

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2010-11**

**DEPARTMENT OF THE TREASURY**

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

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**DEPARTMENT OF THE TREASURY  
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**TABLE OF CONTENTS**

	<b>Narrative Page</b>	<b>Numbers Page</b>
<b>Prioritized Supplementals in Department-Assigned Order</b>		
Supplemental #1 - Investment Tools	1	5
Supplemental #2 - Funding Mix Change	2	5
<b>Non-prioritized Supplementals</b>		
Statewide One Percent Across the Board General Fund Personal Services Reduction	3	6
Statewide Common Policy Supplemental Requests	4	6
Totals for All Supplementals	N.A.	6

**DEPARTMENT OF THE TREASURY  
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS  
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**Prioritized Supplementals**

**Supplemental Request, Department Priority #1  
 Investment Tools**

	Request	Recommendation
Total	<u>\$2,916</u>	<u>\$2,916</u>
General Fund	2,916	2,916

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of <i>data that was not available when the original appropriation was made.</i>	

**Department Request:** The Department requests an increase of \$2,916 General Fund for FY 2010-11 in the appropriation for Operating Expenses in the Administration Division to account for rate increases for the use of various investment programs that the Treasury uses to invest funds for the state at the best rates available.

**Staff Recommendation:** Staff recommends that the Committee approve an increase of \$2,916 General Fund for FY 2010-11 for the Administration Division, Operating Expenses.

**Staff Analysis:** The Treasury utilizes three investment tools on a daily basis. The three Bloomberg computer terminals provide live prices and yields; BondEdge Fixed Income software system provides analytical and database modules (which compute risk); and Standard & Poors (S&P) credit research service, CreditWire. Each of these services has recently increased their prices (Bloomberg by \$3,243, BondEdge by \$1,588, and S&P by \$500).

For FY 2010-11, the subscription costs for these three services totals \$121,395 of which \$101,483 is allocated to the Operating Expenses line item and paid from the General Fund. This represents more than one-half of the total appropriation for operating expenses in the Treasurer's Office, which is \$197,849. The ability of the Department to absorb the price increases without making significant cuts in other areas is limited. The Treasury Department's Operating Expenses line item has decreased by more than 20 percent since 2008.

To absorb these price increases without an increase in the appropriation, the Treasury would have to reduce the number of Bloomberg terminals from three to two, which would have to be shared by the three investment officers. The investment officer without access to a terminal would not have

**DEPARTMENT OF THE TREASURY  
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS  
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

timely access to market information. Such information is available from other sources though the information would not be as timely and the investment officer's ability to act on information would be limited. Alternatively, the Department could eliminate the subscriptions to either BondEdge or CreditWire, though eliminating access to either of these programs could increase risk to the State or decrease information that could impact the ability of the state to invest its funds as profitably as it currently does.

Adding to the impact of the price increases are the Department's postponing of debt issuances for the ETRANS (Education Tax Revenue Anticipation Notes) until after the 2010 election (passage of Amendment 61 would have reduced the state's ability to issue debt and impacted revenues after the debt was repaid). This caused reduction in the allocations of the costs of these programs to debt issuance, ultimately increasing the costs for the General Fund. For example, in FY 2009-10, the percentage of the investment tools costs applicable to debt issuances was 23 percent. In FY 2010-11, because of the delays in issuing the ETRANS notes, the amount allocated to the issuance of debt was 14 percent of those costs.

**Supplemental Request, Department Priority #2  
 Funding Mix Change**

	Request	Recommendation
Total	\$0	\$0
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	(152,853)	(152,853)
Cash Funds	152,853	152,853

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of <i>data that was not available when the original appropriation was made.</i>	

**Department Request:** The Department request is to reduce the General Fund appropriation for Personal Services in the Administration Division by \$152,853 and increase the cash funds appropriation from Treasury transactions fees by the same amount. This adjustment is due to the final accounting of the total amount of Treasury Transaction fees generated as opposed to the estimates made when the Long Bill was introduced and approved.

**DEPARTMENT OF THE TREASURY  
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**Staff Recommendation:** Staff recommends that the Committee approve, for FY 2010-11, reducing the General Fund appropriation in the Administrative Division for Personal Services by \$152,853 and increase the cash funds appropriation by \$152,853 from Treasury Transaction Fees.

**Staff Analysis:** The State Treasury is authorized by Section 24-36-120 (1), C.R.S. to collect a transaction fee for certain accounting transactions performed by the Treasurer on behalf of State departments and agencies. These fees are deducted from the interest earnings attributable to the fund for which the transaction was performed. Certain 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 amount of the fees available are estimated each year in the Long Bill process. Subsequent to the adoption of the Long Bill, the actual number of transactions and the amount of fees collected are finalized. The State Treasurer then requests a supplemental to shift funding from the General Fund to the transaction fee (cash funds).

Per agreement with the Joint Budget Committee, the Treasury Transactions fee cash funding is assigned to offset General Fund in the Personal Services line in the department's Budget.

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**Non-Prioritized Supplementals**

**Statewide One Percent Across the Board General Fund Personal Services Reduction**

	<b>Request</b>
Total	<u>(\$2,563)</u>
General Fund	(2,563)

**Department Request:** The Department requests a one percent reduction to the General Fund portion of its personal services appropriations for FY 2010-11. The following table details the request:

**DEPARTMENT OF THE TREASURY  
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS  
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

<b>One Percent Across the Board General Fund Personal Services Reduction</b>						
<b>Division, Line Item</b>	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>(1) Administration</b>						
Personal Services	(2,653)	(2,653)	0	0	0	0.0
<b>Total</b>	<b>(\$2,653)</b>	<b>(\$2,653)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

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

**Statewide Common Policy Supplemental Requests**

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

<b>Department's Portion of Statewide Supplemental Request</b>	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Statewide ARRA Administrative Cost Spending Authority	<u>0</u>	<u>(34,592)</u>	<u>34,592</u>	<u>0</u>	<u>0</u>	<u>0</u>
Department's Total Statewide Supplemental Requests	\$0	(\$34,592)	\$34,592	\$0	\$0	0.0

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

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>DEPARTMENT OF THE TREASURY</b>					
<b>State Treasurer - Walker Stapleton</b>					
<b>Supplemental #1 - Investment Tools</b>					
<i>(1) Administration</i>					
Operating Expenses	<u>146,629</u>	<u>197,849</u>	<u>2,916</u>	<u>2,916</u>	<u>200,765</u>
General Fund	140,420	197,849	2,916	2,916	200,765
Cash Funds	6,209	0	0	0	0
<hr/>					
<b>Supplemental #2 - Funding Mix Change</b>					
<i>(1) Administration</i>					
Personal Services	<u>1,242,508</u>	<u>1,269,689</u>	<u>0</u>	<u>0</u>	<u>1,269,689</u>
FTE	15.8	16.0	0.0	0.0	16.0
General Fund	245,182	446,732	(152,853)	(152,853)	293,879
Cash Funds	997,326	822,957	152,853	152,853	975,810
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<b>Totals Excluding Pending Items</b>					
DEPARTMENT OF THE TREASURY					
Totals for ALL Departmental line items	339,178,594	356,999,817	2,916	2,916	357,002,733
FTE	<u>24.7</u>	<u>31.5</u>	<u>0.0</u>	<u>0.0</u>	<u>31.5</u>
General Fund	1,907,015	2,550,137	(149,937)	(149,937)	2,400,200
Cash Funds	337,271,579	354,449,680	152,853	152,853	354,602,533

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Statewide One Percent Across the Board General Fund Personal Services Reduction</b> (see narrative for more detail)					
Total - Various Line Items	N.A.	1,269,689	(2,653)	Pending	Pending
FTE		<u>16.0</u>	<u>0.0</u>		
General Fund		446,732	(2,653)		
Cash Funds		822,957	0		
<b>Statewide Common Policy Supplementals</b> (see narrative for more detail)					
General Fund	<u>N.A.</u>	<u>N.A.</u>	<u>0</u> (34,592)	<u>Pending</u>	<u>N.A.</u>
Cash Funds			34,592		
<b>Totals Including Pending Items</b>					
DEPARTMENT OF THE TREASURY					
Totals for ALL Departmental line items	339,178,594	356,999,817	263	2,916	357,002,733
FTE	<u>24.7</u>	<u>31.5</u>	<u>0.0</u>	<u>0.0</u>	<u>31.5</u>
General Fund	1,907,015	2,550,137	(187,182)	(149,937)	2,400,200
Cash Funds	337,271,579	354,449,680	187,445	152,853	354,602,533

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