



Colorado General Assembly  
Joint Budget Committee

# JOINT BUDGET COMMITTEE STAFF FY 2020-21 BUDGET BRIEFING SUMMARY

*Department of the Treasury  
and PERA and Pension Issues*

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) disburses Senior Citizen and Disabled Veteran Property Tax Exemption payments to local governments; (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; and (9) reimburses certain property taxes owed or paid for real and business personal property destroyed in a natural disaster. The Department's funding for FY 2018-19 consists of 49.2 percent General Fund, 48.7 percent cash funds, and 2.2 percent reappropriated funds. The Department's FY 2019-20 appropriation represents approximately 2.7 percent of statewide operating appropriations and 2.8 percent of statewide General Fund appropriations.

## FY 2019-20 APPROPRIATION AND FY 2020-21 REQUEST

DEPARTMENT OF THE TREASURY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION:						
SB 19-207 (Long Bill)	860,894,883	338,475,495	448,514,039	73,905,349	0	32.9
Other legislation	800,000	800,000	0	0	0	0.0
<b>TOTAL</b>	<b>\$861,694,883</b>	<b>\$339,275,495</b>	<b>\$448,514,039</b>	<b>\$73,905,349</b>	<b>\$0</b>	<b>32.9</b>
FY 2020-21 REQUESTED APPROPRIATION:						
FY 2019-20 Appropriation	\$861,694,883	339,275,495	\$448,514,039	\$73,905,349	\$0	32.9
R1 Unclaimed property technology upgrades	57,200	0	57,200	0	0	0.0
R2 Unclaimed property increased workload costs	92,000	0	92,000	0	0	0.0
R3 Department personnel costs	340,437	193,766	146,671	0	0	2.5
R4 Administrative office upgrades	99,725	99,725	0	0	0	0.0
Revenue forecast and pass-through adjustments	17,192,409	21,456,832	(4,263,417)	(1,006)	0	0.0
Centrally appropriated line items	314,551	107,116	207,435	0	0	0.0
Annualize prior year legislation and budget actions	(786,070)	(791,110)	5,040	0	0	0.0
<b>TOTAL</b>	<b>\$879,005,135</b>	<b>\$360,341,824</b>	<b>\$444,758,968</b>	<b>\$73,904,343</b>	<b>\$0</b>	<b>35.4</b>
<b>INCREASE/(DECREASE)</b>	<b>\$17,310,252</b>	<b>\$21,066,329</b>	<b>(\$3,755,071)</b>	<b>(\$1,006)</b>	<b>\$0</b>	<b>2.5</b>
Percentage Change	2.0%	6.2%	(0.8%)	(0.0%)	0.0%	7.6%

**R1 UNCLAIMED PROPERTY TECHNOLOGY UPGRADES:** The request includes an increase of \$57,200 cash funds from the Unclaimed Property Trust Fund in FY 2020-21 and \$53,200 ongoing. The request includes: \$46,000 for an upgrade for the KAPS unclaimed property administration system to provide for the purchase of Onbase, an imaging system that will create a seamless paperless IT system and process, and Lexis/Nexis services to process small value claims to free Unclaimed Property Program (UPP) staff to focus on larger and more complex claims; \$8,000 (\$4,000 ongoing) for a phone monitoring system to collect customer service data and allow for greater accuracy and customer service monitoring; and \$3,200 for related and ongoing staff training and education initiatives.

**R2 UNCLAIMED PROPERTY INCREASED WORKLOAD COSTS:** The request includes an increase of \$92,000 cash funds from the Unclaimed Property Trust Fund in FY 2020-21 and \$80,500 ongoing for costs related to the implementation of S.B. 19-088 Revised Uniform Unclaimed Property Act (RUUPA) as well as recommendations included in the July 2019, Division of Unclaimed Property performance audit by the Office of the State Auditor. One-time costs include: \$7,500 for a one-time auction to substantially reduce the existing tangible property inventory; \$1,000 for the purchase and installation of vault cameras; and \$3,000 for the replacement of deteriorated office furnishings. Ongoing costs include: \$80,000 for additional printing and postage costs; and \$500 for in-state travel related to communications with claimants and property owners as required by RUUPA.

**R3 DEPARTMENT PERSONNEL COSTS:** The request includes an increase of \$340,437 total funds, including \$193,766 General Fund and \$146,671 cash funds, and 2.5 FTE. The request includes three items: \$111,261 for an additional Junior Investment Officer for the Investment Division; \$95,334 for an additional 1.0 FTE for UPP claims and an additional 0.5 FTE for UPP tangible assets; and \$133,842 for a 5.0 percent across-the-board increase for current staff. The Department describes this as a workload true-up request related to increased responsibilities added in legislation over the last 15 years which the Department accepted within existing appropriations.

**R4 ADMINISTRATIVE OFFICE UPGRADES:** The request includes an increase of \$99,725 General Fund for FY 2020-21 and \$6,000 ongoing. The request includes: \$78,700 for State Capitol office deferred maintenance upgrades; \$7,300 for a large screen conference room monitor; and \$13,725 for a mobile Granicus unit for public meeting audio stream and archive, that includes \$6,000 (plus 7.0 percent annual increases) in annual licensing and subscription costs.

**REVENUE FORECAST AND PASS-THROUGH ADJUSTMENTS:** The request includes an increase of \$17.2 million total funds. This includes: an increase of \$21.5 million General Fund for a revenue forecast adjustment for the homestead exemption; and a decrease of \$4.3 million cash funds from the Highway Users Tax Fund for revenue forecast adjustments for distribution to local governments.

REVENUE FORECAST AND PASS-THROUGH ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Homestead exemption forecast adjustment	\$21,456,832	\$21,456,832	\$0	\$0	0.0
HUTF forecast adjustment	(4,263,417)	0	(4,263,417)	0	0.0
Lease purchase adjustment	(1,006)	0	0	(1,006)	0.0
<b>TOTAL</b>	<b>\$17,192,409</b>	<b>\$21,456,832</b>	<b>(\$4,263,417)</b>	<b>(\$1,006)</b>	<b>0.0</b>

**Centrally appropriated line items:** The request includes adjustments to centrally appropriated line items including the following: health, life, and dental; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; merit pay; workers' compensation and payments to risk management; legal services; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

CENTRALLY APPROPRIATED LINE ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
CORE	\$184,877	\$83,194	\$101,683	0.0
Legal services	68,826	5,688	63,138	0.0
Salary survey	52,047	33,217	18,830	0.0
AED	10,437	7,402	3,035	0.0
SAED	10,437	7,402	3,035	0.0
Payments to OIT	4,826	2,414	2,412	0.0
Capitol Complex leased space	4,232	4,232	0	0.0
UP leased space	1,733	0	1,733	0.0
Short-term disability	155	124	31	0.0
Health, life, and dental	(20,067)	(34,809)	14,742	0.0
PERA Direct Distribution	(2,334)	(1,130)	(1,204)	0.0
Workers' compensation	(618)	(618)	0	0.0
<b>TOTAL</b>	<b>\$314,551</b>	<b>\$107,116</b>	<b>\$207,435</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS:** The request includes a decrease of \$786,070 total funds, including a decrease of \$791,110 General Fund, to annualize prior year legislation and budget actions.

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
SB18-200 PERA Unfunded Liability	\$13,930	\$8,890	\$5,040	0.0
Annualize prior year salary survey	0	0	0	0.0
SB19-173 CO Secure Savings Plan Board	(800,000)	(800,000)	0	0.0
<b>TOTAL</b>	<b>(\$786,070)</b>	<b>(\$791,110)</b>	<b>\$5,040</b>	<b>0.0</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**TREASURY ITEMS – HOMESTEAD EXEMPTION STATUTORY TRANSFERS AND PROPERTY TAX REIMBURSEMENT FOR PROPERTY DESTROYED BY NATURAL CAUSE:** This informational briefing issue summarizes two minor items for the JBC's consideration. Statute specifies automatic transfers for amounts not expended but included in the Homestead Exemption informational appropriation in the Long Bill. In FY 2018-19, transfers totaled \$16.9 million. The Property Tax Reimbursement for Property Destroyed by a Natural Cause includes a \$2.2 million General Fund appropriation annually that has been minimally expended. A reduced annual appropriation or creation of a cash fund to hold a specified reimbursement reserve to be backfilled as used would reduce General Fund appropriations and provide a more sustainable method to fund this reimbursement policy.

**PERA UPDATE:** This issue provides an informational PERA update based on PERA's 2018 Comprehensive Annual Financial Report (CAFR) and related documents. PERA experienced an investment return in 2018 of -3.5 percent, contributing to a decrease in the aggregate funded ratio of 59.8 percent and an increase in the aggregate unfunded liability of \$31.0 billion. Related actuarial measures cause the automatic adjustment provisions to be engaged for FY 2020-21, which include 0.5 percent contribution rate increases for both employees and employers.

**OTHER PENSION ISSUES – FPPA REQUEST:** The Pension Review Commission (PRC) has approved a bill draft for introduction requested by the Fire and Police Pension Association (FPPA). The bill includes changes related to FPPA retirement plans and includes a \$58.0 million payment from the State to additionally fund a state commitment considered fully paid in the late 1990s. Updated actuarial projections indicate a shortfall in funded status due to a decrease in the FPPA long-term rate of return from 7.5 to 7.0 percent.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** [http://leg.colorado.gov/sites/default/files/fy2020-21\\_trebrf.pdf](http://leg.colorado.gov/sites/default/files/fy2020-21_trebrf.pdf)