

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2015-16 STAFF FIGURE SETTING
DEPARTMENT OF THE TREASURY**

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

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TABLE OF CONTENTS

Department Overview	1
Department request and recommendation summary	1
Executive Request	1
Staff Recommendation	1
(1) Administration	3
Division Request and Recommendation Summary	5
Line Item Detail - Administration	6
(2) Unclaimed Property Program	17
Division Request and Recommendation Summary	18
➔ BA-1: Kelmar Unclaimed Property Software	18
Line Item Detail – Unclaimed Property Program	20
(3) Special Purpose	22
Division Request and Recommendation Summary	22
Line Item Detail – Special Purpose	23
Long Bill Footnotes and Requests for Information	31
Indirect Cost Assessment Methodology	32
Numbers Pages	
Administration	33
Unclaimed Property Program	37
Special Purpose	39
Total	40

DEPARTMENT OF THE TREASURY

Department Overview

The State Treasurer is one of five independently elected constitutional officers of the state. The Department of the Treasury is responsible for the following primary duties: (1) acts as the state's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program; (3) reimburses local governments for property tax revenues foregone due to the senior citizen and disabled veteran property tax exemption; (4) provides short-term, interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; (7) distributes federal mineral leasing funds received for the state's share of sales, bonuses, royalties, and rentals of public lands within Colorado; (8) manages certain state public financing transactions pursuant to S.B. 12-150; and (9) reimburses certain property taxes owed or paid for real and business personal property destroyed in a natural disaster pursuant to H.B. 14-1001.

DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY

Executive Request

The Department requests an appropriation of \$459,415,986 total funds, including \$124,789,238 General Fund and \$334,626,748 cash funds, and 31.9 FTE for FY 2015-16. This request includes an increase of \$27,540 in the Administration Division; \$287,144 in the Unclaimed Property Program; and \$20.3 million in the Special Purpose Division.

Staff Recommendation

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

The key difference between the recommendation and the Executive Request is:

- Staff recommends reflecting an appropriation of \$126.0 million General Fund for the Senior Citizen and Disabled Veteran Property Tax Exemption, based on Legislative Council Staff's December 2014 Economic Forecast, rather than the \$121.5 million included in the request.

JBC Staff Figure Setting – FY 2015-16
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Department of the Treasury						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$436,550,102	\$119,405,042	\$317,145,060	\$0	\$0	31.9
Other Legislation	2,221,034	2,221,034	0	0	0	0.0
SB 15-164 (Supplemental)	<u>8,268</u>	<u>(47,594)</u>	<u>55,862</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$438,779,404	\$121,578,482	\$317,200,922	\$0	\$0	31.9
FY 2015-16 Recommended Appropriation						
FY 2014-15 Appropriation	\$438,779,404	\$121,578,482	\$317,200,922	\$0	\$0	31.9
BA1 Kelmar Unclaimed Property software and service	252,763	0	252,763	0	0	0.0
Highway Users Tax Fund Adjustment	17,221,898	0	17,221,898	0	0	0.0
Senior Citizen and Disabled Veteran Property Tax Exemption adjustment	7,600,000	7,600,000	0	0	0	0.0
Annualize merit pay and salary survey	69,677	35,296	34,381	0	0	0.0
Compensation-related common policy adjustments	12,853	38,503	(25,650)	0	0	0.0
Operating common policy adjustments	4,489	14,298	(9,809)	0	0	0.0
OIT common policy adjustments	(36,722)	(36,722)	0	0	0	0.0
Annualize prior year legislation	<u>(8,268)</u>	<u>47,594</u>	<u>(55,862)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$463,896,094	\$129,277,451	\$334,618,643	\$0	\$0	31.9
Increase/(Decrease)	\$25,116,690	\$7,698,969	\$17,417,721	\$0	\$0	0.0
Percentage Change	5.7%	6.3%	5.5%	n/a	n/a	0.0%
FY 2015-16 Executive Request						
Request Above/(Below) Recommendation	(\$4,480,108)	(\$4,488,213)	\$8,105	\$0	\$0	0.0

Issue Descriptions

Recommended Long Bill Supplemental: The recommendation includes an adjustment to the FY 2014-15 appropriation for costs associated with the payout of accrued sick and annual leave resulting from the retirement of one of the Department’s investment officers; and a refinancing of a portion of the personal services line due to increased cash funds from cash management transaction fees.

BA1 Kelmar Unclaimed Property software and service: The recommendation includes a \$252,763 increase in cash funds to purchase the Kelmar Unclaimed Property software and service to improve security and auditing in the Unclaimed Property Program.

Highway Users Tax Fund (HUTF) adjustment: The recommendation shows for informational purposes a \$17.2 million increase in cash funds for distribution of HUTF to counties and municipalities.

Senior Citizen and Disabled Veteran Property Tax Exemption adjustment: The recommendation includes a \$7.6 million increase in General Fund for reimbursement to local

governments for lost property tax revenues; based on the Legislative Council December 2014 forecast.

Annualize merit pay and salary survey: The recommendation includes an annualization for prior year merit pay and salary survey.

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

Operating common policy adjustments: The recommendation includes adjustments in accordance with Committee policy to centrally appropriated line items for the following: workers' compensation and payment to risk management and property; legal services; administrative law judge services; and capitol complex leased space. *The staff recommendation for legal services is pending committee action.*

OIT common policy adjustments: The amount shown reflects the request for adjustments to the centrally appropriated line item *Payments to OIT* for the following: purchase of services from the computer center; multiuse network payments; asset maintenance; management and administration of the Governor's Office of Information Technology (OIT); and information technology security. *The staff recommendation is pending committee action.*

Annualize prior year legislation: The recommendation includes a decrease of \$8,268 total funds, including an increase of \$47,594 General Fund and a decrease of \$55,862 cash funds, to reflect the FY 2015-16 impact of prior year legislation.

(1) Administration

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

Accounting: The accounting section primarily performs daily reconciliation of all cash that flows in and out of the state's bank accounts. This section is responsible for allocating monthly interest earnings to various funds managed by the Treasury. It manages disbursements and transfers, including: distributing Highway Users Tax Fund (HUTF) moneys, tobacco settlement moneys, tobacco tax moneys, and federal mineral leasing funds; and disbursing senior citizen and disabled veteran property tax exemption payments to local governments. Further, the section issues cash flow notes on behalf of school districts participating in the interest-free loan program; and it administers the school bond payment guarantee program and the charter-school

intercept and moral obligation credit enhancement program. Finally, this section is responsible for managing the Elderly Property Tax Deferral Program.

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

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

General Note Concerning Funding for the Administration Division

Pursuant to Section 24-36-120, C.R.S., the Administration Division is partially funded by a transaction fee imposed on cash transactions that the division conducts on behalf of the more than 100 interest-earning cash funds that are subject to the fee. Specific funds, such as the State Education Fund, the Highway Users Tax Fund, the Great Outdoors Colorado Trust Fund, the Public School Fund, the Old Age Pension Fund, the College Opportunity Fund, and any other fund for which the collection of these fees are prohibited by the State Constitution are exempt from the payment of these fees.

The resulting revenue from these fees covers nearly one-half of the Administration Division's expenses, which would otherwise be paid by the General Fund. The FY 2015-16 fee per transaction will be established at the start of the fiscal year and will equal the FY 2015-16 appropriation for the Administration Division divided by the total number of cash transactions conducted by the Treasury during the prior year (FY 2014-15); including transactions conducted on behalf of funds that do not pay the fee. The amount paid by an eligible fund during FY 2015-16 will then equal the per transaction fee multiplied by the number of transactions conducted on behalf of that fund during the prior year (FY 2014-15).

The formula through which fees are calculated results in the General Fund paying for approximately half of any increased Administration Division appropriation, while the rest is covered by eligible cash funds. For example, if the General Assembly increases the Administration Division's Operating Expenses appropriation by \$1,000, the per transaction fee will increase by a fraction of a cent, raising approximately \$500 more from the eligible cash funds; the General Fund will cover the remainder. While transaction fee revenue is used to fund a portion of all lines in the Administration Division, for simplicity, staff reflects all of this revenue in the Personal Services line.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$2,285,971	\$1,005,042	\$1,280,929	\$0	\$0	16.4
Other Legislation	(794)	(794)	0	0	0	0.0
SB 15-164 (Supplemental)	<u>8,268</u>	<u>(47,594)</u>	<u>55,862</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,293,445	\$956,654	\$1,336,791	\$0	\$0	16.4
FY 2015-16 Recommended Appropriation						
FY 2014-15 Appropriation	\$2,293,445	\$956,654	\$1,336,791	\$0	\$0	16.4
Annualize merit pay and salary survey	35,296	35,296	0	0	0	0.0
Compensation-related common policy adjustments	12,853	38,503	(25,650)	0	0	0.0
Operating common policy adjustments	4,489	14,298	(9,809)	0	0	0.0
OIT common policy adjustments	(36,722)	(36,722)	0	0	0	0.0
Annualize prior year legislation	<u>(8,268)</u>	<u>47,594</u>	<u>(55,862)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,301,093	\$1,055,623	\$1,245,470	\$0	\$0	16.4
Increase/(Decrease)	\$7,648	\$98,969	(\$91,321)	\$0	\$0	0.0
Percentage Change	0.3%	10.3%	(6.8%)	n/a	n/a	0.0%
FY 2015-16 Executive Request:	\$2,320,985	\$1,067,410	\$1,253,575	\$0	\$0	16.4
Request Above/(Below) Recommendation	\$19,892	\$11,787	\$8,105	\$0	\$0	0.0

Issue Descriptions

Recommended Long Bill Supplemental: The recommendation includes an adjustment to the FY 2014-15 appropriation for costs associated with the payout of accrued sick and annual leave resulting from the retirement of one of the Department’s investment officers; and a refinancing of a portion of the personal services line due to increased cash funds from cash management transaction fees.

Annualize merit pay and salary survey: The recommendation includes adjustments in accordance with Committee policy to centrally appropriated line items for compensation including merit pay and salary survey.

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

Operating common policy adjustments: The amount shown reflects the request for adjustments to centrally appropriated line items for the following: workers' compensation and payment to risk management and property; legal services; administrative law judge services; and

capitol complex leased space. *The staff recommendation for legal services is pending committee action.*

OIT common policy adjustments: The amount shown reflects the request for adjustments to the centrally appropriated line item *Payments to OIT* for the following: purchase of services from the computer center; multiuse network payments; asset maintenance; management and administration of the Governor's Office of Information Technology (OIT); and information technology security. *The staff recommendation is pending committee action.*

Annualize prior year legislation: The recommendation includes a decrease of \$8,268 total funds, including an increase of \$47,594 General Fund and a decrease of \$55,862 cash funds, to reflect the FY 2015-16 impact of prior year legislation.

LINE ITEM DETAIL - ADMINISTRATION

Personal Services

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

Request: The Department requests an appropriation of \$1,372,760 total funds, including \$419,804 General Fund and \$952,956 cash funds from Treasury transaction fees and the Unclaimed Property Trust Fund, and 16.4 FTE. The request reflects an annualization of salary survey, merit pay, and S.B. 15-164.

Recommendation: Staff recommends an appropriation of \$1,372,760 total funds, including \$419,804 General Fund and \$952,956 cash funds from Treasury cash management transaction fees and the Unclaimed Property Trust Fund, and 16.4 FTE.

Administration, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$1,338,258	\$385,302	\$952,956	\$0	\$0	16.4
Other Legislation	(794)	(794)	0	0	0	0.0
SB 15-164 (Supplemental)	<u>12,304</u>	<u>(46,076)</u>	<u>58,380</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,349,768	\$338,432	\$1,011,336	\$0	\$0	16.4
FY 2015-16 Recommended Appropriation						
FY 2014-15 Appropriation	\$1,349,768	\$338,432	\$1,011,336	\$0	\$0	16.4
Annualize merit pay and salary survey	35,296	35,296	0	0	0	0.0
Annualize prior year legislation	<u>(12,304)</u>	<u>46,076</u>	<u>(58,380)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

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Administration, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
TOTAL	\$1,372,760	\$419,804	\$952,956	\$0	\$0	16.4
Increase/(Decrease)	\$22,992	\$81,372	(\$58,380)	\$0	\$0	0.0
Percentage Change	1.7%	24.0%	(5.8%)	n/a	n/a	0.0%
FY 2015-16 Executive Request:	\$1,372,760	\$419,804	\$952,956	\$0	\$0	16.4
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Health, Life, and Dental

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

Request: The Department requests an appropriation of \$248,875 total funds, including \$128,585 General Fund and \$120,290 cash funds. This reflects an increase of \$10,555 total funds, including an increase of \$18,272 General Fund and a decrease of \$7,717 cash funds.

Recommendation: Staff recommends an appropriation of \$250,896 total funds, including \$130,196 General Fund and \$120,700 cash funds from the Unclaimed Property Trust Fund, in accordance with the Committee's compensation related common policy decision.

Administration, Health, Life, and Dental				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$238,320</u>	<u>\$110,313</u>	<u>\$128,007</u>	<u>0.0</u>
TOTAL	\$238,320	\$110,313	\$128,007	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$238,320	\$110,313	\$128,007	0.0
Compensation-related common policy adjustments	<u>12,576</u>	<u>19,883</u>	<u>(7,307)</u>	<u>0.0</u>
TOTAL	\$250,896	\$130,196	\$120,700	0.0
Increase/(Decrease)	\$12,576	\$19,883	(\$7,307)	0.0
Percentage Change	5.3%	18.0%	(5.7%)	n/a
FY 2015-16 Executive Request:	\$248,875	\$128,585	\$120,290	0.0
Request Above/(Below) Recommendation	(\$2,021)	(\$1,611)	(\$410)	0.0

Short-term Disability

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

Request: The Department requests an appropriation of \$4,405 total funds; including \$2,749 General Fund and \$1,656 cash funds. This reflects an increase of \$335 total funds, including an increase of \$551 General Fund and a decrease of \$216 cash funds, for compensation-related common policy adjustments.

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Recommendation: Staff recommends an appropriation of \$4,405 total funds, including \$2,749 General Fund and \$1,656 cash funds from the Unclaimed Property Trust Fund, in accordance with the Committee’s compensation related common policy decision.

Administration, Short-term Disability				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$4,070</u>	<u>\$2,198</u>	<u>\$1,872</u>	<u>0.0</u>
TOTAL	\$4,070	\$2,198	\$1,872	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$4,070	\$2,198	\$1,872	0.0
Compensation-related common policy adjustments	<u>335</u>	<u>551</u>	<u>(216)</u>	<u>0.0</u>
TOTAL	\$4,405	\$2,749	\$1,656	0.0
Increase/(Decrease)	\$335	\$551	(\$216)	0.0
Percentage Change	8.2%	25.1%	(11.5%)	n/a
FY 2015-16 Executive Request:	\$4,405	\$2,749	\$1,656	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

S.B. 04-257 Amortization Equalization Disbursement

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

Request: The Department requests an appropriation of \$88,094 total funds, including \$54,955 General Fund and \$33,139 cash funds. This reflects an increase of \$12,477 total funds, including an increase of \$14,122 General Fund and a decrease of \$1,645 cash funds, for compensation-related common policy adjustments.

Recommendation: Staff recommends an appropriation of \$88,094 total funds, including \$54,955 General Fund and \$33,139 cash funds from the Unclaimed Property Trust Fund, in accordance with the Committee’s compensation related common policy decision.

Administration, S.B. 04-257 Amortization Equalization Disbursement				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$75,617</u>	<u>\$40,833</u>	<u>\$34,784</u>	<u>0.0</u>
TOTAL	\$75,617	\$40,833	\$34,784	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$75,617	\$40,833	\$34,784	0.0
Compensation-related common policy adjustments	<u>12,477</u>	<u>14,122</u>	<u>(1,645)</u>	<u>0.0</u>
TOTAL	\$88,094	\$54,955	\$33,139	0.0

*JBC Staff Figure Setting – FY 2015-16
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Administration, S.B. 04-257 Amortization Equalization Disbursement				
	Total Funds	General Fund	Cash Funds	FTE
Increase/(Decrease)	\$12,477	\$14,122	(\$1,645)	0.0
Percentage Change	16.5%	34.6%	(4.7%)	n/a
FY 2015-16 Executive Request:	\$88,094	\$54,955	\$33,139	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

S.B. 06-235 Supplemental Amortization Equalization Disbursement

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

Request: The Department requests an appropriation of \$85,092 total funds, including \$53,082 General Fund and \$32,010 cash funds. This reflects an increase of \$14,201 total funds, including an increase of \$14,801 General Fund and a decrease of \$600 cash funds, for compensation-related common policy adjustments.

Recommendation: Staff recommends an appropriation of \$85,092 total funds, including \$53,082 General Fund and \$32,010 cash funds from the Unclaimed Property Trust Fund, in accordance with the Committee's compensation related common policy decision.

Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$70,891</u>	<u>\$38,281</u>	<u>\$32,610</u>	<u>0.0</u>
TOTAL	\$70,891	\$38,281	\$32,610	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$70,891	\$38,281	\$32,610	0.0
Compensation-related common policy adjustments	<u>14,201</u>	<u>14,801</u>	<u>(600)</u>	<u>0.0</u>
TOTAL	\$85,092	\$53,082	\$32,010	0.0
Increase/(Decrease)	\$14,201	\$14,801	(\$600)	0.0
Percentage Change	20.0%	38.7%	(1.8%)	n/a
FY 2015-16 Executive Request:	\$85,092	\$53,082	\$32,010	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Salary Survey

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

Request: The Department requests an appropriation of \$21,842 total funds, including \$13,631 General Fund and \$8,211 cash funds. This reflects a decrease of \$28,980 total funds, including \$13,813 General Fund and \$15,167 cash funds.

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Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends an appropriation of \$21,842 total funds, including \$13,631 General Fund and \$8,211 cash funds from the Unclaimed Property Trust Fund in accordance with the Committee’s compensation related common policy decision.

Administration, Salary Survey				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$50,822</u>	<u>\$27,444</u>	<u>\$23,378</u>	<u>0.0</u>
TOTAL	\$50,822	\$27,444	\$23,378	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$50,822	\$27,444	\$23,378	0.0
Compensation-related common policy adjustments	<u>(28,980)</u>	<u>(13,813)</u>	<u>(15,167)</u>	<u>0.0</u>
TOTAL	\$21,842	\$13,631	\$8,211	0.0
Increase/(Decrease)	(\$28,980)	(\$13,813)	(\$15,167)	0.0
Percentage Change	(57.0%)	(50.3%)	(64.9%)	n/a
FY 2015-16 Executive Request:	\$21,842	\$13,631	\$8,211	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Merit Pay

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

Request: The Department requests an appropriation of \$28,354 total funds, including \$17,110 General Fund and \$11,244 cash funds. This reflects an increase of \$2,355 total funds, including an increase of \$3,070 General Fund and a decrease of \$715 cash funds.

Recommendation: Staff recommends an appropriation of \$28,354 total funds, including \$17,110 General Fund and \$11,244 cash funds from the Unclaimed Property Trust Fund, in accordance with the Committee’s compensation related common policy decision.

Administration, Merit Pay				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$25,999</u>	<u>\$14,040</u>	<u>\$11,959</u>	<u>0.0</u>
TOTAL	\$25,999	\$14,040	\$11,959	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$25,999	\$14,040	\$11,959	0.0
Compensation-related common policy adjustments	<u>2,355</u>	<u>3,070</u>	<u>(715)</u>	<u>0.0</u>
TOTAL	\$28,354	\$17,110	\$11,244	0.0
Increase/(Decrease)	\$2,355	\$3,070	(\$715)	0.0
Percentage Change	9.1%	21.9%	(6.0%)	n/a

JBC Staff Figure Setting – FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Administration, Merit Pay				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Executive Request:	\$28,354	\$17,110	\$11,244	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Workers' Compensation and Payment to Risk Management and Property Funds

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

Request: The Department requests an appropriation of \$2,083 General Fund, including a proposed Department of Personnel common policy adjustment decrease of \$710.

Recommendation: Staff recommends an appropriation of \$2,682 General Fund in accordance with the Committee's operating common policy decision.

Administration, Workers' Compensation and Payment to Risk Management and Property Funds			
	Total Funds	General Fund	FTE
FY 2014-15 Appropriation			
HB 14-1336 (Long Bill)	\$2,793	\$2,793	0.0
TOTAL	\$2,793	\$2,793	0.0
FY 2015-16 Recommended Appropriation			
FY 2014-15 Appropriation	\$2,793	\$2,793	0.0
Compensation-related common policy adjustments	(111)	(111)	0.0
TOTAL	\$2,682	\$2,682	0.0
Increase/(Decrease)	(\$111)	(\$111)	0.0
Percentage Change	(4.0%)	(4.0%)	n/a
FY 2015-16 Executive Request:	\$2,083	\$2,083	0.0
Request Above/(Below) Recommendation	(\$599)	(\$599)	0.0

Operating Expenses

This line item provides funding for supplies and materials for the Administration Division, as well as for certain services that are not covered by other line items such as capital outlay,¹ utilities, custodial services, equipment rental, storage, dues and subscriptions, and printing. The most significant expenditure funded through this appropriation is for the Department's investing tools, which include leasing three Bloomberg terminals, the BondEdge Fixed Income Software System, and a subscription to the Standard & Poor Credit Wire Service. The operating line also funds traditional operating expenses such as telephone, copying, postage, and office supplies. Also included are professional development and job enhancement activities, such as books, dues and membership to organizations and registration fees for seminars.

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

Request: The Department requests a continuation appropriation of \$184,734 General Fund.

Recommendation: Staff recommends an appropriation of \$184,734 General Fund.

Information Technology Asset Maintenance

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

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

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

Legal Services for 575 hours

This line item provides funding for the Department to purchase legal services from the Department of Law. Section 24-75-112 (1) (i), C.R.S. authorizes agencies to spend up to 10 percent of this appropriation for operating expenses, contractual services, and tuition for employee training.

Request: The Department requests a continuation appropriation of 575 hours of legal services with a corresponding appropriation of \$54,343 total funds, including \$27,172 General Fund and \$27,171 cash funds from the Unclaimed Property Trust Fund.

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

Administration, Legal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$56,931	\$28,466	\$28,465	0.0
TOTAL	\$56,931	\$28,466	\$28,465	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$56,931	\$28,466	\$28,465	0.0
Operating common policy adjustments	(2,588)	(1,294)	(1,294)	0.0
TOTAL	\$54,343	\$27,172	\$27,171	0.0
Increase/(Decrease)	(\$2,588)	(\$1,294)	(\$1,294)	0.0
Percentage Change	(4.5%)	(4.5%)	(4.5%)	n/a
FY 2015-16 Executive Request:	\$54,343	\$27,172	\$27,171	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Purchase of Services from Computer Center

Funds in this line item were used to reimburse the Governor’s Office of Information Technology for the Department's share of the statewide computer services. In FY 2014-15 several line items that provided funding for the Department’s share of statewide information technology services were combined into one line item entitled *Payments to OIT*. These line items include: Purchase of Services from Computer Center, Colorado State Network, Management & Administration of OIT, and Information Technology Security.

Recommendation: No appropriation is necessary for FY 2015-16 due to the consolidation of several OIT services related line items. The line item is included in this figure setting document as it will continue to be reflected in the Department’s numbers pages.

Multiuse Network Payments

Funds in this line item were used to reimburse the Governor’s Office of Information Technology for the Department's share of the statewide multi-use network. In FY 2014-15 several line items that provided funding for the Department’s share of statewide information technology services were combined into one line item entitled *Payments to OIT*. These line items include: Purchase of Services from Computer Center, Colorado State Network, Management & Administration of OIT, and Information Technology Security.

Recommendation: No appropriation is necessary for FY 2015-16 due to the consolidation of several OIT services related line items. The line item is included in this figure setting document as it will continue to be reflected in the Department’s numbers pages.

Capitol Complex Leased Space

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

Request: The Department requests an appropriation of \$83,355 General Fund for 4,379 square feet of space it occupies in the State Capitol Building. The request reflects a common policy increase of \$29,589.

Recommendation: Staff recommends an appropriation for the purchase of a continuation level of square footage in the State Capitol Building of \$76,324 General Fund in accordance with the Committee’s operating common policy decision.

Administration, Capitol Complex Leased Space			
	Total Funds	General Fund	FTE
FY 2014-15 Appropriation			
HB 14-1336 (Long Bill)	\$53,766	\$53,766	0.0
TOTAL	\$53,766	\$53,766	0.0
FY 2015-16 Recommended Appropriation			
FY 2014-15 Appropriation	\$53,766	\$53,766	0.0

JBC Staff Figure Setting – FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Administration, Capitol Complex Leased Space			
	Total Funds	General Fund	FTE
Operating common policy adjustments	<u>22,558</u>	<u>22,558</u>	<u>0.0</u>
TOTAL	\$76,324	\$76,324	0.0
Increase/(Decrease)	\$22,558	\$22,558	0.0
Percentage Change	42.0%	42.0%	n/a
FY 2015-16 Executive Request:	\$83,355	\$83,355	0.0
Request Above/(Below) Recommendation	\$7,031	\$7,031	0.0

Payments to OIT

Funds in this line item are used to reimburse the Governor’s Office of Information Technology for costs associated with statewide computer services; the multiuse network providing secure, high-speed broadband access; enterprise management and oversight, and back-office business functions; and the state’s cyber security program. This line item consolidates four line items in the Department’s previous years’ budgets, including: Purchase of Services from Computer Center, Colorado State Network, Management & Administration of OIT, and Information Technology Security.

Request: The Department requests an appropriation of \$23,364 General Fund, including a reduction of \$37,265 General Fund, to annualize prior year legislation and for OIT common policy adjustments.

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

Administration, Payments to OIT			
	Total Funds	General Fund	FTE
FY 2014-15 Appropriation			
HB 14-1336 (Long Bill)	\$60,086	\$60,086	0.0
SB 15-164 (Supplemental)	<u>543</u>	<u>543</u>	<u>0.0</u>
TOTAL	\$60,629	\$60,629	0.0
FY 2015-16 Recommended Appropriation			
FY 2014-15 Appropriation	\$60,629	\$60,629	0.0
OIT common policy adjustments	(36,722)	(36,722)	0.0
Annualize prior year legislation	<u>(543)</u>	<u>(543)</u>	<u>0.0</u>
TOTAL	\$23,364	\$23,364	0.0
Increase/(Decrease)	(\$37,265)	(\$37,265)	0.0
Percentage Change	(61.5%)	(61.5%)	n/a
FY 2015-16 Executive Request:	\$23,364	\$23,364	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

CORE Operations (COFRS Modernization)

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

Request: The Department requests an appropriation of \$101,116; including \$45,502 General Fund and \$55,614 cash funds from the Unclaimed Property Trust Fund. This reflects an increase of \$4,579 total funds, including \$2,061 General Fund and \$2,518 cash funds, for the annualization of prior year legislation.

Recommendation: Staff recommends an appropriation of \$85,635 total funds, including \$38,536 General Fund and \$47,099 cash funds from the Unclaimed Property Trust Fund, in accordance with the Committee’s operating common policy decision.

Administration, CORE Operations				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$101,116	\$45,502	\$55,614	0.0
SB 15-164 (Supplemental)	<u>(4,579)</u>	<u>(2,061)</u>	<u>(2,518)</u>	<u>0.0</u>
TOTAL	\$96,537	\$43,441	\$53,096	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$96,537	\$43,441	\$53,096	0.0
Operating common policy adjustments	(15,481)	(6,966)	(8,515)	0.0
Annualize prior year legislation	<u>4,579</u>	<u>2,061</u>	<u>2,518</u>	<u>0.0</u>
TOTAL	\$85,635	\$38,536	\$47,099	0.0
Increase/(Decrease)	(\$10,902)	(\$4,905)	(\$5,997)	0.0
Percentage Change	(11.3%)	(11.3%)	(11.3%)	n/a
FY 2015-16 Executive Request:	\$101,116	\$45,502	\$55,614	0.0
Request Above/(Below) Recommendation	\$15,481	\$6,966	\$8,515	0.0

Information Technology Security

Funds in this line item were used to reimburse the Governor’s Office of Information Technology for the Department's share of the information technology security system. In FY 2014-15 several line items that provided funding for the Department’s share of statewide information technology services were combined into one line item entitled *Payments to OIT*. These line items include: Purchase of Services from Computer Center, Colorado State Network, Management & Administration of OIT, and Information Technology Security.

Recommendation: No appropriation is necessary for FY 2015-16 due to the consolidation of several OIT services related line items. The line item is included in this figure setting document as it will continue to be reflected in the Department’s numbers pages.

Charter School Facilities Financing Services

The Treasurer has several duties associated with charter school facility financing. A charter school may request that the Treasurer make direct payments of principal and interest on bonds

issued on behalf of the school for the purpose of enhancing the ability of the school to obtain favorable financing terms pursuant to Section 22-30.5-406, C.R.S. The Treasurer is authorized to withhold, from the amount paid to the chartering district for the state share of the district's total program funding, the amount of any direct payments made on behalf of the charter school plus any administrative costs associated with making such payments.² Any administrative costs withheld are deposited into the Charter School Financing Administrative Cash Fund. Moneys in this fund are continuously appropriated.

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

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

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

Discretionary Fund

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

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

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

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

(2) Unclaimed Property Program

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

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

Pursuant to Section 38-13-116.5, C.R.S., moneys collected pursuant to the Unclaimed Property Program and any associated interest earnings are deposited in the Unclaimed Property Trust Fund. Moneys in the Trust Fund that are not used or held in reserve to pay claims are used (subject to appropriation) to pay the direct and indirect costs of administering the program pursuant to Section 38-13-116.5 (2), C.R.S. In addition, pursuant to S.B. 04-256, the Treasury sells securities that have been held as unclaimed property for more than one year and deposits the proceeds in the Unclaimed Property Tourism Promotion Trust Fund. The principal in this fund may only be used to pay claims, but the interest earnings are to be credited to the Colorado Travel and Tourism Promotion Fund, which is administered in the Department of Agriculture.

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

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Unclaimed Property Program						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	<u>\$2,034,743</u>	<u>\$0</u>	<u>\$2,034,743</u>	<u>\$0</u>	<u>\$0</u>	<u>15.5</u>
TOTAL	\$2,034,743	\$0	\$2,034,743	\$0	\$0	15.5
FY 2015-16 Recommended Appropriation						
FY 2014-15 Appropriation	\$2,034,743	\$0	\$2,034,743	\$0	\$0	15.5
BA1 Kelmar Unclaimed Property software and service	252,763	0	252,763	0	0	0.0
Annualize merit pay and salary survey	<u>34,381</u>	<u>0</u>	<u>34,381</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,321,887	\$0	\$2,321,887	\$0	\$0	15.5
Increase/(Decrease)	\$287,144	\$0	\$287,144	\$0	\$0	0.0
Percentage Change	14.1%	n/a	14.1%	n/a	n/a	0.0%
FY 2015-16 Executive Request:	\$2,321,887	\$0	\$2,321,887	\$0	\$0	15.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Issue Descriptions

BA1 Kelmar Unclaimed Property software and service: The recommendation includes a \$252,763 increase in cash funds from the Unclaimed Property Trust Fund to purchase the Kelmar Unclaimed Property software and service to improve security and auditing in the Unclaimed Property Program.

Annualize merit pay and salary survey: The recommendation includes an annualization for prior year merit pay and salary survey.

→ BA1: Kelmar Unclaimed Property Software and Service

- The request includes an increase of \$252,763 cash funds from the Unclaimed Property Trust Fund for FY 2015-16 to purchase a Kelmar Unclaimed Property Database in order to improve the security of claimant personal information including social security numbers.
- The request will annualize to \$174,450 cash funds beginning in FY 2016-17.
- This new service integrates with the LexisNexis/Accurint research service for which the Department received funding in FY 2014-15.
- Staff recommends approval of this request.

Individuals are reunited with unclaimed property through the process defined in Section 38-13-110, C.R.S. During the 2014 session, the General Assembly appropriated \$30,300 to the Department for the purchase of a LexisNexis computer-assisted research service. This service is

JBC Staff Figure Setting – FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

a data storehouse containing over 36 billion records from 20,000 disparate sources that map to 585 million unique identities and is intended to provide a comprehensive set of tools that will support the Unclaimed Property Program’s staff in locating owners and authenticating claimants. The solution integrates with existing processes and implementation will result in minimal negative impact. Information provided by the department indicates that the solution will:

- Shorten unclaimed property distribution cycles;
- Increase the number of property owners who are located;
- Allow staff to proactively work to locate owners;
- Provide staff with complete, comprehensive, and accurate information; and
- Reduce the potential risk of fraud.

The Department reports that there is concern about utilizing this updated service within the existing technology platform (UPS2000). Specifically, there is no direct link between the UPS2000 and the Accurint service resulting in: 1) a language that is no longer commonly used and has not been updated since 2001; 2) a data security model that allows a knowledgeable end user to directly access information stored in the database and retrieve data with no audit trail; and 3) the possibility of information being orphaned in the system. To address these issues, the Department has located an unclaimed property management system for state governments, known as the Kelmar (KAPS) Unclaimed Property Database, that will address these concerns and integrate with the Accurint system for which funding has already been received.

Linking the Accurint system with KAPS will allow data that is accessed through Accurint to be controlled through the recording of the user identification of anyone making a data request; and the logging of the request results. In addition, KAPS will directly analyze the data received, ensuring that the system determines if the claimant is authenticated and if a valid relationship exists between the claimant and the claimed properties. KAPS also encrypts all data and provides for in-application masking of personal information, such as social security numbers. A breakdown of the costs associated with this request is found below. In order to ensure the security of personal claimant information, staff recommends approval of this request.

FY 2015-16 BA1 - Kelmar (KAPS) Unclaimed Property Software & Services Cost Breakdown					
FY 2014-15		FY 2015-16		FY 2016-17	
Current software and support	\$41,250	Current software and support	\$10,313	Current software and support	\$0
Accurint	30,300	Accurint	15,000	Accurint	15,000
		KAPS - one-time	68,000	KAPS - one-time	0
		KAPS - ongoing		KAPS - ongoing	
		Annual contract fee	175,000	Annual contract fee	175,000
		Annual LexisNexis Svcs	31,000	Annual LexisNexis Svcs	31,000
		KAPS public website fee	25,000	KAPS public website fee	25,000
	<u>\$71,550</u>		<u>\$324,313</u>		<u>\$246,000</u>
		LESS Current Appropriation	<u>(71,550)</u>	LESS Current Appropriation	<u>(71,550)</u>
Current Appropriation	<u>\$71,500</u>	FY 2015-16 Request	<u>\$252,763</u>	Ongoing	<u>\$174,450</u>

LINE ITEM DETAIL – UNCLAIMED PROPERTY PROGRAM

Personal Services

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

Request: The Department requests an appropriation of \$849,766 cash funds from the Unclaimed Property Trust Fund and 15.5 FTE; including an annualization of salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$849,766 cash funds from the Unclaimed Property Trust Fund and 15.5 FTE.

Unclaimed Property Program, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$815,385	\$0	\$815,385	\$0	\$0	15.5
TOTAL	\$815,385	\$0	\$815,385	\$0	\$0	15.5
FY 2015-16 Recommended Appropriation						
FY 2014-15 Appropriation	\$815,385	\$0	\$815,385	\$0	\$0	15.5
Annualize merit pay and salary survey	34,381	0	34,381	0	0	0.0
TOTAL	\$849,766	\$0	\$849,766	\$0	\$0	15.5
Increase/(Decrease)	\$34,381	\$0	\$34,381	\$0	\$0	0.0
Percentage Change	4.2%	n/a	4.2%	n/a	n/a	0.0%
FY 2015-16 Executive Request:	\$849,766	\$0	\$849,766	\$0	\$0	15.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Operating Expenses

This line item provides funding for supplies and materials, as well as capital outlay,³ utilities, custodial services, equipment rental, storage, dues and subscriptions, and printing.

Request: The Department requests an appropriation of \$414,932 cash funds from the Unclaimed Property Trust Fund, including an increase of \$252,763 for BA1 Kelmar Unclaimed Property Software and Service.

Recommendation: Staff recommends an appropriation of \$414,932 cash funds from the Unclaimed Property Trust Fund.

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

JBC Staff Figure Setting – FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Unclaimed Property Program, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$162,169</u>	<u>\$0</u>	<u>\$162,169</u>	<u>0.0</u>
TOTAL	\$162,169	\$0	\$162,169	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$162,169	\$0	\$162,169	0.0
BA1 Kelmar Unclaimed Property software and service	<u>252,763</u>	<u>0</u>	<u>252,763</u>	<u>0.0</u>
TOTAL	\$414,932		\$414,932	0.0
Increase/(Decrease)	\$252,763	\$0	\$252,763	0.0
Percentage Change	155.9%	n/a	155.9%	n/a
FY 2015-16 Executive Request:	\$414,932	\$0	\$414,932	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Promotion and Correspondence

The Department's promotional efforts are designed to notify owners of lost and forgotten assets held in trust by the state. Pursuant to Section 38-13-111 (7), C.R.S., the Administrator of the Unclaimed Property Program may spend up to 2.0 percent of the previous year's paid claims for the publication and necessary correspondence (e.g., sending a notice to the last known address of each person who appears to be entitled to property valued at \$50 or more).

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

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

Leased Space

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

Request: The Department requests a continuation appropriation of \$57,189 cash funds from the Unclaimed Property Trust Fund.

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

Contract Auditor Services

The Treasury Department contracts with auditing firms that examine the records of businesses located in other states in an effort to find unclaimed property belonging to Colorado citizens. The costs associated with these services are essentially paid on a contingency fee basis, with the state paying 12.0 percent of the value of any Colorado property identified. Pursuant to Section

38-13-116.5 (2) (b), C.R.S., moneys in the Unclaimed Property Trust Fund are continuously appropriated for the payment of services to contract auditors.

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

Recommendation: Staff recommends reflecting an appropriation of \$800,000 cash funds from the revenues collected by contract auditors.

(3) Special Purpose

This section of the Long Bill reflects disbursements the Treasurer is required to make, including the following: (1) reimbursements to local governments for property tax revenues foregone due to the senior citizen and disabled veteran property tax exemption; (2) allocations of Highway Users Tax Fund (HUTF) revenues to local governments; and (3) reimbursements of certain property taxes owed or paid for real and business personal property destroyed in a natural disaster pursuant to H.B. 14-1001. The General Fund appropriations for the senior citizen property tax exemption are not subject to the statutory restrictions on General Fund appropriations. The sources of cash funds are the Highway Users Tax Fund.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$432,229,388	\$118,400,000	\$313,829,388	\$0	\$0	0.0
Other Legislation	<u>2,221,828</u>	<u>2,221,828</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$434,451,216	\$120,621,828	\$313,829,388	\$0	\$0	0.0
FY 2015-16 Recommended Appropriation						
FY 2014-15 Appropriation	\$434,451,216	\$120,621,828	\$313,829,388	\$0	\$0	0.0
Highway Users Tax Fund adjustment	17,221,898	0	17,221,898	0	0	0.0
Senior Citizen and Disabled Veteran Property Tax Exemption adjustment	<u>7,600,000</u>	<u>7,600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$459,273,114	\$128,221,828	\$331,051,286	\$0	\$0	0.0
Increase/(Decrease)	\$24,821,898	\$7,600,000	\$17,221,898	\$0	\$0	0.0
Percentage Change	5.7%	6.3%	5.5%	n/a	n/a	n/a
FY 2015-16 Executive Request:	\$454,773,114	\$123,721,828	\$331,051,286	\$0	\$0	0.0
Request Above/(Below) Recommendation	(\$4,500,000)	(\$4,500,000)	\$0	\$0	\$0	0.0

Issue Descriptions

Highway Users Tax Fund (HUTF) adjustment: The recommendation shows for informational purposes a \$17.2 million increase in cash funds for distribution to counties and municipalities of HUTF revenues.

Senior Citizen and Disabled Veteran Property Tax Exemption adjustment: The recommendation includes a \$7.6 million increase in General Fund for reimbursement to local governments for lost property tax revenues; based on the Legislative Council December 2014 forecast.

LINE ITEM DETAIL – SPECIAL PURPOSE

Senior Citizen and Disabled Veteran Property Tax Exemption

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

...Payments made from the state general fund to compensate local government entities for property tax revenues lost as a result of the property tax exemption provided for in this section shall not be subject to any statutory limitation on general fund appropriations because the enactment of this section by the people of Colorado constitutes voter approval of a weakening of any such limitation.

Please note that the costs associated with the exemption are treated outside the statutory limits on state spending and are not built into the funding base used to calculate the limit for subsequent fiscal years.

The original constitutional provision also specified that voter approval of the measure constituted a voter-approved revenue change, thereby allowing the TABOR limit for FY 2001-02 to increase by \$44.1 million and that such an amount should be included for the purpose of calculating subsequent fiscal year spending limits. However, by the time the state was required to pay the

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

first year reimbursement in April 2003, state revenues no longer exceeded the TABOR limit. Thus, this measure never increased the state's TABOR limit.

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

The Constitution authorizes the General Assembly to raise or lower the maximum amount of actual value that is exempt from taxation. For tax year 2002, the first year this exemption was made available, the exemption was limited to the first \$200,000 of actual residence value. The General Assembly lowered this amount from \$200,000 to \$0 for property tax years 2003, 2004, and 2005, thus eliminating the associated state expenditures for fiscal years 2003-04, 2004-05, and 2005-06. State payments resumed in FY 2006-07. In the 2009 session, the General Assembly again reduced the exemption for senior citizens to \$0, thus reducing state payments for FY 2009-10 to \$1.3 million for the disabled veterans exemption from a total of \$85.6 million in FY 2008-09. In the 2010 session, the General Assembly extended the suspension of the senior citizen exemption for two additional years, reducing state payments in FY 2010-11 and FY 2011-12.

Estimated expenditures are included in the Department of the Treasury's budget for informational purposes and are based on the estimates contained in Legislative Council Staff's Economic Forecasts. Pursuant to Section 39-3-207 (4) (a), C.R.S. and in accordance with Section 3.5 of Article X of the State Constitution, no later than April 15th of each year the state Treasurer shall issue a warrant to each county treasurer for the amount needed to fully reimburse all local governmental entities within the county for the amount of property tax revenues lost as a result of the application of the property tax exemption. Because the state is required to fully reimburse local governmental entities within each county, the amount appropriated annually in the Senior Citizen and Disabled Veteran Property Tax Exemption line item of the Long Bill is provided for informational purposes only and is based on the March Economic Forecast. Warrant amounts less than, equal to and/or in excess of the total identified in the Long Bill appropriation are reimbursed from the General Fund in their entirety. Any amount specified in this Long Bill line item that exceeds the actual amount reimbursed to counties is transferred to the Senior Services Account in the Older Coloradoans Cash Fund (OCCF) pursuant to H.B. 12-1326. Actual warrants issued to counties by the State Treasurer have exceeded the amount reflected in the Long Bill for FYs 2012-13 and 2013-14 and no such transfers to the OCCF have been required.

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Staff Working Document – Does Not Represent Committee Decision

HB 12-1326 Transfers from the Senior Citizen and Disabled Veterans Property Tax Exemption line item to the Senior Services Account in the Older Coloradoans Cash Fund			
	Amount Reflected in Long Bill	Actual Warrants Issued	Notes
FY 2012-13	\$98,500,000	\$102,674,552	Transfer is not required as the actual amount issued exceeds the amount in the annual general appropriations act by \$4.2 million; data from FY 2013-14 Department of the Treasury budget request
FY 2013-14	\$105,200,000	\$109,804,536	Transfer is not required as the actual amount issued exceeds the amount in the annual general appropriations act by \$4.6 million; data from FY 2015-16 Department of the Treasury budget request
FY 2014-15 (estimate)	\$118,400,000	\$117,208,894	Warrants are issued in April and the FY 2014-15 figure reflects an estimate based on updated information provided by the Department of Local Affairs, November 2014.
FY 2015-16 (Staff recommendation)	\$126,000,000		

Actual reimbursements vary from year to year. Events that will increase the number of senior exemptions and the total value of issued warrants include: 1) seniors achieving the age or residency requirement, 2) an increase in property values as determined bi-annually through assessor revaluations, and/or 3) an increase in a local mill levy. Conversely, a decrease in the number of senior exemptions and the total value of issued warrants can result from the loss of an exemption through death of the senior or the sale of the qualifying property by the senior, and/or a decrease in assessed property values.

According to a report on *Aging in Colorado*, published by the Colorado Department of Local Affairs (DOLA) in July 2012, the over-65 population in Colorado grew by 32.0 percent between 2000 and 2010. This is compared with the overall population growth in the state of 17.0 percent. The report indicates that “aging of the younger population, especially the ‘Baby Boomers’ born between 1946 and 1964 is forecast to increase the population over 65 by 150.0 percent between 2010 and 2030.”⁵ The growth rate in Colorado’s 65+ age group is primarily due to the current relatively small share of the population over the age of 65 and the large group of Baby Boomers and pre Baby Boomers aging into that category, combined with a small population increase due to net in-migration. Currently, over 45.0 percent of Colorado’s over-65 population live in Jefferson, Denver, El Paso, and Arapahoe Counties.

DOLA projects the current decade to experience the fastest population growth in this age group at 61.0 percent between 2010 and 2020. Specifically, it is expected that Baby Boomers will age

⁵ *Aging in Colorado*. Department of Local Affairs State Demography Office, July 2012. Accessed Feb. 3, 2015. <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheadname1=Content-Disposition&blobheadname2=Content-Type&blobheadervalue1=inline;+filename%3D%22Aging+in+Colorado.pdf%22&blobheadervalue2=application/pdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251810346699&ssbinary=true>

JBC Staff Figure Setting – FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

into the 65+ population by 7.0 percent per year. Beyond 2020, the growth rate is expected to slow to a similar rate as the total population with an annual average of 1.5 percent. This population growth will have a direct impact on the state’s obligation to reimburse counties for tax revenues lost as a result of the senior citizen tax exemption. The Consumer Expenditure Survey indicates that property taxes paid peak in the 45-54 year old age group; subsequently experiencing a decline for the over-65 population – primarily for the 75+ age group in which residents may have down-sized their homes. DOLA reports that “**total tax** revenues to state and local governments are not forecast to decrease due to the aging in Colorado, primarily because population declines are not forecast, especially for those aged 25-64. However, per capita tax revenues to the state and many local governments are forecast to decline due to the relative increase in the 65+ population” in some counties in the state.⁶ Under current law, warrants issued to counties for this exemption are projected to be approximately 1.1 to 1.2 percent of state General Fund revenue through FY 2016-17. The impact of this relative increase in the 65+ population may result in a slight increase in the percentage of state General Fund revenue paid to counties for this exemption through 2020. It is important to note, however, that multiple factors can impact the ratio between these data points. The table below provides cost projections for the senior citizen property tax exemption.

State of Colorado						
Senior Citizen Homestead Property Tax Exemption						
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 2017-18
	Actual	Actual	Estimated	Projected	Projected	Projected
Total state population /a	5,264,890	5,350,571	5,439,291	5,532,048	5,628,098	5,726,142
Annual percent increase /b		1.6%	1.7%	1.7%	1.7%	1.7%
State 65+ population /a	651,388	684,521	718,925	753,732	790,326	828,149
Percent of total population	12.4%	12.8%	13.2%	13.6%	14.0%	14.5%
Annual percent increase /c		5.1%	5.0%	4.8%	4.9%	4.8%
Number of exemptions granted /d	182,905	197,598	204,817	219,154	234,495	250,910
Percent of senior population granted exemptions	28.1%	28.9%	28.5%	29.1%	29.7%	30.3%
Annual percent increase		8.0%	3.7%	7.0%	7.0%	7.0%
Percent of actual residences /d granted exemption	9.90%	10.82%	11.22%	11.78%	12.37%	13.00%
Annual percent increase		9.3%	3.7%	5.0%	5.0%	5.0%
Exempted Actual Value /d	\$15,088,560,545	\$16,010,118,503	\$16,873,989,788	\$17,835,807,206	\$18,852,448,217	\$19,927,037,765
Annual percent increase /e		6.1%	5.4%	5.7%	5.7%	5.7%
Property Taxes Exempted /f	\$100,821,732	\$107,723,840	\$114,948,014	\$126,000,000	\$134,820,000	\$144,257,400
Percent of actual value	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Annual percent increase		6.8%	6.7%	9.6%	7.0%	7.0%

/a Total Population and 65+ Population totals obtained from the Department of Local Affairs (DOLA) State Demographers Office,

https://dola.colorado.gov/demog_webapps/pagParameters.jsf

/b Annual growth rates are based on DOLA projections identified in *Aging in Colorado, July 2012*.

/c Annual growth rates for 65+ population is estimated to be 7.0 percent through 2020; the State Demographer provided projected data that is lower than the 7.0 percent.

/d Actual and estimated values for property tax exemptions in FY 12-13, FY 13-14, and FY 2014-15 provided by the DOLA, November 2014.

/e Staff has calculated a 5.7 percent increase in exempted actual value.

/f "Property Taxes Exempted" represents the amount of warrants issued by the state to reimburse counties for lost property taxes. The percent of actual value of this exemption is has consistently been 0.7 percent. Staff assumes the continuation of this percentage.

⁶ Ibid.

*JBC Staff Figure Setting – FY 2015-16
Staff Working Document – Does Not Represent Committee Decision*

At this time, property tax exemptions do not transfer to another property when a senior sells the qualifying home. In 2008, SCR 08-001 was introduced with the intent of expanding the eligibility requirements beginning with tax year 2009, including allowing seniors who previously qualified for and received an exemption to retain the exemption after moving if their home is destroyed by a natural disaster or the target of an eminent domain proceeding. In addition, it would have disqualified homes with an actual value greater than \$500,000. The fiscal note for this resolution indicates that voter approval of this initiative would have resulted in an estimated reduction of \$6.9 million General Fund expenditures.

In that same year, HCR 08-1003 was introduced and, if passed, would have expanded the eligibility requirements for the senior property tax exemption to a senior who made one move during the ten years preceding the applicable tax year if he or she had previously qualified for and received an exemption. According to the fiscal note for this resolution, the cost of the expansion was expected to be approximately \$8.0 million General Fund by FY 2012-13. Neither resolution was placed on the ballot.

Staff is not recommending any changes to the statute governing this exemption at this time; however recommends ongoing analysis of this issue as updated population growth data becomes available.

Request: The Treasurer's budget request includes estimated distributions to counties totaling \$121.5 million General Fund, including an increase of \$3.1 million General Fund, for FY 2015-16 based on the Governor's Office of State Planning and Budgeting September 2014 forecast.

Recommendation: Staff recommends reflecting an appropriation of \$126.0 million General Fund based on Legislative Council Staff's December 2014 Economic Forecast. This informational appropriation is not subject to statutory limits on General Fund appropriations. Staff requests permission to update, if necessary, the appropriation based on the March 2015 revenue projection that the Joint Budget Committee elects to use for balancing purposes.

Special Purpose, Senior Citizen and Disabled Veteran Property Tax Exemption					
	Total Funds	General Fund	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation					
HB 14-1336 (Long Bill)	<u>\$118,400,000</u>	<u>\$118,400,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$118,400,000	\$118,400,000	\$0	\$0	0.0
FY 2015-16 Recommended Appropriation					
FY 2014-15 Appropriation	\$118,400,000	\$118,400,000	\$0	\$0	0.0
Senior Citizen and Disabled Veteran Property Tax Exemption Adjustment	<u>7,600,000</u>	<u>7,600,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$126,000,000	\$126,000,000	\$0	\$0	0.0
Increase/(Decrease)	\$7,600,000	\$7,600,000	\$0	\$0	0.0
Percentage Change	6.4%	6.4%	n/a	n/a	n/a
FY 2015-16 Executive Request:	\$121,500,000	\$121,500,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	(\$4,500,000)	(\$4,500,000)	\$0	\$0	0.0

Fire and Police Pension Association – Old Hire Plans

Background Information. Prior to FY 2013-14, Section 31-30.5-307, C.R.S., required the state to pay part of the unfunded liability of retirement plans that cover police and firefighters who were hired before 1978. These payments were made through annual transfers by the department from the General Fund (Exempt) to the Fire and Police Pension Association (FPPA), the plan administrator. This annual General Fund transfer was included in the Long Bill for informational purposes; and the appropriation was not subject to the statutory limit on General Fund appropriations. The intended payoff of this liability was scheduled to terminate upon the retirement funds becoming fully funded based on an actuarially sound basis. Legislation resulting in payment reductions or suspensions shifted the targeted payoff from December 2009 to April 2019. As of May 31, 2013, the six remaining payments (April 2014 through April 2019), including interest were calculated to total \$171,597,134 if regular payments were made according to the existing schedule. The total payoff as of May 31, 2013 was calculated at \$132,409,339.

Pursuant to S.B. 13-234, on May 31, 2013, the State Treasurer transferred \$132,409,339 from the General Fund to the FPPA in order to fully resolve the liability. This transfer served to satisfy all future payments to the fund; and upon this transfer, no other transfers will be made to the benefit plan. According to Section 24-75-200, C.R.S., the transfer reduced the amount of the General Fund surplus that would otherwise have been transferred to the State Education Fund. In order to reimburse this fund, the General Assembly established the following repayment schedule, including transfers from the General Fund to the State Education Fund.

Transfers to State Education Fund	
Schedule per S.B. 13-234	
Payment Date	General Fund
April 2015 (FY 14-15)	25,321,079
April 2016 (FY 15-16)	25,321,079
April 2017 (FY 16-17)	25,321,079
April 2018 (FY 17-18)	25,321,079
April 2019 (FY 18-19)	24,991,739

Recommendation: No appropriation is necessary for FY 2015-16 as the liability has been resolved. The above background information has been provided as this line will continue to be reflected in the Department’s numbers pages.

CoverColorado

Background Information: From 1991 through 2013 annual transfers from the Unclaimed Property Trust Fund (UPTF) were made to CoverColorado, a nonprofit entity created by the General Assembly to offer health insurance coverage to people unable to obtain insurance at a

reasonable cost or without significant exclusions.⁷ As a result of the passage of the federal Patient Protection and Affordable Care Act in 2010, and pursuant to H.B. 13-1115, CoverColorado was repealed and the transmission of moneys to CoverColorado from the UPTF ended effective May 1, 2013. The bill further required CoverColorado to transfer \$15.0 million to the UPTF. Pursuant to H.B. 13-1245, these funds were subsequently transferred to Connect for Health Colorado, the state’s health benefit exchange, on July 1, 2013. H.B. 13-1115 requires that 25 percent of CoverColorado’s remaining funds be transferred to the exchange by March 31, 2015.

Recommendation: With the repeal of CoverColorado, no appropriation is necessary for FY 2015-16. The above background information has been provided as this line will continue to be reflected in the Department’s numbers pages.

Highway Users Tax Fund – County Payments

This line item provides an estimate of the amount that will be distributed to counties from the Highway Users Tax Fund (HUTF). Counties are required to use such funds for the construction, engineering, reconstruction, maintenance, repair, equipment, improvement, and administration⁸ of the county highway systems and any other public highways.

Request: The Treasurer's budget request includes estimated distributions to counties totaling \$196,571,562 cash funds, including an increase of \$10,242,850 cash funds, for FY 2015-16 based on actual expenditures and Legislative Council’s September 2014 forecast.

Recommendation: Staff recommends reflecting an appropriation of \$196,571,562 cash funds from the Highway Users Tax Fund in the Long Bill for informational purposes. Staff requests permission to update the appropriation based on the March 2014 revenue projection that the Joint Budget Committee elects to use for balancing purposes.

Special Purpose, Highway Users Tax Fund - County Payments				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$186,328,712</u>	<u>\$0</u>	<u>\$186,328,712</u>	<u>0.0</u>
TOTAL	\$186,328,712	\$0	\$186,328,712	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$186,328,712	\$0	\$186,328,712	0.0
Highway Users Tax Fund Adjustment	<u>10,242,850</u>	<u>0</u>	<u>10,242,850</u>	<u>0.0</u>
TOTAL	\$196,571,562		\$196,571,562	0.0
Increase/(Decrease)	\$10,242,850	\$0	\$10,242,850	0.0
Percentage Change	5.5%	n/a	5.5%	n/a
FY 2015-16 Executive Request:	\$196,571,562	\$0	\$196,571,562	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

⁷ Section 10-5-502, C.R.S.

⁸ Pursuant to Section 43-4-207 (1), C.R.S., this amount is limited to 5.0 percent of each county's share of the available funds.

Highway Users Tax Fund – Municipality Payments

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

Request: The Treasurer's budget request includes estimated distributions to municipalities totaling \$134,479,724 cash funds, including an increase of \$6,979,048 cash funds, for FY 2015-16 based on actual expenditures and Legislative Council's September 2014 forecast.

Recommendation: Staff recommends reflecting an appropriation of \$134,479,724 cash funds from the Highway Users Tax Fund in the Long Bill for informational purposes. Staff requests permission to update the appropriation based on the March 2014 revenue projection that the Joint Budget Committee elects to use for balancing purposes.

Special Purpose, Highway Users Tax Fund - Municipality Payments				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$127,500,676</u>	<u>\$0</u>	<u>\$127,500,676</u>	<u>0.0</u>
TOTAL	\$127,500,676	\$0	\$127,500,676	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$127,500,676	\$0	\$127,500,676	0.0
Highway Users Tax Fund Adjustment	<u>6,979,048</u>	<u>0</u>	<u>6,979,048</u>	<u>0.0</u>
TOTAL	\$134,479,724		\$134,479,724	0.0
Increase/(Decrease)	\$6,979,048	\$0	\$6,979,048	0.0
Percentage Change	5.5%	n/a	5.5%	n/a
FY 2015-16 Executive Request:	\$134,479,724	\$0	\$134,479,724	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

Property Tax Reimbursement for Property Destroyed by Natural Cause

In the 2014 Session, the General Assembly appropriated \$2,221,034 to the Department through H.B. 14-1001 to reimburse certain property taxes owed or paid for real property and business personal property that has been destroyed in a natural disaster or by another cause beyond the control of the property owner. This program is for property tax years commencing on or after January 1, 2013.

Request: The Treasurer's budget request includes a continuation appropriation of \$2,221,828 General Fund for FY 2015-16.

Recommendation: Staff recommends an appropriation of \$2,221,828 General Fund for this line item.

Special Purpose, Property Tax Reimbursement for Property Destroyed by Natural Cause			
	Total Funds	General Fund	FTE
FY 2014-15 Appropriation			
Other Legislation	<u>\$2,221,828</u>	<u>\$2,221,828</u>	<u>0.0</u>
TOTAL	\$2,221,828	\$2,221,828	0.0
FY 2015-16 Recommended Appropriation			
FY 2014-15 Appropriation	<u>\$2,221,828</u>	<u>\$2,221,828</u>	<u>0.0</u>
TOTAL	\$2,221,828	\$2,221,828	0.0
Percentage Change	0.0%	0.0%	n/a
FY 2015-16 Executive Request:	\$2,221,828	\$2,221,828	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

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

LEGISLATIVE REQUESTS FOR INFORMATION

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

1. Department of the Treasury, Unclaimed Property Program – The State Treasurer is requested to submit an annual report to the Joint Budget Committee concerning the progress of implementation of the new information systems (KAPS, LexisNexis) for which the Department has received funding; and on the workload measures these systems are intended to improve. The report should be submitted as a part of the State Treasurer’s annual budget request; and should include but need not be limited to annual comparisons of the following:
 - a. Average number of claims processed per year, by claim type (A, B, C, and D);
 - b. Average number of contacts per claim;
 - c. Average time per contact; and
 - d. Total value of each claim type (A, B, C, and D) per year.

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

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

Indirect Cost Assessment Methodology

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

JBC Staff Staff Figure Setting - FY 2015-16
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Appendix A: Number Pages

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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DEPARTMENT OF THE TREASURY Walker Stapleton, State Treasurer

(1) ADMINISTRATION

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

Personal Services	<u>1,265,330</u>	<u>1,259,638</u>	<u>1,349,768</u>	<u>1,372,760</u>	<u>1,372,760</u>
FTE	14.4	14.6	16.4	16.4	16.4
General Fund	293,863	186,914	338,432	419,804	419,804
Cash Funds	971,467	1,072,724	1,011,336	952,956	952,956
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Health, Life, and Dental	<u>176,727</u>	<u>189,431</u>	<u>238,320</u>	<u>248,875</u>	<u>250,896</u> *
General Fund	86,325	79,927	110,313	128,585	130,196
Cash Funds	90,402	109,504	128,007	120,290	120,700
Short-term Disability	<u>2,925</u>	<u>3,301</u>	<u>4,070</u>	<u>4,405</u>	<u>4,405</u>
General Fund	1,698	1,950	2,198	2,749	2,749
Cash Funds	1,227	1,351	1,872	1,656	1,656
S.B. 04-257 Amortization Equalization					
Disbursement	<u>53,086</u>	<u>62,108</u>	<u>75,617</u>	<u>88,094</u>	<u>88,094</u>
General Fund	30,614	36,472	40,833	54,955	54,955
Cash Funds	22,472	25,636	34,784	33,139	33,139

*This line item contains a decision item.

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>45,560</u>	<u>55,983</u>	<u>70,891</u>	<u>85,092</u>	<u>85,092</u>
General Fund	26,248	32,839	38,281	53,082	53,082
Cash Funds	19,312	23,144	32,610	32,010	32,010
Salary Survey	<u>0</u>	<u>57,620</u>	<u>50,822</u>	<u>21,842</u>	<u>21,842</u>
General Fund	0	34,834	27,444	13,631	13,631
Cash Funds	0	22,786	23,378	8,211	8,211
Merit Pay	<u>0</u>	<u>34,197</u>	<u>25,999</u>	<u>28,354</u>	<u>28,354</u>
General Fund	0	19,956	14,040	17,110	17,110
Cash Funds	0	14,241	11,959	11,244	11,244
Workers' Compensation and Payment to Risk Management and Property Funds	<u>2,267</u>	<u>2,258</u>	<u>2,793</u>	<u>2,083</u>	<u>2,682</u>
General Fund	2,267	2,258	2,793	2,083	2,682
Operating Expenses	<u>158,022</u>	<u>173,357</u>	<u>184,734</u>	<u>184,734</u>	<u>184,734</u>
General Fund	158,022	173,357	184,734	184,734	184,734
Information Technology Asset Maintenance	<u>6,025</u>	<u>11,020</u>	<u>12,568</u>	<u>12,568</u>	<u>12,568</u>
General Fund	0	4,736	6,284	6,284	6,284
Cash Funds	6,025	6,284	6,284	6,284	6,284
Legal Services	<u>32,807</u>	<u>24,956</u>	<u>56,931</u>	<u>54,343</u>	<u>54,343</u>
General Fund	10,597	0	28,466	27,172	27,172
Cash Funds	22,210	24,956	28,465	27,171	27,171

JBC Staff Staff Figure Setting - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Purchase of Services from Computer Center	<u>10,673</u>	<u>53,902</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	10,673	53,902	0	0	0
Colorado State Network	<u>1,149</u>	<u>11,275</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,149	11,275	0	0	0
Capitol Complex Leased Space	<u>54,835</u>	<u>69,017</u>	<u>53,766</u>	<u>83,355</u>	<u>76,324</u>
General Fund	54,835	69,017	53,766	83,355	76,324
Payments to OIT	<u>0</u>	<u>0</u>	<u>60,629</u>	<u>23,364</u>	<u>23,364</u>
General Fund	0	0	60,629	23,364	23,364
CORE Operations	<u>101,116</u>	<u>101,116</u>	<u>96,537</u>	<u>101,116</u>	<u>85,635</u>
General Fund	45,502	45,502	43,441	45,502	38,536
Cash Funds	55,614	55,614	53,096	55,614	47,099
Information Technology Security	<u>0</u>	<u>680</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	680	0	0	0
Management and Administration of OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Charter School Facilities Financing Services	<u>3,454</u>	<u>3,722</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Cash Funds	3,454	3,722	5,000	5,000	5,000
Discretionary Fund	<u>736</u>	<u>1,114</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
General Fund	736	1,114	5,000	5,000	5,000

JBC Staff Staff Figure Setting - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
TOTAL - (1) Administration	1,914,712	2,114,695	2,293,445	2,320,985	2,301,093
<i>FTE</i>	<u>14.4</u>	<u>14.6</u>	<u>16.4</u>	<u>16.4</u>	<u>16.4</u>
General Fund	722,529	754,733	956,654	1,067,410	1,055,623
Cash Funds	1,192,183	1,359,962	1,336,791	1,253,575	1,245,470
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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(2) UNCLAIMED PROPERTY PROGRAM

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

Personal Services	<u>753,004</u>	<u>768,642</u>	<u>815,385</u>	<u>849,766</u>	<u>849,766</u>
FTE	13.8	14.2	15.5	15.5	15.5
General Fund	0	0	0	0	0
Cash Funds	753,004	768,642	815,385	849,766	849,766
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	<u>116,166</u>	<u>119,320</u>	<u>162,169</u>	<u>414,932</u>	<u>414,932</u> *
Cash Funds	116,166	119,320	162,169	414,932	414,932
Promotion and Correspondence	<u>198,003</u>	<u>198,995</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	198,003	198,995	200,000	200,000	200,000
Leased Space	<u>49,460</u>	<u>51,689</u>	<u>57,189</u>	<u>57,189</u>	<u>57,189</u>
General Fund	0	0	0	0	0
Cash Funds	49,460	51,689	57,189	57,189	57,189
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Contract Auditor Services	<u>1,215,292</u>	<u>995,790</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Cash Funds	1,215,292	995,790	800,000	800,000	800,000

*This line item contains a decision item.

JBC Staff Staff Figure Setting - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
TOTAL - (2) Unclaimed Property Program	2,331,925	2,134,436	2,034,743	2,321,887	2,321,887
<i>FTE</i>	<u>13.8</u>	<u>14.2</u>	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
General Fund	0	0	0	0	0
Cash Funds	2,331,925	2,134,436	2,034,743	2,321,887	2,321,887
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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(3) SPECIAL PURPOSE

The expenditures in this section are included in the Long Bill for informational purposes only - they reflect continuous appropriations required by constitutional provisions or State statutes. The line items: reimburse local governments for property taxes foregone due to the Senior Citizen and Disabled Veteran Property Tax Exemption; allocate a portion of the Highway Users Tax Fund (HUTF) to local governments; and reimburse certain property taxes owed or paid for real and business personal property destroyed in a natural disaster. The General Fund appropriation for the Senior Citizen and Disabled Veteran Property Tax Exemption is exempt from the statutory limits on General Fund appropriations.

Senior Citizen and Disabled Veteran Property Tax

Exemption	<u>102,674,552</u>	<u>109,804,536</u>	<u>118,400,000</u>	<u>121,500,000</u>	<u>126,000,000</u>
General Fund	102,674,552	109,804,536	118,400,000	121,500,000	126,000,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

Fire and Police Pension Association - Old Hire

Plans	<u>142,409,339</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
General Fund Exempt	142,409,339	0	0	0	0

CoverColorado

General Fund	<u>32,170,565</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
	32,170,565	0	0	0	0

Highway Users Tax Fund - County Payments

Cash Funds	<u>184,663,051</u>	<u>190,616,697</u>	<u>186,328,712</u>	<u>196,571,562</u>	<u>196,571,562</u>
	184,663,051	190,616,697	186,328,712	196,571,562	196,571,562

Highway Users Tax Fund - Municipality Payments

Cash Funds	<u>126,360,900</u>	<u>130,405,845</u>	<u>127,500,676</u>	<u>134,479,724</u>	<u>134,479,724</u>
	126,360,900	130,405,845	127,500,676	134,479,724	134,479,724

JBC Staff Staff Figure Setting - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Property Tax Reimbursement for Property Destroyed by Natural Cause General Fund	0 0	0 0	2,221,828 2,221,828	2,221,828 2,221,828	2,221,828 2,221,828
TOTAL - (3) Special Purpose	588,278,407	430,827,078	434,451,216	454,773,114	459,273,114
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	102,674,552	109,804,536	120,621,828	123,721,828	128,221,828
General Fund Exempt	142,409,339	0	0	0	0
Cash Funds	343,194,516	321,022,542	313,829,388	331,051,286	331,051,286
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
TOTAL - Department of the Treasury	592,525,044	435,076,209	438,779,404	459,415,986	463,896,094
<i>FTE</i>	<u>28.2</u>	<u>28.8</u>	<u>31.9</u>	<u>31.9</u>	<u>31.9</u>
General Fund	103,397,081	110,559,269	121,578,482	124,789,238	129,277,451
General Fund Exempt	142,409,339	0	0	0	0
Cash Funds	346,718,624	324,516,940	317,200,922	334,626,748	334,618,643
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0