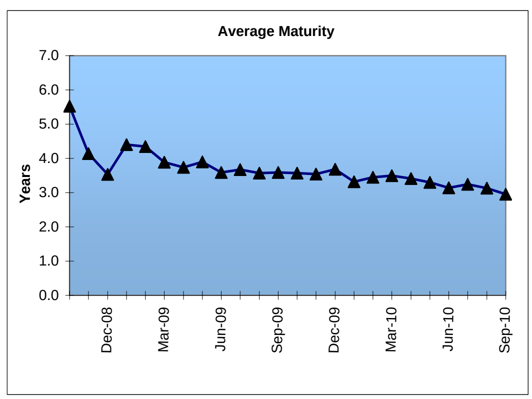
Portfolio Book Yield	4.8%	
Portfolio Average Maturity	3.0	Yrs

Portfolio Quality

	A1 / P1	AAA	AA	A	BBB	BB	B	Other	Portfolio Percent
Asset Backed		100.0%							12.8%
Corporates		10.2%	59.9%	20.3%	9.6%				15.2%
Mortgage Securities		100.0%	100.0%						42.8%
Treasuries		100.0%							2.7%
Federal Agencies		100.0%							15.6%
Muni GOs			100.0%						0.5%
T-Pool Combined	6.4%	81.8%	3.2%	3.1%	0.5%	0.3%	0.3%	4.4%	10.4%
Total Portfolio	0.7%	84.0%	9.9%	3.4%	1.5%	0.0%	0.0%	0.5%	100.0%





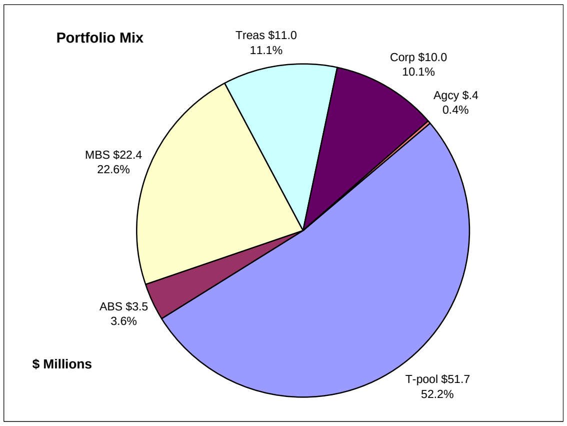


	$ Millions Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (3)
FY '11 YTD	581.1	7.0	4.8%	2.1%
Last 12 months	580.9	28.2	4.9%	2.1%
FY '10	580.8	28.5	4.9%	2.4%
FY '09	572.4	29.2	5.1%	2.3%
FY '08	519.3	27.1	5.2%	3.6%
FY '07	470.2	24.6	5.2%	4.7%
FY '06	418.7	22.2	5.3%	4.5%
Avg FY '06-'10	512.3	26.3	5.1%	3.5%

(1) Does not include State Treasury Pool balances in calculation.
(2) Latest 12 month moving average of the constant maturity yield on the 5 year Treasury note
(3) Latest 12 month moving average of the constant maturity yield on the 5 year Treasury note at end of period

Unclaimed Property Tourism Fund

September 30, 2010



Portfolio Value

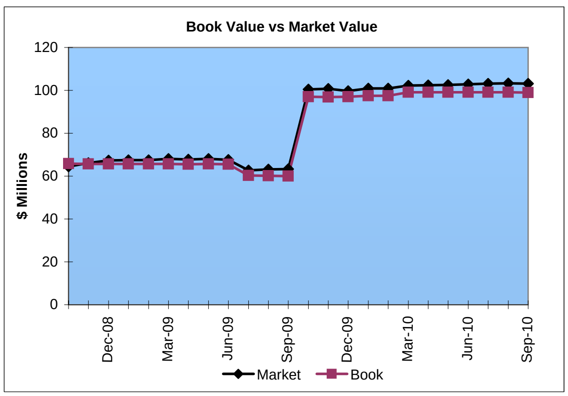
Market Value	$103.1	Million
Book Value	$99.0	Million

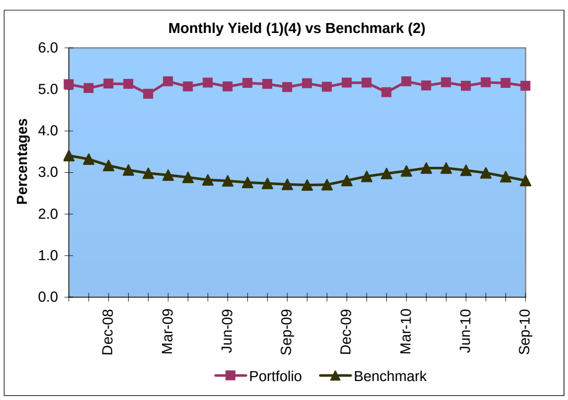
Yield and Average Maturity

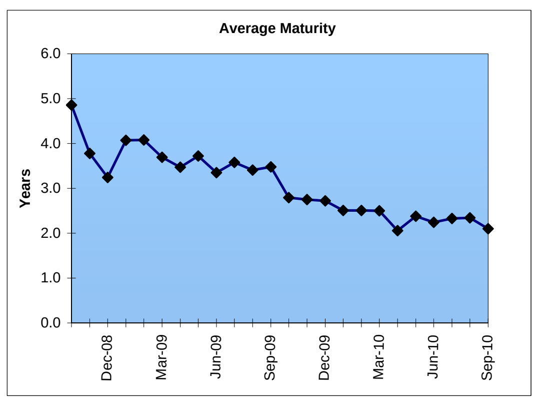
Portfolio Book Yield	3.6%	
Portfolio Average Maturity	2.1	Yrs

Portfolio Quality

	A1 / P1	AAA	AA	A	BBB	BB	B	Other	Portfolio Percent
Asset Backed		100.0%							3.6%
Corporates			25.0%	60.0%	15.0%				10.1%
Federal Agencies		100.0%							0.4%
Mortgage Securities		100.0%							22.6%
Treasuries		100.0%							11.1%
T-Pool Combined	6.4%	81.8%	3.2%	3.1%	0.5%	0.3%	0.3%	4.4%	52.2%
Total Portfolio	3.4%	80.4%	4.2%	7.7%	1.8%	0.1%	0.1%	2.3%	100.0%







	$ Millions Average Portfolio	$ Millions Realized Income	Book Yield	Performance Benchmarks (3)
FY '11 YTD	99.2	0.9	3.6%	2.8%
Last 12 months	97.6	3.6	3.7%	2.8%
FY '10	87.9	3.4 [4]	3.9%	3.1%
FY '09	65.9	3.1	4.8%	2.8%
FY '08	65.7	3.3	5.0%	3.8%
FY '07	64.9	3.3	5.0%	4.7%
FY '06	59.1	2.6	4.5%	4.5%
Avg FY '06-'10	68.7	3.2	4.6%	3.8%

(1) Does not include State Treasury Pool balances in calculation.
(2) 12 month moving average of the constant maturity yield on the 7 year Treasury note
(3) 12 month moving average of the constant maturity yield on the 7 year Treasury note at end of period
(4) Excludes $.2 million in losses on sale of investments in July 2009.

Bank Services Contract Expenditures for FY 2009-10 & 2010-11

Vendor	Services Provided	Actual FY 2009-10	Estimated FY 2010-11
CHASE BANK	Bank account services *	$1,146,662	$1,147,000
WELLS FARGO	Bank account services *	350,769	351,000
KEY BANK	Lockbox services *	403,936	404,000
JPMORGAN	Securities safekeeping	92,193	92,000
JPMORGAN	Investment management services	56,000	56,000
	SUBTOTAL	**$2,049,560**	**$2,050,000**
	Earnings Allowances	(126,885)	(130,000)
	TOTAL	**$1,922,675**	**$1,920,000**

* At this time Treasury has no reason to believe that annual transaction volumes will differ significantly from FY 2009-10 to FY 2010-11.

School District TRAN Revenues & Expenditures for FY 2009-10 & 2010-11

	Actual FY 2009-10	Actual / Estimate FY 2010-11 *
SERIES A Principal	$255,000,000	
Net Interest Cost	*.58%*	
SERIES B Principal	$260,000,000	
Net Interest Cost	*.28%*	
Total Principal	**$515,000,000**	
Total Revenues:		
Premium	$5,240,000	
Interest Earned	$648,183	
Total Expenditures:		
Issue Costs	($262,101)	
Interest Due	($7,214,444)	
General Fund Net (Loss) Gain	**($1,588,362)**	

***** A determination as to whether to issue notes in FY 2010-11, and thereafter, is dependent on the results of the November 2010 election because a proposed constitutional amendment may prohibit the issuance of such notes.

APPENDIX D

HISTORY OF STATE CONTRIBUTIONS FOR LOCAL FIRE AND POLICE "OLD HIRE" PENSION PLANS												
				Allocation of State Funding								
Calendar Year	State Funding Distributed	Number of Local Departments Receiving Assistance	Unfunded Liabilities for State-Assisted Plans (as of January 1)	Denver Fire	Denver Police	Grand Junction Police	Greeley Fire (Union Colony)	Pueblo Fire	Lakewood Fire	La Salle Police	North Washington Fire	All Other Departments
1980	12,836,685	110		$3,771,024	$5,217,378	$100,170	$127,253	$588,874	$187,769	$1,216	$0	$2,843,001
1981	12,802,137	104		3,765,292	5,209,461	100,026	129,062	587,991	187,479	1,216	0	2,821,610
1982	12,182,247	53		3,705,611	5,126,864	98,435	127,015	578,672	181,559	0	0	2,364,091
1983	13,377,647	24		4,269,808	5,823,633	120,118	137,293	558,101	237,117	790	65,622	2,165,165
1984	13,748,680	27		4,381,566	5,975,314	123,326	140,924	572,632	243,352	825	67,369	2,243,372
1985	13,760,637	25		4,387,978	5,984,790	123,447	141,088	573,530	243,673	812	67,441	2,237,878
1986	14,373,580	25		4,631,455	6,284,704	132,093	154,228	518,599	270,080	1,725	64,825	2,315,871
1987	0	<a>		0	0	0	0	0	0	0	0	0
1988	15,635,036	20		5,213,388	7,365,925	137,797	162,027	514,734	287,816	1,790	60,285	1,891,274
1989	16,255,531	15		5,439,598	7,685,535	143,776	169,057	537,069	293,257	1,868	62,902	1,922,469
1990	16,872,428	14	539,957,345	5,801,518	8,073,671	164,946	228,528	643,205	335,620	2,915	70,597	1,551,428
1991	17,497,875	14		6,016,576	8,372,956	171,060	237,000	667,048	348,061	3,023	73,214	1,608,937
1992	18,117,025	14	558,202,747	6,352,828	8,543,510	196,024	250,509	671,477	355,711	3,422	67,105	1,676,439
1993	18,721,079	14		6,564,643	8,828,366	202,560	258,862	693,865	367,571	3,536	69,342	1,732,334
1994	18,721,079	14	523,387,464	6,736,573	8,813,857	260,829	309,892	646,754	454,394	5,781	70,509	1,422,490
1995	50,821,079	25 <b>		17,429,905	23,295,232	494,793	858,347	1,706,086	1,081,192	7,506	239,709	5,708,309
1996	25,321,079	13	489,370,179	9,013,527	11,403,843	261,284	595,560	875,110	614,795	7,819	141,933	2,407,208
1997	25,321,079	13		9,013,527	11,403,843	261,284	595,560	875,110	614,795	7,819	141,933	2,407,208
1998	25,321,079	12	402,280,285	9,172,120	11,604,493	265,881	606,039	890,508	625,612	7,957	144,430	2,004,039
1999	25,321,079	12		9,172,120	11,604,493	265,881	606,039	890,508	625,612	7,957	144,430	2,004,039
2000	25,321,079	8	228,992,713	9,827,860	12,434,131	284,890	649,366	954,172	670,339	8,526	154,756	337,039
2001	25,321,079	8	192,701,510	9,960,439	12,601,870	288,733	658,126	967,044	679,382	8,641	156,844	0
2002	25,321,079	8	209,260,049	9,960,439	12,601,870	288,733	658,126	967,044	679,382	8,641	156,844	0
2003	0	<c>	315,447,747	0	0	0	0	0	0	0	0	0
2004	0	<c>	369,653,010	0	0	0	0	0	0	0	0	0
2005	0	<c>	369,637,497	0	0	0	0	0	0	0	0	0
2006	25,321,079	8	321,204,615	9,960,439	12,601,870	288,733	658,126	967,044	679,382	8,641	156,844	0
2007	34,774,141	7	247,378,746	13,683,617	17,312,406	396,660	904,131	1,328,522	933,333	0	215,472	0
2008	34,777,172	7	160,858,757	13,684,809	17,313,915	396,695	904,210	1,328,638	933,414	0	215,491	0
2009	0	<d>	225,810,427	0	0	0	0	0	0	0	0	0
	537,842,690			191,916,660	251,483,930	5,568,174	10,266,368	20,102,337	12,130,697	102,426	2,607,897	43,664,201
Percent of Total State Contributions to Department				35.7%	46.8%	1.0%	1.9%	3.7%	2.3%	0.0%	0.5%	8.1%

<a> A total of 25 departments would have been eligible to receive state assistance in 1987

<b> This amount includes those plans that would have been eligible for state assistance in 1987

<c> A total of eight departments would have been eligible to receive state assistance in these three years

<d> Seven plans would be eligible to receive assitance in 2009.